



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 15.2.1
Halifax Regional Council
January 11, 2022

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: Councillor Paul Russell, Chair, Audit & Finance Standing Committee

DATE: December 21, 2021

SUBJECT: **Increase to Contract – RFQ-21-002, Two (2) 2021 Model Refuse Transfer Trailers c/w Top Opening Door and Auxiliary Gasoline Engine**

ORIGIN

December 15, 2021 meeting of the Audit and Finance Standing Committee, Item 15.1:

MOVED by Councillor Cleary, seconded by Councillor Morse

THAT the Audit & Finance Standing Committee recommend that Halifax Regional Council:

1. Approve a budget increase to the 2021/22 approved gross capital budget, to increase Project Account No. CW200003 – Rural Depots in the amount of \$66,887 (net HST included); and
2. Approve an unbudgeted reserve withdrawal of \$66,887 (net HST included) from Q556, Solid Waste Facilities Reserve to fund this increase; and
3. Approve an increase of \$92,211 (net HST included) to the contract with Spector Manufacturing Inc (PO 2070860007), for an increase in raw materials surcharge with funding from CW200003 – Rural Depots as outlined in the Financial Implications section of this report.

MOTION PUT AND PASSED.

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.

The *Halifax Regional Municipality Charter*, S.N.S. 2008, c. 39 subsections 35(2), 79, 93(1), and 120(6) provide:

35(2)(d)(i) The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy;

RECOMMENDATION ON PAGE 2

79 The Municipality may spend money for municipal purposes in accordance with this section;

93(1) The Council shall make estimates of the sums that are required by the Municipality for the fiscal year;

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.

Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

Reserve Business Case, Q556 (Solid Waste Facilities Reserve).

Section 32 of 2020-004-ADM, the *Procurement Administrative Order*, provides that contract amendments that exceed the greater of 20% of the original award amount, or \$20,000, must be approved by Council for funds to be issued.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Approve a budget increase to the 2021/22 approved gross capital budget, to increase Project Account No. CW200003 – Rural Depots in the amount of \$66,887 (net HST included); and
2. Approve an unbudgeted reserve withdrawal of \$66,887 (net HST included) from Q556, Solid Waste Facilities Reserve to fund this increase; and
3. Approve an increase of \$92,211 (net HST included) to the contract with Spector Manufacturing Inc (PO 2070860007), for an increase in raw materials surcharge with funding from CW200003 – Rural Depots as outlined in the Financial Implications section of the November 17, 2021 staff report.

BACKGROUND

A staff recommendation report dated November 17, 2021 pertaining to budgetary changes and funding increases for Project Account No. CW200003 was before the Audit and Finance Standing Committee for consideration at its December 15, 2021 meeting.

For further information, please refer to the attached staff recommendation report dated November 17, 2021.

DISCUSSION

The Audit and Finance Standing Committee considered the request and approved the recommendations as outlined in the November 17, 2021 staff report.

FINANCIAL IMPLICATIONS

Financial implications are outlined in the November 17, 2021 staff report.

RISK CONSIDERATION

Risk considerations are outlined in the November 17, 2021 staff report.

COMMUNITY ENGAGEMENT

The agenda, reports, and minutes of the Audit and Finance Standing Committee are posted on Halifax.ca.

ENVIRONMENTAL IMPLICATIONS

Environmental implications are outlined in the November 17, 2021 staff report.

ALTERNATIVES

Alternatives are outlined in the November 17, 2021 staff report.

ATTACHMENTS

Attachment 1 – Staff recommendation report dated November 17, 2021.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Annie Sherry, Legislative Assistant, Office of the Municipal Clerk. 902.943.8741.



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Attachment 1
Audit & Finance Standing Committee
December 15, 2021

TO: Chair and Members of Audit & Finance Standing Committee

- Original Signed -

SUBMITTED BY:

Brad Anguish, Executive Director, Transportation & Public Works

- Original Signed -

Jacques Dubé, Chief Administrative Officer

DATE: November 17, 2021

SUBJECT: Increase to contract – RFQ-21-002, Two (2) 2021 Model Refuse Transfer Trailers
c/w Top Opening Door and Auxiliary Gasoline Engine

ORIGIN

The approved 2021/22 Capital Budget, including Supplemental Report for Project Account CW200003 – Rural Depots.

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 – The Municipality may spend money for municipal purposes in accordance with this section; 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; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

Reserve Business Case, Q556 (Solid Waste Facilities Reserve).

Section 32 of 2020-004-ADM, the Procurement Administrative Order, provides that contract amendments that exceed the greater of 20% of the original award amount, or \$20,000, must be approved by Council for funds to be issued.

RECOMMENDATION ON PAGE 2

RECOMMENDATION

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

1. Approve a budget increase to the 2021/22 approved gross capital budget, to increase Project Account No. CW200003 – Rural Depots in the amount of \$66,887 (net HST included); and
2. Approve an unbudgeted reserve withdrawal of \$66,887 (net HST included) from Q556, Solid Waste Facilities Reserve to fund this increase; and
3. Approve an increase of \$92,211 (net HST included) to the contract with Spector Manufacturing Inc (PO 2070860007), for an increase in raw materials surcharge with funding from CW200003 – Rural Depots as outlined in the Financial Implications section of this report.

BACKGROUND

The award of a contract to Spector Manufacturing Inc for the provision of two (2) mobile refuse trailers per the specifications of Request for Quotation # 21-002 was approved by the Chief Administrative Officer on May 12, 2021 (see Attachment 1). Subsequent to the award and the issuance of the purchase order, HRM was informed by the supplier that they are unable to provide the trailers without an additional \$34,008 USD surcharge per trailer to compensate for dramatic increases in raw materials costs. This supplier has won multiple tenders for the same project in previous years. The second highest and only other bidder for Request for Quotation # 21-002 was more than double the cost, therefore we do not believe going back to public tender would change the outcome in a positive way.

The fleet of six trailers are used at the two rural transfer stations in Sheet Harbour and Middle Musquodoboit to consolidate the refuse collected curbside in these areas for efficient transport in larger trailer loads to the Otter Lake Waste Processing and Disposal Facility. 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.

DISCUSSION

The \$34,008 USD surcharge per trailer to compensate for dramatic increases in raw materials costs from their various suppliers during the pandemic still has this supplier considerably cheaper than the second bidder. With the fluctuating exchange on Canadian and American dollar, the surcharge was calculated at the exaggerated exchange of 1.30 to ensure there would be sufficient funding. Once the trailers are purchased, any remaining funds will be returned to the Solid Waste Facilities Reserve Q556.

FINANCIAL IMPLICATIONS

Budget Summary: Project Account No. CW200003 – Rural Depots

Cumulative Uncommitted Budget	\$340,000
Less: PO 2070860007 (@ 1.3 exchange, net HST included)	\$314,676
Less: Increase (@1.3 exchange, net HST included)	\$ 92,211
Shortfall	\$ 66,887
Add: Funding provided from Q556	\$ 66,887
Balance	\$ 0

Budget Summary: Solid Waste Facilities Reserve, Q556

Projected Balances in Reserve, Q2	\$11,075,181
Less: Unbudgeted withdrawal per recommendation	<u>\$ 66,887</u>
Revised projected net available balance, March 31, 2022	\$11,008,294

RISK CONSIDERATION

These compactor trailers are replaced on a ten-year schedule as this is the most effective timing, considering the maintenance costs and reliability. Delaying the replacement can cause higher maintenance costs as well as difficulty with the supply of this service.

COMMUNITY ENGAGEMENT

No community engagement was required.

ENVIRONMENTAL IMPLICATIONS

The consolidation of the refuse collected curbside in these rural areas allows for efficient transport in larger trailer loads to the Otter Lake Waste Processing and Disposal Facility. Without these trailers, individual smaller collection trucks would be required to make the long trip into the facility, both delaying the waste collection and adding to the production of greenhouse gases.

ALTERNATIVES

The Audit and Finance Standing Committee could recommend not proceeding with the changes to the capital budget and transfer from the Solid Waste Facilities Reserve. This alternative is not recommended based upon the rationale provided within this report.

ATTACHMENTS

Attachment 1 - CAO Award – Request for Quotations No. 21-002 Two (2) 2021 Model Refuse Transfer Trailers

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Barry Nickerson, P.Eng., Waste Resources Engineer, 902.476.9735

Report Approved by: **- Original Signed -**
Andrew Philopoulos, P.Eng., Director, Solid Waste Resources, 902.864.6833

Financial Approval by: **- Original Signed -**
Jerry Blackwood, Executive Director/CFO, Finance & Asset Management, 902.490.4630

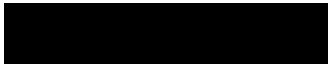
Procurement Review: **- Original Signed -**
Jane Pryor, Director, Procurement, Finance & Asset Management
902.490-4200

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

CAO Award Report

TO: Jacques Dubé, Chief Administrative Officer

SUBMITTED BY:


Brad Anguish, Executive Director, Transportation & Public Works

DATE: May 7, 2021

SUBJECT: **Award – Request For Quotations No. 21-002 Two (2) 2021 Model Refuse Transfer Trailers**

ORIGIN

The Approved 2020/21 Capital Budget, supplementary sheet CW200003 – Rural Depots.

LEGISLATIVE AUTHORITY

The recommended contract award complies with all of the pre-requisites for awarding contracts as set out in section 26 of Administrative Order 2020-004-ADM, the *Procurement Administrative Order*.

Section 28 of the *Procurement Administrative Order*, provides that the CAO may approve contract awards up to the following amounts:

- Alternative Procurement, Request for Tender, Request for Quotation, and Request for Proposal - \$1,250,000
- Standing Offer - \$5,000,000 (based on estimated value)
- Alternative Procurement under Urgent Circumstances – Any amount

RECOMMENDATION

It is recommended that the Chief Administrative Officer award Request For Quotations No. 21-002 Two (2) 2021 Model Refuse Transfer Trailers, to the lowest bidder meeting the specifications, Spector Manufacturing Inc. for a Total Tender Price of \$300,347.79 (Canadian funds, net HST included) for two (2) trailers, at estimated exchange rates, with funding from Project Account No. CW200003 - Rural Depots, as outlined in the Financial Implications section of this report.

APPROVED:


Jacques Dubé, Chief Administrative Officer

Date: May 12, 2021

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 curbside in these areas for efficient transport in larger trailer loads to the Otter Lake Waste Processing and Disposal Facility. 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.

DISCUSSION

Request For Quotations No. 21-002 was publicly advertised on the Province of Nova Scotia's Procurement website on March 3, 2021 and closed on April 7, 2021. Two bids were received:

Company	Lump Sum Price	Total Cost (Net HST Included)
Spector Manufacturing Inc.	\$232,110.00 US (\$293,810.13 CAD)	\$306,402.83 *
Joe Johnson Equipment	\$581,700.00	\$606,631.66

*** Recommended bidder**

The bid response of the recommended bidder meets the specifications and requirements of HRM. HRM has previously purchased trailers from this vendor (in 2010, 2012 and 2016). The first trailer is scheduled to be received in 155 days following the receipt of the purchase order and the second no more than 60 days later.

FINANCIAL IMPLICATIONS

Based on the lowest tendered price of \$293,810.13 plus net HST of \$12,592.70, for a net total of \$306,402.83, funding is available in the 2021/22 Capital Budget from Project Account CW200003 – Rural Depots. The budget availability has been confirmed by Finance.

Budget Summary:	<u>Project Account No. CW200003</u>	
	Cumulative Uncommitted Budget	\$340,000
	Less: Tender No. 21-002	\$306,403
	Balance	\$ 33,597

* This project was estimated in the Approved 2020/21 Project Budget at \$340,000.

The tendered price includes estimate for exchange rate. The balance of funds will be used to cover any variance in the exchange rate or returned to Solid Waste Facilities Reserve Q556.

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.

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 HRM.

ALTERNATIVES

The CAO could choose not to proceed with or defer the purchase of the two trailers. This is not recommended by staff.

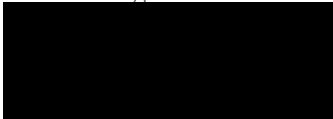
ATTACHMENTS

There are no attachments.

A copy of this report and information on its status can be obtained by contacting the Procurement Office at 902.490.4170, or Fax 902.490.6425.

Report Prepared by: Barry Nickerson, P.Eng., Waste Resources Engineer, 902.476.9735

Business Unit Review: **- Original Signed**
Andrew Philopoulos, P.Eng., Manager Solid Waste Resources, 902.864.6833



Procurement Review: _____
Jane Pryor, Manager, Procurement, 902.490-4200