

# HALIFAX

P.O. Box 1749  
Halifax, Nova Scotia  
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**Item No. 15.1.4**  
**Halifax Regional Council**  
**June 4, 2019**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed by   
Dave Reage, A/Chief Administrative Officer

**DATE:** May 22, 2019

**SUBJECT:** **2019/20 Winter Snow and Ice Control Contract Awards**

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## **ORIGIN**

This report relates to the service delivery of snow and ice control for sidewalks, walkways and trails in the municipality.

## **LEGISLATIVE AUTHORITY**

### **Halifax Regional Municipality Charter**

79A (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if

- (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality;
- (b) the expenditure is in respect of an emergency under the Emergency Management Act; or
- (c) the expenditure is legally required to be paid.

(2) The Municipality may expend money provided for in an operating budget or capital budget for a purpose other than that set out in the operating budget or capital budget for that fiscal year if the expenditure does not affect the total of the amounts estimated for the operating budget and the capital budget.

(3) The Municipality may authorize expenditures from its operating budget or transfer money from the operating budget to its capital budget if the total amount of such expenditures and transfers for the fiscal year does not exceed the total amount of estimated revenue from all sources in excess of the amount estimated for those sources in the operating budget for that fiscal year.

### **Procurement Administrative Order – AO# 2016-005-ADM**

The recommended contract award complies with all of the pre-requisites for awarding contracts as set out in section 34 of Administrative Order 2016-005-ADM, the *Procurement Administrative Order*.

Section 36 of the *Procurement Administrative Order*, provides that Halifax Regional Council may approve contract awards of any amount.

### **Financial Reserves Administrative Order – AO# 2014-015-ADM**

5. The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

6. The Chief Administrative Officer may recommend to the Council that Reserve funds be expended.

### **Audit & Finance Standing Committee – Terms of Reference – AO#1, Schedule 2**

8. The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including: ... (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

### **RECOMMENDATION**

It is recommended that Halifax Regional Council:

1. Waive the requirement for the Audit & Finance Standing Committee to review and make a recommendation to Council regarding the withdrawal of funds from reserves and approve an increase to Operating Cost Centres R881, R882 and R885 – PB Contracts (GL 6399), in an amount up to \$1,209,442 for a total combined 2019/20 Operating Budget of up to \$21,025,242, and an amount of up to \$2,088,207, for a total combined 2020/21 Operating Budget of up to \$22,086,107 with funding to be provided from any Transportation and Public Works annual operating surpluses and/or through the Risk Reserves: General Contingency Reserve, Q421, as per the Financial Implications section of this report;
2. Award **RFP 19-025**, Winter Snow and Ice Control, to Dexter Construction Limited for a total value of \$19,782,011.34 (net HST included) with funding from Operating Cost Centres R880 (PB Contracts Streets), R881 (PB Contracts Sidewalks), and R885 (PB Contracts Street & Sidewalks), as outlined in the Financial Implications section of this report;
3. Award Tenders for Winter Snow and Ice Control for Sidewalks, Walkways and Trails as identified below:

#### **19-040 – SWZ5 Halifax Peninsula South**

Excel Property Maintenance for a Total Tender Price of \$2,502,885 (net HST included);

#### **19-041 – SWZ6A Halifax Peninsula West**

Leahey's Landscaping Ltd. for a Total Tender Price of \$3,023,740 (net HST included);

#### **19-042 – SWZ6B Halifax Peninsula North**

Leahey's Landscaping Ltd for a Total Tender Price of \$3,392,249 (net HST included);

#### **19-043 – SWZ7 Clayton Park/ Fairview Area**

Provincial Pavement Marking Ltd. for a Total Tender Price of \$4,183,121 (net HST included);

**Recommendation continued on next page**

**19-044 – SWZ8 Lake Banook/ Woodside Area**

Elmsdale Landscaping Ltd. for a Total Tender Price of \$1,729,911 (net HST included).

**BACKGROUND**

In the spring of 2019, both Winter Street and Winter Sidewalk contracts will expire for the geographic area of Bedford and Hammonds Plains areas under Tender 15-072 and 17-051 SWZ3. Following the success of the consolidated winter service contract model that was implemented in the Sackville, Fall River, Beaverbank areas in 2017 under Tender 17-052, staff is continuing with this service delivery model as part of Transportation and Public Works Strategy as identified in the Council Memo dated September 13, 2018.

The five (5) existing contracts for Winter Snow and Ice Control for Sidewalks, Walkways and Trails, for the Halifax Peninsula – South, Halifax Peninsula – West, Halifax Peninsula – North, Clayton Park/Fairview area, and Lake Banook/Woodside area expire in the spring of 2019. As part of Transportation and Public Works Strategic Plan, the new contract has been issued for a four (4) year term to provide bidders investment security to enable them to invest in required specialized equipment. Continuing to improve on experiences from past winter seasons have highlighted the importance of the ability to apply de-icing materials at the same period when clearing snow and ice instead of returning later. Improving accessibility to all users of the network as it relates to the Integrated Mobility Plan has required bidders to account for different weather systems and challenges that are presented.

**DISCUSSION**

**RFP No. 19-025** was publicly advertised on the Province of Nova Scotia’s Procurement website on March 5, 2019 and closed on April 3, 2019. A mandatory bidders meeting was held on March 14, 2019. Submissions were received from the following four (4) proponents.

1. Cumberland Paving and Contracting Ltd.
2. Dexter Construction Ltd.
3. Ocean Contracting Ltd.
4. Leaheys Landscaping Ltd.

The proposal submissions were evaluated using a two-envelope process. Envelope one was the technical component of the RFP. Envelope two consisted of the lump sum project cost for this project. Only those proponents that received 75% or better on the technical submission (41.25 points out of a maximum score of 55 points) from envelope one had their cost envelopes opened and evaluated.

After completion of the envelope one process, the submissions from three (3) proponents met the required 75% on the technical submission, as per the terms and conditions of the RFP, and had their cost envelope opened.

Please refer to Appendix A which provides a scoring summary and overall pricing detail for the proposals, with the Dexter Construction Ltd. proposal receiving the highest overall score. Dexter Construction Ltd. proposal received the highest score in the technical evaluation, and also had the lowest overall cost. Therefore, staff is recommending award of the agreement to Dexter Construction Ltd.

The final scores are as follows:

Proponent	Score (Max 100)
Dexter Construction Ltd.	98.00
Cumberland Paving and Contracting Ltd.	82.82
Ocean Contracting Ltd.	81.72
Leaheys Landscaping Ltd.	NA*

NA\* - Did not pass the required 75% technical submission

**Tender No. 19-040, 19-041, 19-042, 19-043 and 19-044** were publicly advertised on the Province of Nova Scotia's Procurement website on April 9, 2019 and closed on May 3, 2019. A non-mandatory bidders meeting was held on April 17, 2019.

Bids were received from the following companies:

<b>Tender 19-040</b>					
<b>SWZ5</b>					
Name of Company	Year 1 Total Including Net HST	Year 2 Total Including Net HST	Year 3 Total including Net HST	Year 4 Total including Net HST	Total 4 Year including Net HST
Excel Property Maintenance**	\$625,721.21	\$625,721.21	\$625,721.21	\$625,721.21	<b>\$2,502,884.84</b>
Leahey's Landscaping Ltd.	\$659,445.22	\$659,445.22	\$659,445.22	\$659,445.22	<b>\$2,637,780.88</b>
Dexter Construction Ltd.	\$690,373.32	\$703,930.50	\$717,487.68	\$732,087.72	<b>\$2,843,879.22</b>
Provincial Pavement Marking Ltd.	\$980,392.69	\$980,392.69	\$980,392.69	\$980,392.69	<b>\$3,921,570.76</b>

<b>Tender 19-041</b>					
<b>SWZ6A</b>					
Name of Company	Year 1 Total Including Net HST	Year 2 Total Including Net HST	Year 3 Total including Net HST	Year 4 Total including Net HST	Total 4 Years including Net HST
Tracey's Landscaping Ltd.	\$484,486.68	\$484,486.68	\$484,486.68	\$484,486.68	<b>\$1,937,946.72</b>
Leahey's Landscaping Ltd.**	\$755,934.80	\$755,934.80	\$755,934.80	\$755,934.80	<b>\$3,023,739.20</b>
Dexter Construction Ltd.	\$794,659.32	\$811,345.08	\$825,945.12	\$842,630.88	<b>\$3,274,580.40</b>
Provincial Pavement Marking Ltd.	\$1,312,960.74	\$1,312,960.74	\$1,312,960.74	\$1,312,960.74	<b>\$5,251,842.96</b>

<b>Tender 19-042</b>					
<b>SWZ6B</b>					
Name of Company	Year 1 Total Including Net HST	Year 2 Total Including Net HST	Year 3 Total including Net HST	Year 4 Total including Net HST	Total 4 Years including Net HST
Leahey's Landscaping Ltd.**	\$848,062.09	\$848,062.09	\$848,062.09	\$848,062.09	<b>\$3,392,248.36</b>
Dexter Construction Ltd.	\$849,930.90	\$866,616.66	\$884,345.28	\$901,031.04	<b>\$3,501,923.88</b>
Provincial Pavement Marking Ltd.	\$1,147,928.15	\$1,147,928.15	\$1,147,928.15	\$1,147,928.15	<b>\$4,591,712.60</b>

<b>Tender 19-043</b>					
<b>SWZ7</b>					
Name of Company	Year 1 Total Including Net HST	Year 2 Total Including Net HST	Year 3 Total including Net HST	Year 4 Total including Net HST	<b>Total 4 Years including Net HST</b>
Tracey's Landscaping Ltd.	\$402,231.10	\$402,231.10	\$402,231.10	\$402,231.10	<b>\$1,608,924.40</b>
Provincial Pavement Marking**	\$1,045,780.01	\$1,045,780.01	\$1,045,780.01	\$1,045,780.01	<b>\$4,183,120.04</b>
Leaheys Landscaping Ltd.	\$1,102,266.52	\$1,102,266.52	\$1,102,266.52	\$1,102,266.52	<b>\$4,409,066.08</b>

<b>Tender 19-044</b>					
<b>SWZ8</b>					
Name of Company	Year 1 Total Including Net HST	Year 2 Total Including Net HST	Year 3 Total including Net HST	Year 4 Total including Net HST	<b>Total 4 Years including Net HST</b>
Elmsdale Landscaping Ltd.**	\$413,495.29	\$425,900.15	\$438,677.16	\$451,837.47	<b>\$1,729,910.07</b>
Provincial Pavement Marking Ltd.	\$875,480.97	\$875,480.97	\$875,480.97	\$875,480.97	<b>\$3,501,923.88</b>
Leaheys Landscaping Ltd.	\$1,028,150.46	\$1,028,150.46	\$1,028,150.46	\$1,028,150.46	<b>\$4,112,601.84</b>

**\*\* recommended bidder**

Each of the above-referenced tender contracts is for a four (4) year term for years 2019/20, 2020/21, 2021/22, 2022/23, with four (4) one-year options (at HRM's sole discretion).

Winter weather delivers challenging conditions across the municipality that have potential to impact emergency services response, economic revenue to businesses, household incomes, transportation and public mobility. With the changing weather patterns, increased public expectations, and the introduction of new Integrated Mobility Plan (IMP) related infrastructure, winter service delivery has applied pressures to potential service providers beyond staff's budget estimates.

Service providers are reporting that a variety of items have caused costs to increase for provision of winter services. Some of these are, but not limited to:

- Skilled qualified operator shortage, demand and security;
- Increasing and unpredictable operating costs (fuel, maintenance, insurance);
- Requirement for specialized equipment;
- Increasing volume of personal injury incident claims;
- Increasing costs of de-icing materials;
- Requirement to be capable of responding to multiple type operations during the same period (snow plowing, and flood elimination simultaneously, often followed by flash freezing conditions).

For each of the above tenders, except for tenders 19-041 and 19-043, staff recommend awarding the contract to the lowest price bidder meeting specifications. For tenders 19-041 and 19-043, staff recommend that Council reject the bids received from the lowest priced bidder, Tracey's Landscaping. Awarding to Tracey's would not be in the best interest of the municipality due to its unrealistically low bid prices compared to other bids, past contract performance concerns, and recent legal matters with the municipality.

HRM experienced numerous issues with Tracey's Landscaping in its performance of Tender T17-051 Winter Sidewalks, Walkways & Trails Snow and Ice Control - Zone SWZ6. For the 2018-19 season, HRM

levied \$56,000 in liquidated damages against Tracey’s Landscaping for its failure to meet the service standards set out in the tender contract. On one occasion, HRM had to call out another contractor to expedite the opening of all outstanding sidewalks walkways and trails when Tracey’s failed to do so within the contractually defined timeframes. Additionally, Tracey’s conducted winter works operations from a location on Pepperell Street without a permit in breach of HRM’s land-use by-laws; and continued to do so for at least one month after being instructed by HRM to discontinue operating from that location.

Unrelated to winter works contracts, several subcontractors of Tracey’s Landscaping have also registered lien claims alleging that they have not been paid by Tracey’s for landscaping/electrical/construction work they performed at HRM’s Baker Drive Community Park in Dartmouth and at Cornwallis Park in Halifax. This has resulted in litigation that HRM is required to respond to in order to have the liens discharged. HRM was also recently served with an execution order obtained by a subcontractor against Tracey’s Landscaping in Small Claims court, which required HRM to direct a portion of its accounts payable to the Sheriff rather than to Tracey’s Landscaping.

Section 1.4 of the Instructions to Bidders in tenders 19-041 and 19-043 says that “The HRM intends to only contract with responsible bidders who are in the business of providing the goods and/or services bid upon and can provide proof that they can furnish satisfactory performance based on past work experience with the HRM... Bidders found unacceptable during the evaluation process will not be given further consideration.” Section 6.1 stipulates that “HRM is not obligated to accept the lowest price tender. HRM reserves the right to reject any tender(s) and to accept the tender(s) deemed to be in the best interest of Halifax Regional Municipality.”

**FINANCIAL IMPLICATIONS**

During the 2019 and 2020 budget presentations, Transportation and Public Works based their estimate of the cost of these contract renewals on historic pricing data and applied a consumer price index (CPI). Now that Winter Street & Sidewalk RFP 19-025 and sidewalk tenders 19-040, 19-041, 19-042, 19-043, and 19-044 have been posted and closed, the submitted costs are higher than the initial estimates presented during budget discussions. The increased costs for fiscal 2020/21 will form part of the budget deliberations for TPW.

The RFP contract price is a four (4) year term for years 2019/20 through 2022/23, with four (4) one-year options (at HRM’s sole discretion).

The tables below outline the costs of the new contracts by Winter Season as well as by Fiscal Year.

**By Winter Season**

Streets & Sidewalks Contracts R880, R881, R885 6399

RFP / Tender #	Year 1			Year 2		
	Price (\$)	net HST (\$)	Total (\$)	Price (\$)	net HST (\$)	Total (\$)
19-025	4,602,000	197,242	4,799,242	4,694,000	201,185	4,895,185
19-040, 19-041, 19-042, 19-043, 19-044	3,537,381	151,612	3,688,993	3,549,276	152,122	3,701,398
<b>TOTAL</b>	<b>8,139,381</b>	<b>348,854</b>	<b>8,488,235</b>	<b>8,243,276</b>	<b>353,307</b>	<b>8,596,583</b>

**By Fiscal Year**

Streets & Sidewalks Contracts R880, R881, R885 6399

RFP / Tender #	2019/20			2020/21		
	Cost (\$)	net HST (\$)	Total (\$)	Cost (\$)	net HST (\$)	Total (\$)
19-025	3,563,600	152,736	3,716,336	4,673,241	200,295	4,873,536
19-040, 19-041, 19-042, 19-043, 19-044	2,739,203	117,402	2,856,605	3,546,592	152,007	3,698,599
<b>TOTAL</b>	<b>6,302,803</b>	<b>270,138</b>	<b>6,572,941</b>	<b>8,219,833</b>	<b>352,302</b>	<b>8,572,135</b>

**Budget Summary, Streets & Sidewalks Contracts R880, R881, R885 6399**

	2019/20	2020/21
Budget (\$)	19,815,800	19,997,900
Less: Existing Contracts	- 14,452,301	- 13,513,972
Less: Tenders to be awarded	- 6,572,941	- 8,572,135
<b>Shortfall (\$)</b>	<b>- 1,209,442</b>	<b>- 2,088,207</b>

Any annual operating budget surplus in Transportation and Public Works will be used to offset the contract shortfalls, as the 2019/20 Approved and the 2020/21 Proposed Operating Budgets cannot accommodate the increase. Additionally, if sufficient operating surpluses cannot be generated specifically within Transportation and Public Works, any remaining costs will be offset using: Risk Reserves: General Contingency Reserve Q421.

**Budget Summary, General Contingency Reserve, Q421**

Projected Balance in Reserve, April 1, 2019	\$ 29,087,483
Projected Revenue to March 31, 2020	\$ 151,400
Commitments to March 31, 2020	<u>\$(22,619,051)</u>
Projected net available balance, March 31, 2020	\$ 6,619,532
Maximum withdrawal per recommendation	<u>\$ (3,297,649)</u>
Revised projected available balance, March 31, 2020	\$ 3,322,183

Risk Reserve - General Contingency Reserve, Q421, is to receive the annual operating surplus of the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual, and can be used to fund operating costs, offset deficits, or fund new operating and/or capital expenditures. This is an unbudgeted withdrawal from the reserve. Based on draft information to date regarding General Contingency Reserve usage of \$4m to fund 2020/21 capital projects, this commitment would negatively affect the ability to fund those capital projects, as the reserve would be short by \$1,022,717.

**RISK CONSIDERATION**

If Halifax Regional Council chooses not to award RFP 19-025 or tenders 19-040, 19-041, 19-042, 19-043 and/or 19-044, these areas of the municipality would receive severely impacted winter snow and ice services for the 2019/20 winter season due to the time restrictions involved in securing winter equipment and resources.

HRM's tender documents include limitation of liability provisions and the express right for HRM to reject the lowest priced bid; however, any time a municipality chooses to invoke its right to by-pass/reject the lowest priced bid, there is a risk that the rejected bidder may seek to challenge the decision.

## **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications.

## **ALTERNATIVES**

Council could choose not to approve the recommendations in this report and to proceed with one or more of the following alternatives. These alternatives are not recommended by staff.

### **RFP 19-025 Winter Street & Sidewalk**

Council could choose to cancel this RFP and have the service provided by HRM In-House Operations and/or hourly based contractors. Hourly based contracts do not have the security of a known fixed cost regardless of weather conditions. Due to specialized equipment being required to provide such winter services, securing such equipment and qualified operators would present challenges.

### **Tenders 19-040, 19-041, 19-042, 19-043 and 19-044 Winter Sidewalk, Walkway and Trails**

Council could choose to cancel one or more of these tenders and have the service provided by HRM In-House Operations and/or hourly based contractors. This is estimated at a cost of \$22,000,000 over 4 years. HRM Operations presently have no existing equipment available and would be required to secure the required resources. The estimated cost does not include equipment operating or repair costs, winter damage repairs to HRM and private property, and collective agreement provisions. Hourly based contracts do not have the security of a known fixed cost regardless of weather conditions. Due to specialized equipment being required to provide such winter services, securing such equipment and qualified operators would present challenges.

With respect to sidewalks, Council could alternatively choose to make it the responsibility of property owners to conduct snow and ice maintenance.

Council could choose to accept the bids from Tracey's Landscaping Ltd. on tenders 19-041 and/or tender 19-043. This alternative is not recommended due to Tracey's Landscaping's unrealistically low bid prices, past contract performance, and outstanding legal matters with the municipality.

## **ATTACHMENTS**

Appendix A – RFP 19-025 Scoring Summary and Pricing Detail

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Trevor Harvie – Superintendent of Winter Operations, 902.219.3314

Report Approved by: Original Signed  
Beverley Audet, Manager, Road Operations and Construction, 902.490.4673



Procurement Review: Original Signed  
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Brad Anguish, Director, Transportation and Public Works, 902.490.4855

Report Approved by: Original Signed by   
John Traves, Director, Legal, Insurance and Risk Management, 902.490.4219

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## Appendix A – RFP 19-025 Scoring Summary and Pricing Detail

RFP 19-025 Winter Streets and Roads Winter Sidewalk, Walkways & Trails- Snow & Ice Control- Bedford and Hammonds Plains Area				
APPENDIX A EVALUATION CRITERIA / SCORECARD				
		*Dexter Construction Company Ltd.	Cumberland Paving & Contracting	Ocean Contractors Ltd.
Rated Criteria Category	Weighting (Points)	Score	Score	Score
<b>4.1 Team Composition &amp; Experience:</b>	<b>10.00</b>	10.00	8.33	7.67
•Management Team and their role specific to the proposal				
•Associated and related credentials				
•Experience of performing related work				
•References/ examples of such work				
<b>4.2 Communication:</b>	<b>10.00</b>	10.00	8.17	8.00
• Automated Vehicle Location (AVL) on their equipment				
• Communication devices and type to their operators, supervisors etc.				
o Smart phones				
o Cell Phones				
o Two-Way Radio Communications				
o Etc				
• Receiving, communicating and triaging information dispatched by HRM Customer Contact Center (311)				
• Receiving, organizing, responding to residents related to Private Property Damages				
• Organizing, completing and reporting completed repairs to HRM infrastructure				
• Receiving, inspecting and responding to service complaints from residents				
• Organizing and submitting the various required reports identified to HRM				
<b>4.3 Operations Plan</b>	<b>20.00</b>	18.00	18.00	14.33
• 24/7 Monitoring of Area				
• Emergency De-icing/ Plowing Response				
o Fire				
o Water Break				
o etc				
• Anti-icing Response				
• De-icing Response				
• Plowing Response				
• Plowing accumulations over 10cm Response				
• Forecasted Flash Freeze Response				
• Street and Sidewalk Flooding Response				
• Snow Removal Response				
• Servicing Bus Stops, Bus Shelters, Pedestrian Bridges, Steps and Narrow Sidewalks				
• Spring Repairs to HRM Infrastructure				
<b>4.4 Technical &amp; Resources</b>	<b>15.00</b>	15.00	13.67	12.33
• Trucks				
• Loaders				
• Graders				
• Backhoes				
• Large Snow Blowers				
• Sidewalk Equipment				
• Specialized Attachments				
• De-icing Materials				
• De-Icing Materials Storage Facilities				
• Liquid De-icing Facilities and Application Equipment				
• Equipment Maintenance Facilities				
Salt management plan				
• Spread Rates				
• Quality Control Measures				
<b>Total Technical Score</b>	<b>55.00</b>	<b>53.00</b>	48.17	42.33
<b>Cost:</b>				
<b>Cost: Score (75 % of 55 pts = 41.25 pts to pass)</b>		<b>45.00</b>	34.65	39.38
Evaluation of Cost -\$	<b>45.00</b>	\$19,388,550	\$23,996,000.00	\$21,918,073.63
Cost for HRC Award		\$18,969,000	\$23,331,000.00	\$21,336,823.63
Cost for HRC Award w/ Net HST		\$19,782,011.34	\$24,330,966.66	\$22,251,319.89
<b>Total Points</b>	<b>100.00</b>	<b>98.00</b>	82.82	81.72
Recommended *				