



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer/Treasurer

Date: May 25, 2020

Report No: CORS-024-20

Subject: Purchasing Various - May

Recommendation: **THAT Council approve the budget amendments and related funding sources as outlined on Schedule A;**

THAT Council approve the tender award for the 2020 Expanded Asphalt Program to Graham Bros. Construction Limited in the total amount of \$1,618,326.38 (exclusive of HST), as outlined on Schedule B;

AND THAT tax supported debenture financing in the amount of \$600,000 approved for project C35012820 Expanded Asphalt Program - Construction) be replaced with funding from the Infrastructure Renewal Reserve;

AND THAT funding from the Infrastructure Renewal Reserve in the amount of \$600,000 approved for project C33900020 Asphalt Overlay Program – Construction be replaced with tax supported debenture financing;

AND THAT \$600,000 of the savings on the tender award for project C35012820 – Expanded Asphalt Program be transferred from the Infrastructure Renewal Reserve to the Operating Fund in order to mitigate the financial impacts of COVID-19;

AND THAT Council approve the proposal award for Supply and Delivery of Structural Fire Fighting Protective Clothing (Bunker Gear) to Starfield LION Company in the total amount of \$244,400 (exclusive of HST), as outlined on Schedule C;



AND THAT Council approve the contract increase to Antec Appraisal Group for Property Appraisal Services in the total amount of \$3,000 (exclusive of HST) as outlined on Schedule D;

AND THAT Council approve the single source award to Info-Tech Research Group to commence activities associated with terms of reference development as identified within the Town's Workforce Management System strategy in the total amount of \$72,360 (exclusive of HST), as outlined in Schedule E;

AND THAT Council approve the single source award to Capital Paving Inc. and Halton Asphalt Supply for the supply of Hot Mix Asphalt in the total amount of \$342,894 (exclusive of HST), as outlined in Schedule F;

AND THAT the Manager, Purchasing and Risk Management be authorized to execute the contract(s), as outlined by the purchasing by-law, and the Mayor and the Town Clerk be authorized to sign any other required paperwork.

EXECUTIVE SUMMARY

This report is being submitted to have Council's authorization on the various items on the attached Schedules. Requests are being made as per the guidelines outlined in the Purchasing By-law No. 061-2018 and the Budget Management Policy (Policy No.113).

REPORT

Background

Procurement of goods and services is governed by By-law No. 061-2018. Purchasing activity is undertaken in a manner that is intended to support the Town's mandate to provide effective, responsible government and efficiently deliver services to the residents of Milton.



Discussion

Information pertaining to the recommended purchasing awards is included on the corresponding Schedules (A to F) attached.

Included in this report is a recommended award for the Expanded Asphalt Program (Schedule B). A favourable variance of \$707,407 is being reported on the award of this program which is largely due to recent reductions in the price of oil as well as changes in design.

In accordance with Budget Policy No. 113 these savings would normally be transferred back to the original funding sources of the project or the Project Variance Account, in the case of Town source funding. However, in order to mitigate additional costs being incurred by the Town resulting from COVID-19, staff recommend instead transferring \$600,000 of this variance to the Operating Fund.

This approach will require a change in funding source for the Expanded Asphalt program as the Town portion is currently reliant on debenture financing. Staff are recommending the funding sources be adjusted between the Expanded Asphalt Program and the Asphalt Overlay Program as follows:

	C35012820 Expanded Asphalt Program Funding			C33900020 Asphalt Overlay Program Funding		
	Approved	Adjustment	Revised	Approved	Adjustment	Revised
Reserve	\$113,176	\$600,000	\$713,176	\$1,064,537	\$600,000)	\$464,537
Grants/Subsidies	1,849,218		1,849,218	4,768,104		4,768,104
Debentures	950,000	(\$600,000	350,000	1,425,0000	\$600,000	2,025,000
Dev't Charges	0		0	792,359		792,359
Total Budget	\$2,912,394	0	\$2,912,394	\$8,050,000	0	\$8,050,000

Following these funding adjustments, \$600,000 in savings would be transferred from the Infrastructure Renewal Reserve to the Operating Fund thereby reducing the capital budget for the Expanded Asphalt Program to \$2,312,394 as reflected on Schedule A of this report.

This approach is being recommended as it will increase the amount of available mitigation that the Town has identified to respond to COVID-19, while still allowing the scope of work envisioned for the expanded asphalt program for 2020 to continue as planned.



Financial Impact

Financial impacts are outlined in detail on the attached Schedules B through F. The resulting funding adjustments are presented on Schedule A, and result in a net overall decrease in approved capital budgets of \$621,220.

When combined with the existing mitigation options that were outlined in report ES-003-20, the \$600,000 will result in a total of \$2,434,369 in available mitigation opportunities that have been identified to date for COVID-19 impacts. The forecasted impacts of COVID-19, including mitigation opportunities, will continue to be updated through 2020 as new information is received.

Respectfully submitted,

Glen Cowan
Chief Financial Officer/ Treasurer

For questions, please contact: Michelle Rasiulis, CSCMP, CPPB 905-878-7252, x2143
For questions, please contact: Deanne Peter, B.Comm., MBA 905-878-7252, x2316

Attachments

Schedule A – Summary of Changes in Project Budgets and Funding
Schedule B - Tender Award for 2020 Expanded Asphalt Program
Schedule C – Proposal Award for Structural Fire Fighting Protective Clothing
Schedule D - Contract Increase for Property Appraisal Services
Schedule E - Single Source Award to Info-Tech Research Group
Schedule F – Single Source Award for Hot Mix Asphalt

CAO Approval
Andrew M. Siltala
Chief Administrative Officer

Summary of Changes in Capital Project Budgets and Funding

Schedule	B	B	C	C	C	Total Change in Funding Sources Increase / (Decrease)
Project Number	C35012820	C33900020	C72012320	C72015719	C73010419	
Project Description	Expanded Asphalt Program - Construction	Asphalt Overlay Program - Construction	Personal Protective Clothing Replacement	Bunker Gear Replacement – Employee Turnover	Bunker Gear & Recruit Package Growth	
Total Approved Project Budget	\$ 2,912,394	\$ 8,050,000	\$ 245,140	\$ 23,885	\$ 67,681	
Recommended Budget Change						
Project Variance Account			(17,995)	(110)		(18,105)
Reserves and Reserve Funds:						
Infrastructure Renewal Reserve	-	(600,000)				(600,000)
Development Charges:						
Fire DC					(3,115)	(3,115)
External Funding Sources:						
Tax Supported Debt	(600,000)	600,000				-
Total Increase/(Decrease) in Funding	(600,000)	-	(17,995)	(110)	(3,115)	\$ (621,220)
Total Revised Project Budget	\$ 2,312,394	\$ 8,050,000	\$ 227,145	\$ 23,775	\$ 64,566	

**COUNCIL AUTHORITY FOR CONTRACT AWARDS
TENDER AWARD**

Project Award	Tender Award No. 20-050 – Expanded Asphalt Program
Recommendation	<p>Staff is recommending the award of the tender for 2020 Expanded Asphalt Program to Graham Bros. Construction Limited in the total amount of \$ 1,618,326.38 (exclusive of HST) being the lowest compliant bid received;</p> <p>AND THAT tax supported debenture financing in the amount of \$600,000 approved for project C35012820 Expanded Asphalt Program - Construction) be replaced with funding from the Infrastructure Renewal Reserve;</p> <p>AND THAT funding from the Infrastructure Renewal Reserve in the amount of \$600,000 approved for project C33900020 Asphalt Overlay Program – Construction be replaced with tax supported debenture financing;</p> <p>AND THAT \$600,000 of the savings on the tender award for project C35012820 – Expanded Asphalt Program be transferred from the Infrastructure Renewal Reserve to the Operating Fund.</p>
Purpose of Report	<p>As per Section 10.1 of Purchasing By-law No. 061-2018, Council approval is required for tender awards over \$1,000,000.</p> <p>As per Budget Management Policy No. 113, Council approval is required for changes in funding sources of capital projects.</p>
Background information	<p>This annual program is required to rehabilitate the asphalt surface on rural roads before they deteriorate to the point where full reconstruction is required. This program is an important component in maintaining the Town of Milton Road System. The identification of the roads is dictated by the 2018 State of Infrastructure – Roads Study, Final determination of the 2020 Expanded Asphalt program was based on the results the road assessment, geotechnical investigation, as well and coordination with other stakeholders. The Geotechnical investigation was completed in 2019, design and tender documents were completed in March 2020.</p> <p>There are three roads segments included in the 2020 Expanded Asphalt Program</p> <ul style="list-style-type: none"> ○ Section 1:Sixth Line 200M North of Railway crossing to Town Limits ○ Section 2:Sixth Line Lower base Line west to approx. 1.8 KM North of Lower Base ○ Section 3:Lower Base Line from Fifth Line to Sixth Line

CORS-024-20 - Schedule B

	<p>This program includes the following within the scope of work: culvert replacements only where required, road works as per the recommendations in the Geotechnical Investigation and associated shouldering and driveway transitions. All the work is to remain within existing property limits.</p> <p>Permit applications from Fisheries and Oceans Canada and Conservation Halton (Culvert Rehabilitation) are currently under review. Based on meeting and communications with these agencies it shouldn't be an issue to obtain the permits. It is expected to have the permits by June 2020. These permits are only required for the Culvert Rehabilitation work- 5234 Sixth Line Section 2. Permits are not required for the Road works.</p> <p>As referenced in the Financial Impact section, a favourable variance of \$707,407 is being reported on this award. The favourable variance is partially the result of the recent reductions in oil prices leading to lower asphalt pavement pricing. Additional cost reductions are the result of design revisions that minimize environmental impacts and access to private property/driveways.</p> <p>In accordance with Budget Policy No. 113 the savings on this award would normally be transferred back to the original funding sources of the project or the Project Variance Account, in the case of Town source funding. However, in order to mitigate additional costs being incurred by the Town resulting from COVID-19, staff recommend instead transferring \$600,000 of the variance to the Operating Fund.</p> <p>This approach will require a reallocation of funding between project C35012820 - Expanded Asphalt Program and project C33900020 - Asphalt Overlay Program - Construction such that a greater portion of the Expanded Asphalt project is funded from Town source funds as identified in the recommendations.</p>
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Date bid issued	March 27,2020												
Advertisements	Biddingo and Town of Milton website												
Closing Date	April 20,2020												
# of Plan takers	9												
List of bid submissions inclusive of HST	<table border="0"> <tr> <td>Graham Bros.Construction Limited</td> <td>\$ 1,828,708.81</td> </tr> <tr> <td>Gazzola Paving Limited</td> <td>\$ 1,846,009.91</td> </tr> <tr> <td>Four Season Site Development Lt</td> <td>\$ 1,886,027.69</td> </tr> <tr> <td>Forest Contractors Ltd.</td> <td>\$ 1,944,716.64</td> </tr> <tr> <td>Fermar Paving Limited</td> <td>\$ 1,995,401.08</td> </tr> <tr> <td>Pave-AI Limited</td> <td>\$ 2,234,537.14</td> </tr> </table>	Graham Bros.Construction Limited	\$ 1,828,708.81	Gazzola Paving Limited	\$ 1,846,009.91	Four Season Site Development Lt	\$ 1,886,027.69	Forest Contractors Ltd.	\$ 1,944,716.64	Fermar Paving Limited	\$ 1,995,401.08	Pave-AI Limited	\$ 2,234,537.14
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Pave-AI Limited	\$ 2,234,537.14												
Median bid value	The average bid received was \$1,995,900.21 . The bid submitted by Graham Bros Construction Limited is approximately 6.9%												

	less than the average bid.
COR™ Requirement	<p>On Council Report CORS-013-18, the Town adopted the Certificate of Recognition (COR™) program as a requirement for projects valued over \$500,000. As such, only Bid submissions from Bidders that were COR™ Certified were accepted for this Tender request.</p> <p>All six (6) bid submissions received were from COR™ Certified companies.</p>
Financial Planning Section: Budget Impact (Note 1)	
Account Number(s)	C35012820-A0611-7670
Account Description	2020 Expanded Asphalt Program - Construction
Project Total Budget	\$2,912,394
Contract Budget	\$ 2,417,216
Actual (Net of HST Rebate)	\$ 1,646,809
Variance (Note 2)	\$ 700,407 (F)
Funding Source	Federal Gas Tax, Tax Supported Debt, Infrastructure Renewal Reserve

Note 1: Financial impact includes any non-refundable portion of HST

Note 2: Staff is requesting that \$100,407 of favourable variance remains in the project as an additional contingency related to restoration works involved in the project. The remaining \$600,000 is recommended to be transferred to the Operating Fund as outlined in the background section of this schedule and as shown in the recommendations.

**COUNCIL AUTHORITY FOR CONTRACT AWARDS
PROPOSAL AWARD**

Project Award	Proposal Award No. 20–184 for Supply and Delivery of Structural Fire Fighting Protective Clothing (Bunker Gear)
Recommendation	<p>Staff are recommending the award of a proposal for Supply and Delivery of Structural Fire Fighting Protective Clothing (Bunker Gear) to Starfield LION Company in the total amount of \$244,400 (exclusive of HST) for 104 sets (trousers and jackets) in the first year term (2020) of a potential five (5) year total contract term.</p> <p>The National Fire Prevention Association (NFPA) who set the safety guidelines for Bunker Gear recommends that gear be used for a maximum ten (10) period.</p> <p>The intent in the first year (2020) is to purchase 104 complete sets to allow each firefighter to have two (2) sets of gear – one (1) new set and one (1) aging. This ensures that if one set is contaminated and out of service, staff have a spare set available to them. The intent in future renewal years is to purchase 10-15 sets to allow for gear replenishment as each suit reaches a ten (10) term and to satisfy growth requirements.</p> <p>Renewal terms will be subject to performance review, quality review and successful price negotiations.</p>
Purpose of Report	As per Section 10.1 of Purchasing By-law No. 061-2018, Council approval is required for proposal awards over \$100,000.
Background information	<p>Staff released a request for proposals to the market for the Supply and Delivery of Structural Fire Fighting Protective Clothing (Bunker Gear) in accordance with detailed specifications.</p> <p>An evaluation team, with representation from the Fire Department evaluated the proposals against the established criteria and three (3) firms were invited to the interview phase. Darch Fire Inc. subsequently withdrew due to the economic changes resulting from the pandemic and the inability to hold their pricing as submitted. Both A.J Stone Company Ltd., and Starfield LION Company were interviewed by the evaluation committee.</p>
Purchasing Section: Bid Award Information	
Date bid issued	February 5, 2020
Advertisements	Town of Milton website (Bids and Tenders)
Closing Date	February 21, 2020
# of Plan takers	Three (3)

Proposal Submissions received	Three (3) submissions were received from the following companies: A.J. Stone Company Ltd. Darch Fire Inc. Starfield LION Company
Evaluation Criteria	The proposals were evaluated based on the following criteria and weighting: 1) Level of compliance to the Specifications (25) 2) Alterations and On-going Maintenance (15) 3) Demonstrated success with Measuring, Delivery & Overall Garment Quality (15) 4) Warranty Details (15) 5) Value Added (5) 6) Cost Details (25) Staff are recommending Starfield LION Company for award of this contract as the highest ranked firm.

Financial Planning Section: Budget Impact (Note 1)

Account Number(s) Account Description Project Total Budget	C72012320 A0410 7130 Personal Protective Clothing Replacement \$245,140	C72015719 A0410 7130 Bunker Gear Replacement – Employee Turnover \$23,885	C73010419 A0410 7130 Bunker Gear & Recruit Package Growth \$67,681
Contract Budget Actual (Net of HST Rebate) Variance	\$238,000 \$220,005 \$ 17,995 (F)	\$19,241 \$19,131 \$ 110 (F)	\$12,680 \$ 9,565 \$ 3,115 (F)
Funding Source	Project Variance Account	Project Variance Account	Development Charges

Note 1: Financial impact includes any non-refundable portion of HST

**COUNCIL AUTHORITY FOR CONTRACT AWARDS
CONTRACT INCREASE**

Project Award	Property Appraisal Services – Main Street (James Snow Parkway to Fifth Line)
Recommendation	Staff is seeking approval to proceed with a contract increase in the amount of \$3,000 (exclusive of HST) for additional property appraisal services with Antec Appraisal Group.
Purpose of Report	As per Section 10.1 of Purchasing By-law No. 061-2018, Council approval is required.
Background information	<p>The current contract awarded to Antec Appraisal Group for property appraisal services was initially awarded in the amount of \$17,500 (exclusive of HST). Change orders to-date have been issued in the amount of \$7,650.</p> <p>This contract increase in the amount of \$3,000 (exclusive of HST) is for an appraisal update in support of a partial property acquisition for road widening in support of the widening and reconstruction of Main Street East between James Snow Parkway and Fifth Line.</p> <p>The value of the work quoted has been reviewed and confirmed by the Project Manager. The new contract total will be \$28,150 (exclusive of HST).</p>

Financial Planning Section: Budget Impact (Note 1)

Account Number(s)	C34005017-A0611-7330
Account Description	Main Street (James Snow Pkwy to 5 th Line)
Project Total Budget	\$ 6,434,390
Contract Budget	\$ 29,407
Actual (Net of HST Rebate)	\$ 3,053
Variance (Note 2)	\$ 26,354 (F)
Funding Source	Development Charges
Form of Payment	EFT

Note 1: Financial impact includes any non-refundable portion of HST.

Note 2: Due to the complexity of the project, staff is requesting that the favourable variance remain in the project to accommodate additional appraisals.

**COUNCIL AUTHORITY FOR CONTRACT AWARDS
SINGLE SOURCE AWARD**

Project Award	Single Source award to Info-Tech Research Group to commence activities associated with a RFP initiative.
Recommendation	Staff is recommending the single source award to Info-Tech Research Group to commence activities associated with terms of reference development as identified within the Town's Workforce Management System strategy in the total amount of \$72,360 (exclusive of HST).
Purpose of Report	As per Section 10.1 of Purchasing By-law No. 061-2018, Council approval is required.
Background information	<p>In 2016, with the assistance of Info-Tech Research Group, the Town of Milton developed a Human Resources Information system (HRIS) Strategy. In 2019, the Town worked with Info-Tech Research Group to build upon the 2016 HRIS Strategy to position the organization to procure an extensible Workforce Management System (WFMS) and/or Human Resources Information System (HRIS).</p> <p>Requirements gathering workshops for Time and Attendance, Scheduling, and Leave Management were undertaken by Info-Tech Research Group to ensure that relevant WFMS solutions would be extensible into other HRIS modules as the organization continues to evolve.</p> <p>The following priority improvement areas were identified as outputs of the workshops as current needs to address the Town's most pressing operational challenges associated with workforce management (Note: 3):</p> <ul style="list-style-type: none"> • Core Human Resource (HR) Records • Time and Attendance • Scheduling • Leave Management <p>Output of these workshops also included a revised HRIS Strategy and Roadmap, a revised high level requirements document and a WFMS Roadmap. In order to reduce administrative overhead associated with time spent by staff processing attendance and scheduling activities, as well as to reduce risk exposure related to compliance with workplace laws and regulations, the Town will address these challenges with a WFMS.</p> <p>The WFMS scope of work for 2020 will be the development of an RFP that will be ready for distribution to viable solution providers in 2021, subject to 2021 Capital Budget approval by Council.</p>

	<p>Based on the knowledge gleaned and previously documented by Info-Tech Research Group as part of their involvement in downstream work completed in 2016 and subsequently 2019; Info-Tech Research Group is in a position to continue this work and develop the terms of reference for internal staff resources to review and refine commencing Q3 2020. This will enable the initiative to progress forward while minimizing the current demands on internal staff resources.</p> <p>Info-Tech Research Group is a vendor agnostic research and advisory company based in Ontario, Canada with extensive Information Technology (IT) and HR experience, with specific subject matter expertise in HRIS and WFMS.</p> <p>Departmental staff have reviewed the proposal submitted by Info-Tech and have confirmed the value of the award as well as the scope of work.</p>
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Financial Planning Section: Budget Impact (Note 1)

Account Number(s)	C24001518-A0260-7290
Account Description	Legacy Systems
Project Total Budget	\$ 127,679
Contract Budget	\$87,056
Actual (Net of HST Rebate)	\$73,634
Variance (Note 2)	\$ 13,422 (F)
Funding Source	Project Variance Account

Note 1: Financial impact includes any non-refundable portion of HST.

Note 2: Staff are requesting the variance remain in the project to accommodate additional work that may result from consideration of subsequent HRIS/WFMS focus areas pursuant to outcomes from the Service Delivery Review Phase 2 recommendations.

COUNCIL AUTHORITY FOR CONTRACT AWARDS			
Project Award	Single Source award for Hot Mix Asphalt for 2020		
Recommendation	Staff is recommending the single source award for the supply of Hot Mix Asphalt by direct negotiation to Capital Paving Inc. and Halton Asphalt Supply for the 2020 season in the total estimated amount of \$336,768 exclusive of HST).		
Purpose of Report	As per Section 7.1.2 of Purchasing By-law No. 061-2018, Council approval is required.		
Background information	Town staff requires hot mix asphalt for road maintenance, which is picked-up by staff at the supplier's quarry. Only Capital Paving Inc. and Halton Asphalt Supply have quarries in close proximity to the Town of Milton. Unit prices from the suppliers have been confirmed for the 2020 season. The 2020 pricing represents an approximate 10% decrease from last season pricing, due to the fact that Asphalt is a market driven commodity. The internal cost of transportation is factored into the selection between the two contracts on a project by project basis.		
Financial Planning Section: Budget Impact (Note 1)			
Account Number(s)	0100-0110-3400	0900-0110-3400	C35000820-N0611-7660
Account Description	Hard Top Asphalt Hot Patch Maintenance	Regional Roads	Surface Treatment Program
Project Total Budget	N/A	N/A	\$1,002,076
Contract Budget (Note 2)	\$82,443	\$8,252	\$252,000
Actual (Net of HST Rebate)(Note 3)	\$82,443	\$8,252 (Note 4)	\$252,000
Variance	\$0	\$0	\$0
Funding Source	Operating Budget	Operating Budget	Project Variance Account
Form of Payment	EFT	EFT	EFT

Note 1: Financial impact includes any non-refundable portion of HST.

Note 2: The current years' asphalt program will be managed within the 2020 approved contract budget.

Note 3: The award value is an estimate only as quantities and rates may vary. Contract actuals will be monitored against approved budgets and any variances will be reported through the variance process.

Note 4: The Regional share of these products are part of the Regional Road MOU.