



# City of Richmond

## Report to Committee

**To:** General Purposes Committee

**Date:** March 14, 2017

**From:** Jerry Chong  
Director, Finance

**File:** 02-0775-50-5366/Vol  
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**Re:** Award of Contract 5366P – Supply of Vacuum Truck Services

### Staff Recommendation

1. That the renewal periods for the contract 5366P – Supply of Vacuum Truck Services with McRae’s Environmental Services Ltd. be approved and that staff be authorized to extend the contract renewal periods in one-year increments up to five years in total.
2. That the Chief Administrative Officer and the General Manager, Engineering and Public Works be authorized to execute the above contract.

Jerry Chong  
Director, Finance  
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|------------------------------------------------------------------|----------------------|
| <b>REPORT CONCURRENCE</b>                                        |                      |
| <b>CONCURRENCE OF GENERAL MANAGER</b><br>                        |                      |
| <b>REVIEWED BY STAFF REPORT /<br/>AGENDA REVIEW SUBCOMMITTEE</b> | <b>INITIALS:</b><br> |
| <b>APPROVED BY CAO</b><br>                                       |                      |

### Staff Report

#### Origin

In February 2015, Contract 5366P (*Supply of Vacuum Truck Services*) was competitively bid to the marketplace through a public Request for Proposal process. Of the two proposals received, McRae’s Environmental Services Ltd. (McRae’s) presented the best value proposal to the City and was selected through this process to provide vacuum truck services for a period of up to five years.

#### Analysis

##### Use of Vacuum Truck Services and the RFP Selection Process

The City uses contracted vacuum truck services for hydro excavation, flushing, catch basin cleaning, hydraulic root cutting and pumping services on an “as required” basis.

Accordingly, the City issued a Request for Proposal for a five-year contract for Vacuum Truck Services in February 2015 and received the following proposals:

Table 1: Summary of Offers

| Company                                | Offer                                                                                                        | Partnership Option                                                                                                                                                                      |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. McRae’s Environmental Services Ltd. | \$177 per hour, plus a 1.5% increase in year 2, 3, 4 and final year.                                         | \$177 per hour, plus a 4% increase in year, 2, 3, 4 and final year <b>plus a 2.5% rebate to the City in support of community-based programs.</b>                                        |
| 2. Superior City Services Ltd.         | \$239.64 per hour, plus an increase based on the consumer price index in the last two years of the contract. | \$239.64 per hour, plus an increase based on the consumer price index in the last two years of the contract <b>plus a 1% rebate to the City in support of community-based programs.</b> |

The City accepted McRae’s original partnership offer, however there have since been discussions between the City and McRae’s to provide the City with better value. As such, the City and McRae’s have now agreed to lower the annual rate increase to 1.5% for services and remove other requirements.

#### Financial Impact

The contract would be funded from multiple budgets already approved by Council. The work would be performed on an “as required” basis based on the operating funds and annual capital programs approved by Council. The current and estimated value of the contract is shown in Table 2.

The total estimated maximum value of the contract for the renewal periods is not a fixed number as the work will be done on an “as required” basis as noted above. Staff would ensure that the actual work done would not exceed the approved budget values.

Table 2: Current and Estimated Value of Contract by Year

| Year         | Value                        | %   |
|--------------|------------------------------|-----|
| 2015 – 2016  | \$1,111,951.81               | N/A |
| 2016 – 2017  | \$2,029,979.50               | N/A |
| 2017 – 2018  | \$2,060,429.19 (est.)        | 1.5 |
| 2018 – 2019  | \$2,091,335.63 (est.)        | 1.5 |
| 2019 – 2020  | \$2,122,705.67 (est.)        | 1.5 |
| <b>Total</b> | <b>\$9,416,401.80 (est.)</b> |     |

**Conclusion**

The most qualified contractor, McRae’s Environmental Services Limited, has provided the City quality and cost-effective services. Of the two proposals received, McRae’s represents the best value and has the required experience and resources to meet the City’s needs.

Staff therefore recommend that Contract 5366P be awarded to McRae’s and that staff be authorized to extend the contract in one-year increments for the remaining three renewal terms for a contract term of up to five years in total. Staff further recommend that the Chief Administrative Officer and General Manager, Engineering and Public Works, be authorized to execute the above contract.

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SS:kg