

# Town of Whitby

## Staff Report

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### Report Title: Winter Maintenance Contract Extension

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**Report to:** Committee of the Whole

**Date of meeting:** September 25, 2023

**Report Number:** CMS-08-23

**Department(s) Responsible:**

Community Services Department

**Submitted by:**

John Romano, Commissioner,  
Community Services

<b>Acknowledged by M. Gaskell, Chief Administrative Officer</b>
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**For additional information, contact:**

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#### 1. Recommendation:

1. That Council approve a sole source two-year contract extension of Contract No T-582-2015 issued to Melrose Paving Co. Ltd for front-end loaders with operators through the 2024/2025 winter maintenance season as outlined in Report CMS 08-23;
2. That Council approve the sole source award to add three (3) snowplow/salter combination trucks with operators from Melrose Paving Co. Ltd. under the same terms of Contract No T-581-2018 through the 2024/2025 winter maintenance seasons as outlined in Report CMS 08-23;
3. That staff be authorized to draw \$101,011 from the winter maintenance reserve fund, if required at the end of 2023, related to the sole source award of three additional snowplow/salter combination trucks with operators, under Contract No T-581-2018; and,
4. That the 2024 base operating budget be increased by \$231,983 (plus a Consumer Price Index adjustment) related to the sole source award of the three additional snowplow/salter combination trucks with operators under contract No. T-581-2018.

**2. Highlights:**

- The Town's existing contract for the provision of twelve (12) contracted snowplow/salter combination trucks with operators expires April 2025.
- The 2015 tender for the provision of five (5) front-end loaders and operators to supplement roadway ploughing and snow removal expired in April 2023.
- Melrose Paving Co. has agreed to add the three (3) additional snowplow/salter combination trucks plus provide a two (2) year extension for the five (5) front end loaders through to the end of the 2024/2025 winter season under the same terms and pricing of the previous contract.
- The addition of three (3) snowplow/salter combination trucks along with sole source extension of the front-end loader contract will ensure base levels of winter maintenance are continued for the next two (2) years.
- Aligning the contract end dates will provide the Town the opportunity to realize economies of scale when tendering the required snowplow/salter combination trucks and the front-end loaders at the same time for winter maintenance services, started around November 2025.
- From 2023 to the end of the 2024/2025 winter season, a projected 52 additional roadway lane kilometers requiring winter maintenance services will be added.

**3. Background:**

The Town currently utilizes ten (10) Town-owned snowplow/salter combination trucks, two (2) Town owned front end loaders, twelve (12) contracted snowplow/salter combination trucks, and five (5) contracted front end loaders. The combination trucks are used for plowing/salting and sanding operations while loaders are used for plowing and snow removal from laneways, large cul-de sacs, bends, and dead ends.

In 2015, a tender was issued for the provision of five (5) front end loaders and operators to supplement roadway ploughing and snow removal during the winter season. The contract was a five (5) year term with an option to renew for up to three (3) additional one (1) year terms with an end date of April 2023. The vendor has agreed to extend the existing terms and conditions including unit rates and any CPI adjusted items as required for an additional two (2) years, ending April 2025.

The proposed sole source extension of the (5) front end loaders would allow for both the front end loader and the snowplow/salter combination trucks contract dates to expire in April 2025. The intent at that time would be to tender both services together allowing the Town to benefit from both economies of scale and operational efficiencies with streamlined contracted services.

In 2018, a tender was issued for the provision of twelve (12) snowplow/salter combination trucks and operators to supplement roadway plowing and sanding/salting operations during the winter season. The contract is a five (5) year term which is renewed annually. The contract can be extended by up to two one-year terms with an end-date of April 2025.

The contracted equipment enabled the Town to maintain established levels of service in terms of having roads plowed and icy roads treated within a specified time frame. Compliance with the Ministry of Transportation requirements (Minimum Maintenance Standards) is also ensured for clearing accumulated snowfalls and responding to icy road conditions.

#### **4. Discussion:**

From 2008 until present, there has been a total combined increase of nearly 100 lane kilometers without corresponding increases in resources which has resulted in current/reduced service levels.

During the summer, staff from Operations and Engineering met with developers to conduct thorough site inspections for all roads under development in various subdivisions. The current lane kilometers maintained by the town in 2022/2023 season was 1,179 lane kilometers. Based on current and projected growth from 2023 to 2025, it is expected that the total lane kilometers for the next two winter maintenance seasons will increase to the following:

- 2023/2024 Winter Season – 1,191 Lane Kilometers
- 2024/2025 Winter Season – 1,231 Lane Kilometers

Currently, each of the 22 truck route plans in Whitby averages 54 lane Kilometers of roadway to be plowed. After consulting with neighboring municipalities, it has been confirmed that the average Kilometers per truck route plan compare as follows;

- Ajax – 25 Kilometers per truck route plan
- Oshawa – 31 Kilometers per truck route plan
- Clarington – 32 Kilometers per truck route plan

In response to the above and to meet the increased 1,231 lane km's, three (3) additional snowplow/salter combination trucks are required to meet the base levels of service for winter maintenance. The additional trucks will reduce the average route length to approximately 49 kilometers per truck route plan. Without these pieces of equipment and operators, it will become increasingly difficult to meet the Ontario Minimum Maintenance Standards response time per event type.

The three (3) additional snowplow/salter combination truck with operator will be part of the Town's new twenty-five (25) route plan and will supplement roadway plowing, sanding/salting and snow removal operations during the upcoming winter season.

The following is a breakdown of the proposed new twenty-five (25) route plan;

- 10 Combination trucks with operators (In-house)

- 2 Front End Loaders with operators (In-house)
- 15 Combination Units with operators (Contracted)
- 5 Front End Loaders with operators (Contracted)

The Department in consultation with the Purchasing Officer, agree to support the issuing of a sole source award to Melrose Paving Co. Ltd under Contract No T-581-2018 to acquire the additional three (3) snow-plow/salter combination trucks with operators until the end of the 2024-2025 winter season and to extend the five (5) front end loaders with operators to Melrose Paving Co. Ltd under the same terms of contract T-582-2015 until the end of the 2024/2025 season. This will align both contracts to tender as one in 2024 for the 2025-2026 maintenance season.

Single/sole source of the Town’s Procurement Policy states that single and sole source suppliers may be used if the Purchasing Officer and Department Head jointly determine that one or more of Schedule C – Limited Tendering circumstances apply. The following justifications are deemed to apply to this request:

- a) When the goods or services are in short supply due to abnormal market conditions until fair market conditions are restored;
- b) When the extension of an existing contract would prove more cost-effective or beneficial if the change of supplier would cause significant inconvenience or duplication of costs;
- c) When the procurement is for technical services in connection with the assembly, installation, or servicing of highly technical or specialized equipment or infrastructure, and;
- l) Health and Safety.

**5. Financial Considerations:**

- a) Two Year extension of Contract No T-582-2015 Winter Control Services Five (5) Front End Loaders and Operators (2023-2025);

2023-2024 Estimated Extension Project Breakdown	Amount
<b>2023-2024 Winter Season</b>	
Daily Standby Cost	\$163,785.00
Operating Hours Cost	\$77,580.00
Subtotal (Pre-Tax)	\$241,365.00
HST	\$31,377.45
<b>HST Rebate</b>	<b>(\$27,129.43)</b>
<b>Total Cost</b>	<b>\$245,613.02</b>

The total two (2) additional one (1) year term extension has an estimated total cost of \$491,226.04 (inclusive of non-recoverable HST) plus the subsequent year of extension subject to CPI Increase.

The annual estimated cost of \$245,613.02 is included in the 2023 Operating Budget and will continue to be included in the 2024 Operating Budget (adjusted for CPI).

- b) Three (3) additional roadway combination trucks and operators under Contract No T-581-2018 Winter Control Services Twelve (12) Roadway Combination Trucks and Operators;

2023-2024 Estimated Extension Project Breakdown	Amount
<b>Nov/Dec 2023</b>	
Daily Standby Cost	\$79,453.11
Operating Hours Cost	\$19,810.80
Subtotal	\$99,263.91
HST	\$12,904.31
<b>HST Rebate</b>	<b>(\$11,157.26)</b>
<b>Total Cost</b>	<b>\$101,010.95</b>
<b>Jan/April 2024</b>	
Daily Standby Cost	\$98,990.76
Operating Hours Cost	\$29,716.20
Subtotal	\$128,706.96
HST	\$16,731.90
<b>HST Rebate</b>	<b>(\$14,466.66)</b>
<b>Total Cost</b>	<b>\$130,972.20</b>
<b>Total Annual Contract Extension Cost</b>	<b>\$231,983.15</b>

The total two (2) additional one (1) year term extensions are estimated in the amount of \$463,966.30 (inclusive of non-recoverable HST) plus the subsequent year of extension subject to CPI Increase.

The financial impact of the additional combination truck and operator in 2023 is \$101,010.95 (shown as “Nov/Dec 2023” costs in Table 1, above). Since the cost for the additional three (3) combination trucks and operators is not currently in the 2023 budget, the \$101,011 will be a 2023 Operating Budget pressure which is recommended to be funded from the Winter Maintenance Reserve, if required at the end of 2023.

An increase of \$231,983 (plus a CPI adjustment) for three additional combination trucks and operators is required in the 2024 base Operating Budget. With the award, the Town will be contractually committed to the additional service; accordingly, the \$231,983 will be shown as a “Prior Year (Council) Decision” and incorporated into the base 2024 operating budget.

**7. Communication and Public Engagement:**

N/A

**8. Input from Departments/Sources:**

N/A

**9. Strategic Priorities:**

The recommendations contained in this report align with the objectives of the Organization and Customer Priorities as follows:

- 2.1 Continually improve how we do things by fostering innovation and focusing on making our processes better
- 3.1 Design service delivery around customer needs

**10. Attachments:**

N/A