



Report to: General Committee

Date Report Authored: February 1, 2016

SUBJECT: Contract Extension for 007-T-09 Catch Basin Cleaning
PREPARED BY: John Hoover, Ext, 4808
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RECOMMENDATION:

- 1) THAT the report entitled “Contract Extension for 007-T-09 Catch Basin Cleaning” be received;
- 2) AND THAT contract 007-T-09 Catch Basin Cleaning be extended to Flow Kleen Tech Ltd. for an additional four (4) years (2016-2019) with price increase of 15.9%, 5%, 2.5% and 2.5% for the years 2016, 2017, 2018 and 2019 respectively in the estimated total amount of \$1,345,620 inclusive of HST impact;
 - 2016 - \$318,158
 - 2017 - \$334,066
 - 2018 - \$342,418
 - 2019 - \$350,978
- 3) AND THAT the tendering process be waived in accordance with Purchasing By-Law 2004-341, Part II, Section 7 (1) (c) which states “when the extension of an existing contract would prove more cost-effective or beneficial”;
- 4) AND THAT funds be provided from the budget accounts as listed in the Financial Considerations in the amount of \$318,158 inclusive of HST impact;
- 5) And that the award for 2016 – 2019 be funded from the respective years operating budget accounts subject to Council approval of the annual operating budgets;

And that Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain approval to extend contract 007-T-09 Catch Basin Cleaning for an additional four (4) years.

BACKGROUND:

A catch basin is the surface portion of a drainage system designed to channel storm water to the storm sewer system and prevent solid debris from entering the outgoing drainage system. Catch basin cleaning involves the removal of sand, leaves, and other debris that has accumulated in the catch basin. Under this contract the supplier utilizes vacuum type equipment with a minimum intake hose size of 200mm and with the ability to reach sumps up to six metres in depth.

The contract includes the following requirements:

- Cleaning of 17,800 catch basins
- Cleaning of 800 construction catch basins (this catch basin is recognized to contain any or a combination of bricks / modular's / asphalt / concrete / steel frame and lid pieces
- Removal of material

OPTIONS/ DISCUSSION:

In April 2012, Council approved the extension of contract 007-T-09 to Flow Kleen Tech Ltd through a Non-Competitive award, the recommendations were as follows:

Contract 007-T-09 Citywide Catch Basin Cleaning be extended to Flow Kleen Tech Ltd. for an additional three (3) years (April 1, 2012 to March 31, 2015).

And That the Director of Operations and Manager of Purchasing are authorized to extend the contract for Citywide Catch Basin cleaning for two (2) additional years

- *April 1 , 2015 to March 31, 2016*
- *April 1, 2016 to March 31, 2017*

Provided that it is in the best interest of the City and increase per year does not exceed 5% of the cost of the previous year's contractual value

Under this report staff is seeking approval to extend the contract with Flow Kleen Tech Ltd (Flow Kleen) for a four (4) year period (2016-2020). As per Council approval, the Director of Operations and Manager of Purchasing had approval to extend the contract for two (2) additional years at a 5% increase (2015/16). In 2015, Flow Kleen and the City negotiated an extension with a 2.5% increase and as such the extension to the contract was approved. However, during negotiations in 2016 and for the 2016 period, Flow Kleen submitted an increase of 15.9% increase which is above the approval authority delegated by Council to the Director of Operations and Manager of Purchasing.

Staff have been able to negotiate a a four (4) year contract extension with the following increases:

- 2016 -15.9%
- 2017- 5%
- 2018 – 2.5%
- 2019 – 2.5%

Note: Over the four (4) years, the increase represents on average an 6.5% annual increase.

Staff appreciate this increase is significant, however, Staff do not recommend issuing a tender to the market for the following reasons.

RATIONALE

Flow Kleen has been the successful contractor since 2001 with prices being consistently lower than other bidders. The following is a comparison from Flow Kleen's pricing to the 2nd lowest bidder:

- 2001 –2nd lowest bidder was 100% higher
- 2005 –2nd lowest bidder was 105% higher
- 2006 – 2nd lowest bidder was 62% higher
- 2009 –2nd lowest bidder was 250% higher

Flow Kleen has a facility that recycles sand from catch basin cleaning after tipping (dewatering the sediment). They will stock pile this sand, aerate the stock pile, clean it and then resell this sand in Southern Ontario for winter sanding. This is a secondary business for Flow Kleen and allows them to submit a bid price considerably less than other contractors who have to dump the material at an approved dumpsite as per MOE (Ministry of the Environment).

Additionally, Staff has reviewed other municipal contracts for catch basin cleaning and even with our 15.9% increase for 2016, the City's pricing is still favourable to other municipalities who also use Flow Kleen.

In a recent tender with another municipality, Flow Kleen was the low bidder and was \$1.0m lower than the 2nd bidder. If the City were to issue a bid to the market in lieu of finalizing these negotiations, the City could see an increase significantly higher than 15.9%.

ENVIRONMENTAL CONSIDERATIONS

Cleaning is required to maintain the integrity of the sewer structure. It also removes the sediments from settling and restricting the flow in the storm drains and migrating to streams and rivers. Under this contract, Flow Kleen recycles the material from the catch basins, but also takes the City's street sweeping material for recycling.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

Account #	Description	Budget Amount	Budget Allocated for this Award	Cost of Award	Budget Remaining
700-507-5305	Catchbasin Cleaning	\$209,876	\$209,876	\$209,876	\$0
700-507-5760	Tipping Fees	\$150,696	\$48,282	\$48,282	\$0
700-501-5760	Tipping Fees	\$141,240	\$60,000	\$60,000	\$0
		\$501,812	\$318,158	\$318,158	\$0

The pricing increase of 15.9% represents an impact of \$33,028.21 compared to the 2016 budget (note the 2016 budget already included a 5% pricing escalation allowance for this contract). It is anticipated that the 2016 budget will be sufficient in light of the projected

decrease in sweeping requirements from reduced winter maintenance activities to-date. Staff will monitor the contract and if necessary, request increased street sweeping budget as part of the 2017 Operating Budget process.

HUMAN RESOURCES CONSIDERATIONS:

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable

RECOMMENDED BY:

2/23/2016

23/02/2016

X 

Laurie Canning
Acting Director, Operations

X 

Brenda Librecz
Commissioner, Community & Fire Services