



# The Corporation of the Town of Milton

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Report To: Council

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From: Glen Cowan, Chief Financial Officer / Treasurer

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Date: July 18, 2022

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Report No: CORS-054-22

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Subject: Purchasing Various

**Recommendation:** THAT Council provide delegated authority to award Microsoft software licenses as part of a new 3 year Enterprise Agreement with an estimated contract amount of \$400,000 per year (\$1,200,000 for the three years), as outlined in Schedule A;

THAT Council approve the contract renewal to Ducon Utilities Ltd. for the Traffic Signal and Street Light Maintenance for the fourth year (August 1, 2022 to July 31, 2023) in the total estimated amount of \$1,713,940 (exclusive of HST), as outlined in Schedule B;

THAT Council approve the award of contract renewals, for winter control services for a combination of various contracts for years two to five, for the winter season 2022/2023, in the estimated total amount of \$1,629,100, noted below (excluding taxes), to:

Blue Chip Building Restoration Ltd.,	\$1,353,200
Wendover Construction	\$ 29,100
Duff Contracting	\$ 83,000
AG Jones Services Limited	\$ 163,800

AND THAT Council provide delegated authority to award the six (6) pieces of equipment, that will be going out to tender, in the total estimated amount of \$330,600 (exclusive of HST), as outlined in Schedule C;

THAT Council approve the award of the proposal for the Supply & Delivery of Road Salt, to the highest ranked firm being Compass Minerals Ltd., in the total annual estimated amount of \$1,616,900 (exclusive of HST) based on 20,000 tonnes, for the



first term (October 1, 2022 to September 30, 2023), as outlined in Schedule D.

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 required paperwork.

## EXECUTIVE SUMMARY

This report is being submitted to obtain 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-D attached.

### Financial Impact

This report includes the award or renewal of several contracts where inflationary pressures are translating into higher unit rates that will need to be addressed through the Town's budget process. Inflationary and market pressures have resulted in average unit rate increases of 6.8% for the traffic signal maintenance program, 6.59% for road salt, and between 10% and 23% for certain tandem and single axle vehicles that are contracted as a part of the Town's winter maintenance service. In all of these cases, the total cost incurred by the Town in any given period is dependent on both the unit price and the quantity of the material or service that is utilized. As such, the Town will look to mitigate in-year financial pressures where possible, and will assess both the updated unit rates and latest utilization trends as part of the budget development for the subsequent year. Over the course of time, these inflationary trends can be expected to create pressure on the Town's tax levy.



Respectfully submitted,

Glen Cowan  
Chief Financial Officer / Treasurer

For questions, please contact: Jennifer Ahern, CPPB 905-878-7252, x2361

For questions, please contact: Deanne Peter, B. Comm., MBA 905-878-7252, x2316

#### Attachments

Schedule A – Award for software licenses

Schedule B – Contract renewal for the Traffic Signal and Street Light Maintenance

Schedule C – Contract renewal for winter control services for the winter season  
2022/2023, and award the six (6) pieces of equipment

Schedule D – Award to Supply & Delivery of Road Salt

Approved by CAO  
Andrew M. Siltala  
Chief Administrative Officer

#### Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.

**COUNCIL AUTHORITY FOR CONTRACT AWARDS**

<p><b>Project Award</b></p>	<p>Delegated Authority to award a tender for the Purchasing of Microsoft Enterprise Licenses.</p>
<p><b>Recommendation</b></p>	<p><b>Staff are requesting the delegated authority to proceed with the award of a tender for the acquisition of Microsoft software licenses as part of a new 3 year Enterprise Agreement with an estimated contract amount of \$400,000 (\$1,200,000 for the three years). Staff will report the award results back to Council for information.</b></p>
<p><b>Purpose of Report</b></p>	<p>As per Section 4.1.1 of Purchasing By-law No. 061-2018, Council approval is required.</p>
<p><b>Background information</b></p>	<p>The Town relies on client and server-oriented software products from Microsoft Corporation for a wide-range of internal and external technology needs. In order to maximize the benefits of previously acquired (and future-planned) Microsoft products and ensure optimal value for software licensing, the Town has previously enrolled in an Enterprise Agreement (EA) for its Microsoft suite of licensing. An EA, paired with appropriate Software Assurance (SA) rights for owned products, allows the Town the flexibility continually deploy the latest cloud or on-premises versions of select Microsoft products (ensuring continued vendor support/compliance), provides 24x7 technical support, deployment planning services as well as unique license conversion and upgrade options as the Town continues to grow and software needs evolve.</p> <p>Since the start of the Town’s current EA (July 2019) the organization has continued to grow and expand its technology offerings and in turn, its reliance on Microsoft software products. Microsoft Windows, Server, Office, Exchange, SharePoint and SQL software products have become critical to the day-to-day operations of the organization. In early 2022, in anticipation of an upcoming EA renewal, the Information Technology division performed a thorough audit of existing Microsoft software products in use at the Town. The results of this audit will ensure the Town is renewing and/or purchasing a Microsoft software package purpose fit for the organization and its continued growth pattern.</p> <p>The Town’s current 3-year EA expires on July 31, 2022. In order to retain future version upgrade rights for currently owned Microsoft products, the Town is required to enter into a new EA no more than 30 days after expiry of its outgoing EA. Failure to enter into a new EA prior to August 31<sup>st</sup> may result in the Town losing the ability to renew and extend existing licensing benefits and would require the organization to repurchase previously-owned licensing rights at additional cost.</p>

**CORS-054-21 - Schedule A**

	Delegated authority for the tender award is being requested to allow staff to enter into a new 3-year EA in advance of the August 31 <sup>st</sup> deadline. The Town's licensing requirements will be posted online and awarded to the lowest compliant bid. The award will be reported back to Council for information.
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**Financial Planning Section: Budget Impact** (Note 1)

<b>Account Number(s)</b>	2216-3445	C24200317	C24200318	C24200319	C24200320
<b>Account Description</b>	Software Licensing	Network Licensing	Network Licensing	Enterprise Licensing & Compliance	Enterprise Licensing & Compliance
<b>Contract Budget</b> (Note 2)	\$139,670	\$53,719	\$66,870	\$61,106	\$61,106
<b>Funding Source</b>	Operating Budget	Project Variance Account	Project Variance Account/ Reserves, Reserve Funds	Project Variance Account/ Reserves, Reserve Funds	Project Variance Account/ Reserves, Reserve Funds

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

Note 2: Actual costs will be confirmed once the software licensing tender is closed, with the financial impact reported back at the Council meeting following award.

**COUNCIL AUTHORITY FOR CONTRACT AWARDS  
CONTRACT RENEWAL**

<b>Project Award</b>	Contract No. 19-086 – Traffic Signal & Street Light Maintenance, fourth year contract renewal.												
<b>Recommendation</b>	<b>Staff are recommending the contract renewal to Ducon Utilities Ltd. for the Traffic Signal and Street Light Maintenance for the fourth year (August 1, 2022 to July 31, 2023) in the total estimated amount of \$1,713,940 (exclusive of HST).</b>												
<b>Purpose of Report</b>	As per Section 10.1 of Purchasing By-law No. 061-2018, Council approval is required.												
<b>Background information</b>	<p>The original award resulted from a competitive tender process lead by Milton on behalf of the Halton Cooperative Purchasing Group (HCPG). The contract was awarded to Ducon Utilities Ltd. for a possible five (5) year term, which was comprised of the original one (1) year award for the period August 1, 2019 to July 31, 2020, and four (4) additional one year renewals. The annual amounts incurred to date through the contract are:</p> <table border="1" data-bbox="621 999 1427 1150"> <thead> <tr> <th>Period Start</th> <th>Period End</th> <th>Actual Cost*</th> </tr> </thead> <tbody> <tr> <td>August 1, 2019</td> <td>July 31, 2020</td> <td>\$1,120,735</td> </tr> <tr> <td>August 1, 2020</td> <td>July 31, 2021</td> <td>\$896,364</td> </tr> <tr> <td>August 1, 2021</td> <td>July 31, 2022</td> <td>\$1,147,072</td> </tr> </tbody> </table> <p>* Third year cost includes estimates up to July 31, 2022.</p> <p>The amount fluctuates on a yearly basis as the contract captures both work related to maintenance (operating) as well as new installations and replacements (capital) for which the need can vary annually.</p> <p>The contract renewal for the fourth term is being requested in the total estimated annual amount of \$1,713,940 (exclusive of HST). This estimate is based on the Town’s existing operating budget and capital program. The actual cost will be dependent on the work authorized and undertaken, and will be subject to the unit rates outlined in the contract. Through the negotiation process related to the renewal, unit rates have increased from year 3 to year 4 by 6.8%. This amount considers the current rate of inflation being experienced, including with respect to aluminum, which is a key material for several forms of work contained in the contract.</p>	Period Start	Period End	Actual Cost*	August 1, 2019	July 31, 2020	\$1,120,735	August 1, 2020	July 31, 2021	\$896,364	August 1, 2021	July 31, 2022	\$1,147,072
Period Start	Period End	Actual Cost*											
August 1, 2019	July 31, 2020	\$1,120,735											
August 1, 2020	July 31, 2021	\$896,364											
August 1, 2021	July 31, 2022	\$1,147,072											

	<p>The proposed rates and estimated work plan for the year have been reviewed and validated by the program area, resulting in the recommendation to proceed with the renewal.</p> <p>The contract total (years one to four) will now be in the estimated amount of \$4,878,111 (exclusive of HST). The contract allows for one (1) more renewal term for the fifth and final term for August 1, 2023 through to July 31, 2024.</p>
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**Financial Planning Section: Budget Impact** (Note 1)

<b>Account Number(s)</b>	Various Capital & Operating Accounts
<b>Account Description</b>	Traffic Signal and Street Light Maintenance
<b>Project Total Budget</b>	N/A
<b>Contract Budget</b>	\$ 1,744,106 (Note 2)
<b>Actual</b> (Net of HST Rebate)	\$ 1,744,106 (Note 3)
<b>Variance</b>	\$ 0
<b>Funding Source</b>	Various Capital & Operating Budgets

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

Note 2: The contract spans 2022/2023. The 2023 budget is subject to Council approval.

Note 3: Contract Actuals are an estimate only based on the existing budgets. The resulting costs will be managed by Program Area staff and reviewed with Financial Planning with any variances being reported through the variance process. Based on the increase in unit rates, an equivalent adjustment can be expected to the cost estimates that will be incorporated in the proposed 2023 budget process.

**COUNCIL AUTHORITY FOR CONTRACT AWARDS  
CONTRACT RENEWALS**

<b>Project</b>	2022/2023 Winter Control Program - Rental of Equipment and Operator – Contract Renewals.								
<b>Recommendation</b>	<p><b>Staff is recommending to award contract renewals, for winter control services for a combination of various contracts for years two to five, for the winter season 2022/2023, in the estimated total amount of \$1,629,100, noted below (excluding taxes), to:</b></p> <table border="0" data-bbox="505 495 1573 642"> <tr> <td><b>Blue Chip Building Restoration Ltd.,</b></td> <td align="right"><b>\$1,353,200</b></td> </tr> <tr> <td><b>Wendover Construction,</b></td> <td align="right"><b>\$ 29,100</b></td> </tr> <tr> <td><b>Duff Contracting</b></td> <td align="right"><b>\$ 83,000</b></td> </tr> <tr> <td><b>AG Jones Services Limited</b></td> <td align="right"><b>\$ 163,800</b></td> </tr> </table> <p><b>Staff is also requesting delegated authority to award the six (6) pieces of equipment, that will be going out to tender, in the total estimated amount of \$330,600 (exclusive of HST)</b></p>	<b>Blue Chip Building Restoration Ltd.,</b>	<b>\$1,353,200</b>	<b>Wendover Construction,</b>	<b>\$ 29,100</b>	<b>Duff Contracting</b>	<b>\$ 83,000</b>	<b>AG Jones Services Limited</b>	<b>\$ 163,800</b>
<b>Blue Chip Building Restoration Ltd.,</b>	<b>\$1,353,200</b>								
<b>Wendover Construction,</b>	<b>\$ 29,100</b>								
<b>Duff Contracting</b>	<b>\$ 83,000</b>								
<b>AG Jones Services Limited</b>	<b>\$ 163,800</b>								
<b>Purpose of Report</b>	As per Section 10.1 of Purchasing By-law No. 061-2018, Council approval is required.								
<b>Background information</b>	<p>The Town of Milton requires contracted equipment and operators to provide winter maintenance on both Town and Regional roads (as part of the Regional Maintenance Agreement). These contracts supplement the services provided by Town staff.</p> <p><b>Contract Renewals</b> The Town of Milton issues winter control tenders on an annual basis for a portion of the requirements, for a potential contract term of up to five years. This ensures that in any given year, the Town will potentially only have a 20% turnover in contractors, ensuring that services can be delivered effectively and efficiently. This renewal encompasses 36 units of various types of equipment. There will be 6 pieces of equipment that we will tendered in the month of July.</p> <p>These contracts include a MTO fuel index calculation, which are reconciled monthly. The index is used by the province and many municipalities, to manage fluctuating fuel costs, through the term of the contract. This ensures that the contractors don't bare the risk of hedging the fuel costs and the town benefits by not paying higher rates to cover this risk.</p> <p>The costing estimates are a combination of the standby rate and hourly call our rates. The index changes have not been included in the estimates.</p> <p>Through the negotiation process, rate increases were required for tandem and single axle units that were bid between 2018 and 2020 in order to align unit rates up to the most recent competitive process from 2021.</p>								



**CORS-054-22 - Schedule C**

	<p>Although this step isn't part of a typical renewal process, it was considered necessary and appropriate in consideration of the recent inflationary pressures and changes to the insurance coverage that is available within this sector. The result was in increase in the average unit rate for tandems of 10% and for single axles of 23%. There were no changes to the standby rates, or the unit rates for graders, tractors and loaders. Subject to the level of annual utilization, these changes could result in a cost increase of approximately \$106,000 (including both Town and Region). The rates for tandems and the single axles, has been negotiated for both the 2022/2023 and 2023 /2024 season.</p> <p><b>The estimated total renewal value for the 2022/2023, for all 36 units, for the winter season is \$1,629,100.</b></p>
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<b>Financial Planning Section: Budget Impact</b> (Note 1)				
<b>Account Number(s)</b>	3200-3740	3200-3740	3500-3740	3500-3740
<b>Account Description</b>	Town Winter Control Renewals	Town Winter Control Standby	Regional Roads Winter Control Renewals	Regional Roads Winter Standby
<b>Contract Budget</b> (Note 2)	\$662,763	\$331,900	\$441,842	\$221,267
<b>Actual</b> (Net of HST Rebate) (Note 3)	\$662,763	\$331,900	\$441,842	\$221,267
<b>Variance</b>	\$0	\$0	\$0	\$0
<b>Funding Source</b>	Operating Budget	Operating Budget	Regional Recovery (Note 4)	Regional Recovery (Note 4)

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

Note 2: Reflects budget for the units awarded through this contract renewal only, and therefore excludes the amounts related to new contract awards.

Note 3: Contract costs will vary with utilization and will be monitored by program area staff. Any variances will be reported through the variance process.

Note 4: The cost of contracts for Regional Roads will be recovered from the Region of Halton including cost plus for Winter Control.

Note 5: The 2023 budget will be updated to reflect contract estimates and are subject to Council approval.

**COUNCIL AUTHORITY FOR CONTRACT AWARDS  
PROPOSAL AWARD**

<b>Project Award</b>	Proposal Award No. 22-019 – Supply & Delivery of Road Salt
<b>Recommendation</b>	Staff is recommending the award of the proposal for the Supply & Delivery of Road Salt, to the highest ranked firm being Compass Minerals Ltd., in the total maximum annual amount of \$1,616,900 (based on 20,000 tonnes) and exclusive of HST), for the first term, October 1, 2022 to September 30, 2023. This amount reflects a 6.59% unit price increase over the previous contract.
<b>Purpose of Report</b>	As per Section 10.1 of Purchasing By-law No. 061-2018, Council approval is required for proposal awards over \$100,000.
<b>Purchasing Section: Bid Award Information</b>	
<b>Date bid issued</b>	May 11, 2022
<b>Advertisements</b>	Town of Milton website (Bids and Tenders)
<b>Closing Date</b>	June 6, 2022
<b># of Plan takers</b>	Three (3)
<b>Proposal Submissions received</b>	Cargill Canada Corp Compass Minerals Ltd. Windsor Salt
<b>Process</b>	<p>A RFP (request for proposal) process was issued on behalf of the HCPG (Halton Cooperative Purchasing Group) for the supply &amp; delivery of road salt.</p> <p>The proposals were evaluated based on the following criteria:</p> <ul style="list-style-type: none"> <li>Experience and qualifications (5 points)</li> <li>Efficiencies of both the product and logistics (25 points)</li> <li>Emergency measures and contingency plan (10 points)</li> <li>Value add (10 points)</li> <li>Term and costs of proposed program (50 points)</li> </ul> <p>An evaluation team facilitated by Purchasing with representation from Community Services, Burlington, Halton Hills and Oakville, evaluated the proposals against the established criteria.</p> <p>Compass Minerals Ltd, was the overall highest ranking proponent and is being recommended for this award.</p>

<b>Financial Planning Section: Budget Impact</b> (Note 1)		
<b>Account Number(s)</b>	0600-0645-3400	0900-0645-3400
<b>Account Description</b>	Town Winter Control Salt Contracts	Region Winter Control Salt Contracts
<b>Contract Budget</b>	\$653,476	\$451,710
<b>Actual</b> (Net of HST Rebate)	\$653,476 (Note 2)	\$451,710 (Note 2)
<b>Variance</b>	\$0	\$0
<b>Funding Source</b>	Operating Budget (Note 3)	Regional Recovery (Note 4)

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

Note 2: Contract actuals are an estimate only. The resulting costs will be managed by Program Area staff and reviewed with Financial Planning with any variances being reported through the Variance process.

Note 3: The contract spans 2022/2023. The 2023 budget is subject to Council approval.

Note 4: The cost of contracts for Regional Roads will be recovered from the Region of Halton.