

City of Mississauga
Corporate Report



<p>Date: May 28, 2020</p> <p>To: Chair and Members of Budget Committee</p>	<p>Originator's files:</p>
<p>From: Geoff Wright, P.Eng, MBA, Commissioner of Transportation and Works</p>	<p>Meeting date: June 24, 2020</p>

Subject

2021 through 2029 Winter Maintenance Contract

Recommendation

1. That the Purchasing Agent award contracts to the recommended bidders pursuant to Procurement No. PRC002049, in accordance with the Purchasing By-law #374-2006, for the base contract, as outlined in the report from the Commissioner of Transportation and Works dated May 28, 2020 and entitled "*2021 through 2029 Winter Maintenance Contract*", and that all necessary by-laws be enacted.
2. That Budget Committee provide direction on the new Winter Maintenance Contract related to the continuation of improved service levels for pedestrian accessibility at bus stops and priority sidewalks, as outlined in the report from the Commissioner of Transportation and Works dated May 28, 2020 and entitled "*2021 through 2029 Winter Maintenance Contract*".
3. That Budget Committee not implement increased service levels for residential sidewalk winter maintenance and/or residential driveway windrow clearing, as outlined in the report from the Commissioner of Transportation and Works dated May 28, 2020 and entitled "*2021 through 2029 Winter Maintenance Contract*".

Report Highlights

- The winter season of 2020/2021 will be the final year of the seven-year Winter Maintenance Contract (Procurement FA.49.324-14). The procurement for a new Winter Maintenance Contract has now been completed (Procurement PRC002049) to be in place in the fall of 2021.
- As per the direction from Budget Committee in BC-0178-2019, provisional items were included in the new Winter Maintenance Contract procurement for the following:

- An increased level of service for pedestrian accessibility at bus stops and priority sidewalks by providing winter maintenance activities in conjunction with priority roads.
- An increased level of service for sidewalks so that all sidewalks in the municipality (priority sidewalks and secondary (residential) sidewalks) receive winter maintenance. Currently, only priority sidewalks receive winter maintenance.
- An increased level of service to provide for windrow snow clearing on secondary (residential) roads.
- The operating cost increase in the base contract is \$3.8M annually. In 2021, the increase to operating costs from the new base contract is \$1.3M.
- The operating cost increase to continue improved pedestrian accessibility at bus stops and on priority sidewalks in the new Winter Maintenance Contract is \$1.1M annually. In 2021, the increase to operating costs under the existing contract from January to April 2021 - \$1.5M and from the new contract for November to December - \$0.4M and total is \$1.9M.
- The operating cost increase for winter maintenance on secondary (residential) sidewalks in the new Winter Maintenance Contract is \$2.4M annually. In 2021, the increase to operating costs for this service level increase is \$0.8M.
- The operating cost increase for the clearing of windrows on secondary (residential) roads in the new Winter Maintenance Contract is \$10.4M annually. In 2021, the increase to operating costs for this service level increase is \$3.4M.
- Current forecasts for year-end project an operating deficit of between \$50M and \$70M. Additional COVID-19 pressures of \$32M are projected in 2021 and an annual loss of GTAA PILT of \$18M in 2022 and beyond.
- The increase in the base contract will be incorporated into the 2021 budget to maintain service levels.
- Should Council decide to maintain the enhanced winter maintenance service levels for bus stops and priority sidewalks, it can be funded from the winter maintenance reserve for an additional year with the tax pressure being deferred to 2022.
- Staff do not recommend that winter maintenance service levels be increased for residential sidewalks and/or residential windrows. Should Council wish to increase winter maintenance service levels for residential sidewalks and residential windrows, these should be deferred until at least 2023 to minimize the budget impact in 2021 and 2022, which are going to be challenging budget years. If Council defers the implementation of these service level improvements to future years, staff would issue a new procurement for these items.

Background

The winter season of 2020/2021 will be the final year of the seven-year Winter Maintenance Contract (Procurement FA.49.324-14). The procurement for a new Winter Maintenance Contract has now been completed (Procurement PRC002049) to be in place in the fall of 2021.

At its meeting of July 3, 2019 Council approved the following recommendation from Budget Committee:

“BC-0178-2019

That increased winter maintenance service levels for pedestrian accessibility at bus stops and on priority sidewalks, be approved.

That the gross budget for cost centre Bus Stop Clearing and sanding (#24270) be increased a total of \$3.1 million over a two year period, funded from the Winter Maintenance reserve (#30120) with a net budget impact of \$0 for 2019 and 2020.

That the Purchasing Agent be authorized to increase the existing contracts for Winter Maintenance (issued pursuant to Procurement No. FA. 49.324.14).

That all necessary by-laws be enacted.

And that staff report back to General Committee on the results of the procurement for the new Winter Maintenance Contract, including recommendations regarding winter maintenance service levels over the duration of the new contract, as outlined in the report from the Commissioner of Transportation and Works, dated June 21, 2019 and entitled “Winter Maintenance Service Level Improvements”.”

A copy of the report from the Commissioner of Transportation and Works, dated June 21, 2019 and entitled “Winter Maintenance Service Level Improvements” has been attached as Appendix 1.

The purpose of this report is to respond to BC-0178-2019 as well as to provide the results of the procurement for the 2021 through 2029 Winter Maintenance Contract.

Comments

New Winter Maintenance Contract Tender

The new procurement for winter maintenance included the provision of contracted equipment and crews to perform various snow and ice control activities throughout the City of Mississauga for a eight-year period covering the 2021/2022 through 2028/2029 winter seasons. An eight-year period was selected to take advantage of more competitive pricing that is expected for a longer term contract. The existing contract was seven years in length. Staff decided to move forward with an eight-year contract based on discussions with other municipalities and also based on the financial benefit received from increasing the City’s previous contract from five to seven years.

Feedback from municipalities that have gone to nine or 10 year contracts indicated that in hindsight the contract term was too long for a contract for this type of operation, and suggested an eight-year term was ideal. For these reasons, staff determined that an eight-year contract would benefit the City for this procurement.

In preparation for the procurement, Transportation and Works staff reviewed winter maintenance operations with a focus on ensuring operational efficiency and setting equipment levels based on established best service delivery and salt management practices with a view to providing Council approved service levels and to meeting the Minimum Maintenance Standards (MMS) for winter operations under the Municipal Act 2001.

Material Management publicly advertised a bid call for 14 items (10 set items and four provisional items) for bidders to supply various winter equipment/crews. Bidding closed on May 4, 2020 and the City received 31 bids from different bidders on the 14 items.

Bidders were invited to submit bids for one or more of the 14 items listed for the 2021/2022 winter season. Bidders bid on the first season only to determine annual pricing; however, their bids carry over for the remainder of the contract with an annual increase identified in the contract as outlined later in this report. Each item specified a minimum number of units to be bid and allowed unit price bids to be submitted for standby. The City sets the operational rate for each item in the contract.

As per the direction from Budget Committee in BC-0178-2019, provisional items were included in the new Winter Maintenance Contract procurement for the following:

- An increased level of service for pedestrian accessibility at bus stops and priority sidewalks by providing winter maintenance activities in conjunction with priority roads.
- An increased level of service for sidewalks so that all sidewalks in the municipality (priority sidewalks and secondary (residential) sidewalks) receive winter maintenance. Currently, only priority sidewalks receive winter maintenance.
- An increased level of service to provide for windrow snow clearing on secondary (residential) roads.

Costing based on the results of the procurement to add these services are included in this report.

In the new procurement, there was a provision added that contractors could only be successful in one yard for items that apply across multiple yards. In other words, one contractor can only provide service for sidewalk clearing in one yard and not for sidewalk clearing in multiple yards. This was included to minimize the operational risk to the City by item should the contractor's

performance be inadequate and/or the contractor default. Works Operations and Maintenance operates out of the Clarkson, Malton, Mavis and Meadowvale yards.

The current contract included adjustments in the standby and operational rates for the contractor in line with the Consumer Price Index for Ontario (all items). In the new Winter Maintenance Contract, the rate for the annual increase is set: there is an automatic 1.75% increase starting in the second year of the contract (fall 2022), which continues for the remainder of the contract (seven years in total). This allows staff to forecast the estimated costs for the duration of the contract.

The Winter Maintenance Contract bids were reviewed and analyzed by Transportation and Works staff. In addition, staff from Finance, Legal Services, and Materiel Management reviewed this report, the bids and the evaluation process. Further, staff from Internal Audit reviewed the evaluation process and staff from Strategic Communications reviewed this report.

The bids were evaluated based on the lowest priced bids received from the number of equipment/crews identified for each of the items. In addition, bids were evaluated as to the capabilities and experience of the bidders, including ensuring the equipment being offered was in line with the specifications detailed in the bid request.

Base Contract:

Staff have revised the type and number of pieces of equipment for the new base contract to be in line with what is required to perform the work in order to meet both Council approved levels of service as well as the MMS time limits for winter operations, including the new snow removal requirements for the LRT on Hurontario, which will be implemented during the course of this contract. The bids provided an opportunity to ensure the City has the right equipment to perform the work. Almost all of the equipment in this procurement has more than one function in the City's winter maintenance program.

Further, in the existing Winter Maintenance Contract, there are 31 tractor and loader plow units, which using the same operator, are required to operate for more than 24 consecutive hours to complete their routes, which is outside MMS Regulation 239/02. To ensure the City is in compliance with the time limits around all applicable legislation for winter operations, including prescribed time limits that operators can work under the Hours of Service (HOS) requirements in the Highway Traffic Act, staff have replaced these 31 units with 55 units of single-axle and tandem axle vehicle plows, which are more appropriate for the intended work, and result in a net increase to the base contract of 24 units. The additional equipment will provide for a more effective removal of packed snow on the secondary roads, while applying road salt at the same time. This would be in keeping with best practices currently being performed by other GTA municipalities.

The City has developed and follows a Salt Management Plan in accordance with Environment Canada's Code of Practice for the Environment Management of Road Salts. As the City uses an average of 60,000 tonnes annually of road salt for its operations, staff are continually moving to a more "the right amount in the right place at the right time" methodology in accordance with the Code. Industry best practices confirm that the most effective way to remove snow from the road is by plowing and the required additional equipment will assist in this regard. In summary, more effective plowing should reduce the amount of road salt required. Both Environment Canada and local conservation authorities are also monitoring the impact of road salts near environmentally sensitive areas, and the request for additional equipment will also assist in reducing salt use near these areas.

The winter contract standby and operational project costs (excluding H.S.T.) for the first year (2021/2022) for the base contract are summarized as follows:

Standby Cost	Operational Cost	Total Cost
\$15,074,617	\$5,698,589	\$20,773,206

The operating cost increase in the base contract is \$3.8M annually. In 2021, the increase to operating costs from the new base contract is \$1.3M.

As part of the 2021 Business Planning and Budget Process staff have brought forward a budget request to provide temporary required additional vehicle and snow storage space on existing City-owned property (West Credit Avenue site) at an estimated capital cost of \$3.5M and an estimated annual operating cost of \$50,000 commencing in 2022 to maintain the site. The existing yards do not have sufficient space for the vehicle and equipment storage requirements included in the base contract. In addition, the City does not have sufficient snow storage space now, which will only be exacerbated when the LRT is constructed. Staff have engaged consulting services and are in the midst of preparing a Yard Master Plan, to inform future decision-making on yard capacity and requirements for the Works Operations and Maintenance, and Parks Forestry and Environment Divisions. The results of the Yard Master Plan will be incorporated into future Transportation and Works Department Business Plans.

Pedestrian Accessibility at Bus Stops and on Priority Sidewalks

Appendix 2 attached to this report presents the existing Council approved service levels for winter maintenance, which incorporates the increased level of service approved by Council at its meeting of July 3, 2019, for pedestrian accessibility at bus stops and on priority sidewalks. Winter maintenance on bus stops and priority sidewalks is now performed sooner and in conjunction with winter maintenance on priority roads, as opposed to past practice, where winter

maintenance on bus stops and priority sidewalks was performed after winter maintenance on secondary roads was completed.

Council approved this service level increase for November and December of 2019 and for 2020, and funded the additional cost of \$3.1M from the Winter Maintenance Reserve. To maintain this improved level of service for January to April 2021 as part of the existing winter contract, and for November and December 2021 and future years as part of the new winter maintenance contract, Council approval is required.

The operating cost increase for this service level improvement in the new Winter Maintenance Contract is \$1.1M annually. In 2021, the increase to operating costs under the existing contract from January to April 2021 - \$1.5M and from the new contract for November to December - \$0.4M and total is \$1.9M.

If this service improvement is not approved, winter maintenance on bus stops and priority sidewalks would commence after winter maintenance on secondary roads is completed.

Winter Maintenance of Secondary Sidewalks

The City of Mississauga does not perform winter maintenance on secondary sidewalks. Secondary sidewalks account for 700 kilometers (approximately 400 miles) of the City's existing sidewalk network of 2,400 kilometers (approximately 1,500 miles).

Under the new Winter Maintenance Contract, winter maintenance on secondary sidewalks would commence upon completion of winter maintenance activities on secondary roads. In addition, this service level increase also requires additional staffing (one assistant supervisor in each of the four yards to manage service delivery and inspection of the operations, as well as to address higher service request volumes).

The operating cost increase for this service level improvement in the new Winter Maintenance Contract is \$2.4M annually. In 2021, the increase to operating costs for this service level increase is \$0.8M.

This service level increase requires 36 additional units of vehicle and equipment in the new Winter Maintenance contract further augmenting the requirement for additional storage space, as previously mentioned in this report.

Clearing of Windrows on Secondary Roads

The Driveway Windrow Snow Clearing Program had 336 residents enrolled for the 2019/2020 winter season. For the past five seasons, the numbers have fluctuated with an average enrollment of 193. This program continues to be an option for seniors and people with physical disabilities who would like assistance with clearing their windrows. Those who are income qualified are able to receive this service free of charge whereas those that are not, pay a fee of \$200. The program has a capacity of 300 residents, which was stretched to include 36 additional residents for the 2019/2020 winter season to accommodate requests from members of Council. Under the new Winter Maintenance Contract, the capacity of the program can be increased from 300 to 500 residents.

With the exception of the residents enrolled in the Driveway Windrow Snow Clearing Program, the City does not clear windrows.

Under the new Winter Maintenance Contract, windrows on secondary roads would be cleared within four to six hours after the secondary road was plowed, which falls in the middle of the range of service levels for similar services provided by Toronto, Vaughan and Richmond Hill). In addition, this service level increase also requires additional staffing (one assistant supervisor in each of the four yards to manage service delivery and inspection of the operations, as well as to address higher service request volumes).

The operating cost increase for this service level improvement in the new Winter Maintenance Contract is \$10.4M annually. In 2021, the increase to operating costs for this service level increase is \$3.4M.

This service level increase requires 224 additional units of vehicle and equipment in the new Winter Maintenance contract further augmenting the requirement for additional storage space, as previously mentioned in this report.

Marketing and Communications Campaign:

Transportation and Works will work with Strategic Communications on its Winter Maintenance outreach campaign. A new creative Winter Maintenance campaign will be developed to support outreach efforts and increase awareness of the additional operational changes.

The Marketing and Communications campaign budget will continuously promote winter maintenance initiatives and is estimated at \$42,000 over the course of the eight-year contract.

This estimate includes new creative work in addition to tactics such as advertising and paid-promotion.

Financial Impact

Current forecasts for year-end project an operating deficit of between \$50M and \$70M. Additional COVID-19 pressures of \$32M are projected in 2021 and an annual loss of GTAA PILT of \$18M in 2022 and beyond.

The increase in the base contract will be incorporated into the 2021 budget to maintain service levels.

Should Budget Committee decide to maintain the enhanced winter maintenance service levels for bus stops and priority sidewalks, it can be funded from the winter maintenance reserve for an additional year with the tax pressure being deferred to 2022.

Staff are not recommending that Budget Committee increase winter maintenance service levels for residential sidewalks and residential windrows. Should Council wish to increase winter maintenance service levels for residential sidewalks and residential windrows, these should be deferred until at least 2023 to minimize the budget impact in 2021 and 2022, which are going to be challenging budget years. If Budget Committee defers the implementation of these service level improvements to future years, staff would issue a new procurement for these items.

The tax impact both annually and in 2021 (without use of the winter maintenance reserve) are shown in Table 1 below:

Table 1

(in millions)

Winter Services	Existing Contract Total	New Contract Total	Contract Increase Annual	% Tax Increase Annual	Contract Increase 2021	% Tax Increase 2021
Base Contract	\$14.8	\$18.6	\$3.8	0.71%	\$1.3	0.24%
Bus Stops and Priority Sidewalks	\$0	\$1.1	\$1.1	0.21%	\$1.9	0.34%
Residential Sidewalks	\$0	\$2.4	\$2.4	0.45%	\$0.8	0.15%
Windrows on Residential Roads	\$0	\$10.4	\$10.4	1.93%	\$3.4	0.64%
Total	\$14.8	\$32.5	\$17.7	3.30%	\$7.4	1.37%

Should Council wish to use the reserve to maintain the enhanced service level in 2021 for bus stops and priority sidewalks, the balance at the end of 2021 is projected to be \$7.1 million which is below the reserve target of \$7.6 million.

Conclusion

The Transportation and Works Department recommends that the Purchasing Agent award contracts to the recommended bidders pursuant to Procurement No. PRC002049, in accordance with the Purchasing By-law #374-2006, for the base contract, as outlined in this report. The increase in the base contract will be incorporated into the 2021 budget to maintain service levels.

The Transportation and Works Department also recommends that Budget Committee provide direction on the new Winter Maintenance Contract related to the continuation of improved service levels for pedestrian accessibility at bus stops and priority sidewalks.

The Transportation and Works Department does not recommend that Budget Committee approve increased winter maintenance service levels for residential sidewalks and/or residential driveway windrows.

Staff have already received positive comments from neighbouring municipalities regarding the format and content of the City's procurement. In addition, last year's successful renegotiation of the winter salt procurement (and its favourable pricing when compared to other municipalities) reconfirms staff's efforts to provide the City with best practices and prices to deliver the winter maintenance program.

Attachments

Appendix 1: Report from the Commissioner of Transportation and Works, dated June 21, 2019 and entitled "Winter Maintenance Service Level Improvements"

Appendix 2: Existing Council Approved Service Levels for Winter Maintenance



Geoff Wright, P.Eng, MBA, Commissioner of Transportation and Works

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