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Item No. 12.1.1
Audit & Finance Standing Committee
October 5, 2016

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: Original Signed

Jacques Dubé, Chief Administrative Officer

Original Signed

Taso Koutroulakis, P.Eng., PTOE, Acting Director, Transportation and Public Works

DATE: September 13, 2016

SUBJECT: Award – Tender No. 16-081, Two (2) 2016 Model Refuse Transfer Trailers c/w Top Opening Door and Auxiliary Gasoline Engine

ORIGIN

The approved 2015/16 Capital Budget.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; Financial Reserves Administrative Order 2014-015-ADM – (5) the Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

Under the HRM Charter, Section 79 Halifax Regional Council may expend money for municipal purposes.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Regional Council:

1. Award Tender No. 16-081, Two (2) 2016 Model Refuse Transfer Trailers c/w Top Opening Door and Auxiliary Gasoline Engine to the lowest bidder meeting specifications, Spector Manufacturing

Recommendations continued on Page 2

Inc. for a Total Estimated Tender Price of \$270,794 (Canadian funds, net HST included) for two (2) trailers, at estimated exchange rates, with funding from Account CW000003, Rural Depot.

2. Approve a budget increase of \$140,000 to Project Account CW000003 – Rural Depot.
3. Approve an unbudgeted withdrawal in the amount of \$140,000 from the Obligation Reserve - Solid Waste Facility Reserve, Q556 as outlined in the Financial Implications section of this report.

BACKGROUND

HRM operates two rural refuse depots in Sheet Harbour and Middle Musquodoboit. These depots service the local areas and allow for consolidation of the refuse collected curb side in these areas for efficient transport in larger trailer loads to the Otter Lake waste processing and disposal facilities. The purchase of two new trailers was identified as a project to replace two trailers that are nearly ten years old and at the end of their reliable life cycle.

In late 2015, corrosion concerns were identified on the metal hopper, loading platform and the steel retaining wall at the rural refuse trailer transfer depot in Sheet Harbour. In order to address these concerns, a tender was issued and awarded to repair the retaining wall and loading platform and install a new hopper at the depot resulting in expenditures of \$102,370 from CW000003 in early 2016. As a result, the project account is currently underfunded for the purchase of the second trailer. The funding for the second trailer, delivery expected in May 2017, is through a withdrawal from the Obligation Reserve - Solid Waste Facilities Reserve, Q556 in the amount of \$140,000.

DISCUSSION

Tender No. 16-081 was posted on the Provincial Procurement website on July 13, 2016, and closed on August 16, 2016. The following bids (net HST included) were received:

<u>Name of Company</u>	<u>Total Price (2 Trailers, net HST included)</u>
Spector Manufacturing Inc.	\$270,794 *
J&J Truck Bodies	\$312,247
Wilkens Industries Inc.	\$331,328
Joe Johnson Equipment	\$378,705

* Recommended bidder.

Note: includes estimate for exchange rates where trailers quoted in US funds.

The tender response of the recommended bidder meets the specifications and requirements of HRM. HRM has previously purchased four trailers from this vendor (2010 and 2012 model years) and they have performed satisfactorily. Delivery is within 120 days from date of order.

FINANCIAL IMPLICATIONS

Based on the lowest tendered price of \$259,665 plus net HST of \$11,129 for a total estimated price of \$270,794 (net HST included) for two trailers, and approval of the withdrawal of \$140,000, from the Obligation Reserve - Solid Waste Facilities Reserve, Q556 to fund this project account, funding is available in Account No. CW000003 – Rural Depot. The budget availability has been confirmed by Finance. Pricing is in US funds (converted to estimated Canadian funds for this report.) It is expected that there is sufficient additional funding is available in Project Account No. CW000003 for any fluctuations in the Canadian – US exchange rate at time of delivery (from current rate estimate). Delivery for the first trailer is estimated in December 2016.

Budget Summary:	<u>Project Account No. CW000003, Rural Depot</u>	
	Cumulative Unspent Budget	\$ 134,377
	Plus: Funding from Q556	\$ 140,000

Less: Tender No. 16-081	<u>\$(270,794)*</u>
Balance	\$ 3,583

* This project was originally estimated in the Approved 2015/16 Capital Budget at \$250,000.

Budget Summary:

Obligation Reserve - Solid Waste Facilities Reserve, Q556

Balance in Reserve, July 31, 2016	\$12,998,317
Projected Revenue to March 31, 2017	\$ 1,041,262
Commitments to March 31, 2017	\$(2,799,273)
Withdrawal per recommendation	<u>\$(140,000)</u>
Projected Balance March 31, 2017	\$11,100,306

Obligation Reserve - Solid Waste Facilities Reserve, Q556

A new reserve business case was developed and has been approved by Regional Council on September 20, 2016. This transaction meets the intended purpose which is to provide funding for solid waste capital expenditures, including but not limited to, the purchase of land, construction, upgrades, studies or engagements and equipment for landfill, recycling, compost, or transfer station facilities or other solid waste facilities.

The cost of the first trailer is included in the balance of commitments to March 31/17.

RISK CONSIDERATION

There is potential risk of not sustaining the current service delivery without the acquisition of these two trailers, the replacement of the two aging trailers is required as they approach the end of their reliable lifecycle.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

The efficient consolidation of waste utilizing bulk trailers rather than the collection vehicles from the rural areas provides a reduction of greenhouse gases produced within Halifax.

ALTERNATIVES

Should the request not be approved, Solid Waste might not be able to sustain the current service delivery. This is not recommended.

ATTACHMENTS

N/A

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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