



City of Richmond

Report to Committee

To: Public Works and Transportation Committee **Date:** June 12, 2023
From: Suzanne Bycraft **File:** 10-6000-01/2023-Vol 01
Director, Public Works Operations
Re: Extension of Contract - 6676P - Supply of Hydro-Vac Services

Staff Recommendation

1. That Contract 6676P – Supply of Hydro-Vac Services be extended for an additional two year term, commencing August 1, 2023, with McRae’s Environmental Services Ltd. up to the total contract value of \$13,517,165 as described in the report titled “Extension of Contract 6676P - Supply of Hydro-Vac Services”, dated June 12, 2023, from the Director, Public Works Operations; and
2. That the Chief Administrative Officer and the General Manager, Engineering and Public Works be authorized to execute the extension of the contract with McRae’s Environmental Services Ltd.

Suzanne Bycraft
Director, Public Works Operations
(604-233-3338)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Finance Department	<input checked="" type="checkbox"/>	
Purchasing	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS:	APPROVED BY CAO

Staff Report

Origin

At the July 27, 2020 Council meeting, the following resolution was adopted during consideration of the staff report entitled “Contract 6676P – Supply of Hydro-Vac Services”:

1. That contract 6676P – Supply of Hydro-Vac Services for an initial three-year term be awarded on an “as and when requested” basis to McRae’s Environmental Services Ltd. as the most responsive and responsible bidder. The initial three-year term is estimated at \$7,277,841 exclusive of taxes and 10% contingency; and
2. That approval from Council will be requested prior to staff executing an option to renew the contract for a further two-year term, for a maximum total term of five years; and
3. That the Chief Administrative Officer and the General Manager, Engineering and Public Works be authorized to execute the contract with McRae’s Environmental Services Ltd.

The initial three year term of Contract 6676P is due to expire on July 31, 2023. This report requests approval from Council for the execution of the two year renewal up to the total term of five years.

This report supports Council’s Strategic Plan 2022-2026 Focus Area #3 A Safe and Prepared Community:

3.3 Ensure the community is collectively prepared for emergencies and potential disasters.

3.4 Ensure civic infrastructure, assets and resources are effectively maintained and continue to meet the needs of the community as it grows.

This report supports Council’s Strategic Plan 2022-2026 Focus Area #4 Responsible Financial Management and Governance:

4.2 Seek improvements and efficiencies in all aspects of City business.

Analysis

Background

The City utilizes vacuum truck services to assist with the operation, maintenance and construction of underground assets. The services include, but are not limited to:

- Hydro excavation;
- Flushing services;
- Catch basin cleaning;
- Hydraulic root cutting;
- Pumping services;
- Stand-by services; and
- Emergency and disaster response support.

The City currently employs its own fleet of three hydro-vacs to conduct the above services; however, in the case where in-house resources are unavailable or fully allocated, the City will make use of an external contractor to support operations on an "as and when required" basis. Having an external service provider to support various work activities provides the City with resources when needed without the high capital outlay costs associated with this specialty piece of equipment. This approach helps to support both capital and maintenance projects and includes temporary surges in resource requirements, flow control and bypass systems to support emergency service breaks, repairs and significant weather events.

Request for Proposals 6676P – Supply of Hydro-Vac Services

Question for Proposal (RFP) 6676P – Supply of Hydro-Vac Services was posted onto BC Bid on February 8, 2020 and closed on March 25, 2020. Three proposals were received by the closing date with an evaluation committee scoring and determining that McRae's Environmental Services Ltd. provided the best overall value to the City.

Contract Terms

Escalation: Annual escalation increase of 2.5% and 1.5% was set for Year 4 and 5 of the contract respectively.

Approval is requested from Council for staff to execute the optional year 4 and 5 of the contract to the maximum term of 5 years that was reflected in the original Request for Proposals (RFP) document.

Staff recommends the proposed extension as the original tendering process identified the lowest price and best value. As part of the terms, there were no inflationary increases for years 1, 2 and 3 of the contract and the stipulated increases for years 4 and 5 are below current consumer price index trends (4.38% annualized). If the City were to go to market for this work, we would expect higher market pricing than the extension opportunity offers as the avoided inflationary costs in the first three years of the contract would yield higher market pricing. Current hydro-vac service pricing is higher than what the City will incur by executing the optional year 4 and 5 pricing.

Financial Impact

Contract Value

The total estimated value of this contract over the recommended five year term is \$13,517,165 as summarized in Table 1.

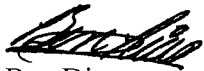
Table 1 – Estimated Contract Value and Initial Three Year Term Spending

Contract Year	Contract Value
Year 1 (August 2020 – July 2021)	\$ 2,425,947
Year 2 (August 2021 – July 2022)	\$ 2,425,947
Year 3 (August 2022 – July 2023)	\$ 2,425,947
Optional Year 4 – 2.5% Increase (August 2023 – July 2024)	\$ 2,486,596
Optional Year 5 – 1.5% Increase (August 2024 – July 2025)	\$ 2,523,895
Subtotal	\$ 12,288,332
Contingency (10%)	\$ 1,228,833
Total Contract Value	\$ 13,517,165

Contract 6676P is funded by various capital, receivable and operating budgets as applicable on an “as and when required” basis. The City has the option to extend the initial three year contract for two additional one-year terms, for a total added value of \$5,010,491 exclusive of taxes and 10% contingency.

Conclusion

This report requests approval from Council to execute the option to renew Contract 6676P – Supply of Hydro-Vac Services with McRae’s Environmental Services Ltd. for a further two year term, for a maximum total term of five years up to July 31, 2025.



Ben Dias
 Manager, Sewerage & Drainage
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BD:vm