



City of Richmond

Report to Committee

To: Public Works and Transportation Committee **Date:** January 26, 2015
From: Tom Stewart, ASCT.
Director, Public Works **File:** 02-0780-01/2015-Vol
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Re: Review of Hired Trucking/Hired Equipment Engagement Process

Staff Recommendation

That the staff report titled "Hired Trucking/Hired Equipment Engagement Process", dated January 26, 2015, from the Director, Public Works Operations, be received for information.

Tom Stewart, ASCT.
Director, Public Works
(604-233-3301)

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

Staff Report

Origin

The City has internal processes for managing hired trucking and equipment services. Hired trucking services (i.e. the hiring of dump trucks on an as-needed basis) are managed by an administrative procedure that uses a list of long-standing service providers. Hired equipment services (for equipment such as backhoes, excavators, bobcats, flail mowers, asphalt cutting equipment, etc.) are retained through competitive marketplace. In some cases, separate competitive bids may be solicited for designated specialty equipment (i.e., gradalls).

Over the past couple of years, performance and site safety issues related to hired truck and/or equipment have highlighted gaps in the City's hiring practices, particularly as WorkSafe procedures have involved.

Staff are undertaking a review of current processes to ensure issues such as flexibility to meet City operational requirements, limiting the City's liability exposure and, in particular, vendor performance are adequately reflected in the terms and conditions of the contract arrangement.

This report provides an update on the staff review for Council's information.

Analysis

Background

Fleet Operations and Purchasing/Finance jointly administer hired trucking and equipment services. Fleet Operations manages the day-to-day hiring of various contracted equipment through a central dispatching function based on operational requirements. This centralized approach ensures that appropriate and consistent hiring practices are used. In some cases, departments hire equipment contractors directly (i.e., for specialty equipment needs, etc.). Purchasing manages the contractor engagement process, including the administration of the competitive marketplace bid process and the preparation of service contracts. Vendors are paid by the City based on completion of a daily 'hired equipment ticket', which is reviewed and verified by operational supervisors based on hours worked.

While the City has a base fleet of its own dump trucks and equipment, the hired truck and hired equipment service contracts are designed to accommodate specialty equipment needs and trucking/equipment needs beyond the City's base fleet level.

A general overview of the contract arrangements is outlined below:

Hired Trucks/Equipment

Hired dump trucks and equipment are retained to support various capital, maintenance and receivable projects.

Key terms under the hired trucking administrative procedure include:

- The hire list is currently based on seniority, with the longest-standing service providers having top positions on the list. Trucks are hired by call out starting at the

top of the list each day until the daily quota/requirement is met. Long-standing contractors naturally have the most seniority and therefore, receive the majority of the City's business. Seniority position is only impacted if a service provider is not regularly available to the City (not a common occurrence).

- Additional interested service providers are added to the list based on the date of their applications. These service providers are retained much less frequently than those with higher seniority on the list.

In relation to hired equipment, costs may be tendered on an hourly basis or through rates established by the City, as best suits the particular circumstances and market conditions.

Purpose of Review

While the existing processes have served the City well, there are challenges encountered from time to time with issues such as ensuring required contractor documentation is current and valid. In dealing with these challenges, oversights can occur due to the current process which places the onus on the City to initiate and verify contractor documentation. There have also been instances where contractor performance and/or operating practices have not met the City's expectations or WorkSafe requirements. In dealing with performance issues, on occasion, staff have encountered operational challenges in dealing with certain contractors. Further, the administrative procedure used for hired trucks has been in place since 2000 and requires updating to current requirements and standards.

To address the challenges noted, staff are reviewing the current process for each service arrangement to incorporate key aspects including:

1. Performance Evaluation: This would encompass a documented performance system for both hired truck and equipment service providers, including a regular evaluation of each service provider. Issues such as punctuality, operator competency, equipment condition, job site support, attitude, knowledge of City operations, turnaround times, cooperation/assistance with on-site crew, ability to communicate effectively, compliance with safety and legislative requirements would be measured.

Performance will be incorporated as a key factor in determining an individual company's position status with the City. For example, those higher performing contractors will get greater work opportunities with the City versus those with greater seniority but lower performance.

2. Documentation Requirements: The onus would shift to the individual service provider to initiate and provide annual documentation to the City in order to maintain status with the City. Under current conditions, the onus resides on the City to seek out documentation annually from service providers. Documentation requirements would include items such as company ownership details, a full listing of drivers/operators along with appropriate certifications and detailed experience for the work performed. Other key items such as required insurance coverage, WorkSafe and other certifications to ensure liability protection for the City must also be provided and validated by the City.

Language ensuring flexibility for the City to verify and dismiss service providers in situations where contractors fail to provide the information by the established timeframes and/or in situations where false or misleading information is provided to the City would also be included.

3. Operational Effectiveness: The City may include requirements for installation of global positioning systems for access by the City for electronic dispatching purposes. Language to incorporate flexibility in hiring service providers based on skill sets, knowledge and experience suitable to the work performed will also be included. Other items to incorporate greater flexibility for the City to discontinue the engagement, such as where an accident occurs, where an unacceptable driver/operator is provided, or where liability concerns exist, will also be incorporated.

Fleet and Purchasing staff will work to incorporate the above into updated terms and conditions for the hired truck/equipment processes. As part of this, staff will undertake to advise the City's existing service providers of the intended changes through general discussions. Any feedback or beneficial suggestions received through that consultation may also be incorporated as part of the update process.

Financial Impact

None.

Conclusion

Staff are undertaking a review and revision to the existing City processes for hired trucking and equipment services. The purpose is to ensure that processes reflect updated requirements, including the enhancement of contractor responsibility, incorporation of greater flexibility for the City to effectively address contractor non-compliance and performance concerns, limitation of the City's liability exposure, and the development an overall performance-based approach in management of the contractual relationship.

Stakeholders, including current contractors, will be informed and advised as the review progresses. The review will result in processes which ensure overall compliance with the City's Procurement Policy 3104.



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