


**Item No. 11.1.1**  
**Halifax Regional Council**  
**April 12, 2011**

**TO:** Mayor Kelly and Members of Halifax Regional Council

Original signed by 

**SUBMITTED BY:** \_\_\_\_\_

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** March 21, 2011

**SUBJECT:** Award – Option #1 of Tender No. 11-016, 11-017, 11-018, 11-019, 11-020, 11-021, 11-022, 11-023, 11-024, 11-025, 11-031

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**ORIGIN**

The following reports relate to the award and consideration of the four year performance based grass maintenance contract of HRM properties. The contract is due for renewal.

Halifax Regional Council Item 12.1.6, November 13, 2007

Halifax Regional Council, Item 8.2, September 11, 2007

Committee of the Whole, Item 7.12, September 12, 2006

**RECOMMENDATION**

It is recommended that Halifax Regional Council award Option #1 for Tender No. 11-016 to 11-025 and Tender No. 11-031 to the lowest bidders meeting specification as listed in Appendix “B” for a Total Annual Tender Price of \$1,284,758.97 (net HST included) with funding from R710 as outlined in the Budget Implications section of this report. Year 2, 3 and 4 are at the above rate subject to an annual review.

## **BACKGROUND**

In November 2010, the four year grass maintenance contracts expired. A series of stakeholder sessions were held in the Fall to determine a new approach to the management of the grass contracts based on lessons learned over the terms of the last two contracts. Through consultation with Councillors, it was decided that Municipal Operations Contract Services would move away from the former performance based contract, in which contractors were required to perform to a prescribed grass height standard, to one based on a regular cut cycle. It was also proposed that tenders be consolidated by district rather than by classification i.e., athletic fields, green spaces, Halifax Regional School Board, and that the tender packages be resized.

The rationale for this decision was based on a number of factors:

- Under the performance based system, it was difficult to manage public perception associated with grass height; dandelions for instance can reach 6-12” in height in a 24-48 hour period.
- Staff was consumed with measuring grass height vs. weed height to determine if corrective action was required by contractors. This created a reactive rather than proactive approach to the management of the terms of the contract.
- There could have been as many as three contractors mowing in one location; this created the perception of mismanagement.
- There are over 2,500 parcels of land that must be collectively managed; the current situation of ad hoc reporting by contractors without a schedule made it difficult for the supervisors to determine what areas were being under serviced.
- The sizes of the contracts were large and placed HRM at significant risk of not being able to find alternative contractors or forced to pay a premium rate when a contractor had to be removed due to poor performance.
- Calls from the public continue to be high; 60% on average are related to weed height and are not forwarded to contractors.
  - # of Hansen Grass Related Calls
    - 2007 – 527
    - 2008 – 539
    - 2009 – 564
    - 2010 - 743

The benchmarking of seven Canadian cities of relative size to that of HRM revealed that all cities were operating under a schedule system, and while some had used a performance based system at one time, all had abandoned it for many of the same reasons.

The new contract was crafted with the intention of achieving the following outcomes:

1. Provide stronger provisions for protection of assets; examples include:
  - Provision for protection of trees
  - Mowing decks set to standard height
  - Insist mowing direction be changed weekly on athletic fields
2. Increase contractor accountability; examples include:

- Contracts renewed annually based on performance
  - Contractors must respond to service requests within 36 hrs.
  - Contractor badging must be visible
3. Ensure better auditing and monitoring of terms of contract; examples include:
- Contractors to provide monthly mowing schedules that will be audited by HRM staff
  - Penalties for non-compliance in the areas of quality, customer service, and reporting
  - Midseason and end of season performance reviews
4. Control costs; examples include:
- Reduce size of contracts to invite increased competition
  - Extend period of time in which HRM can add or delete from inventory from end of May to the end of June
  - Include two options in the tender
5. Improve public perception; examples:
- Reduce issues related to grass height vs. weed height by introducing regular mowing cycle
  - Develop website where standards and schedules are available to the public
  - Simplify contracts so that one contractor is mowing in one area

The main value in moving to a schedule based cycle is that HRM staff (including those that work in Cemeteries, Parks and Sports fields) will know when an area should be receiving maintenance. Therefore staff will be in a better position to audit the work undertaken by Contractors and assess the quality of performance.

As part of the contract evaluation process, staff reviewed the option of taking the grass maintenance work back in house. It was determined that bringing this work back in house was too costly and that there is adequate competition in this market to warrant that HRM continue to contract this work. The following are the results of that analysis:

- Additional staff requirement 50 – 60 FTE for 7 months of the year
- Labour cost - \$1.3M to \$1.6M per year (Loaded rate not including overtime)
- Capital Outlay for purchase of equipment – approximately \$1.6M
- Maintenance expense for equipment – approximately \$1M per year
- Total of \$2.3M in operating costs compared to \$1M for contracting of the same service

In February 2011, Halifax Regional Municipality publicly advertised eleven (11) tenders to be awarded for a four (4) year term. Contractors were asked to provide bids for two options based on a 24 week calendar; option 1 provides for additional cuts to allow for seasonal variations while option 2 offers close to what is being provided today under the performance based contract. The difference in the amount of cuts between the two options is provided below, however, further detail regarding service levels and classifications can be found in Appendix A:

- A Level 6 additional cuts
- B Level 12 additional cuts
- C Level 4 additional cuts
- D Level 2 additional cuts

## DISCUSSION

The tender results are provided in Appendix B and C. An analysis of results follows:

### *Weather*

Both options contained within the tender conform to the same standards and specifications, however, Option 1 provides for additional mows that would be applied to address seasonal variation - May/June are typically wetter than July and August, (detailed below), and moisture in the ground following thaw contributes to the heavier spring growth. Option one allows HRM staff the ability to dictate when the additional mows would commence if, for example, May happened to be a dry month we would not commence the additional mows until June or July; this provides staff with a degree of flexibility not provided in option 2.

Annual Rainfall Amount 2006-2010 (mm)\*

<b>Year</b>	<b>May</b>	<b>June</b>	<b>July</b>
2006	124.5	219.3	180.5
2007	91.9	123.5	139.3
2008	134.1	69.1	79.5
2009	88.6	149.3	71.1
2010	48	99.6	125.3
Average	97.42	132.16	119.14

\* Source Scotia Weather Services

### *Cost Analysis*

The total square metres under inventory in 2007 were 4,720,558; total inventory for 2011 is 5,295,500 for a difference of 574,942 sq. m. The average cost per sq. metre in 2007 was .23 cents when adjusted for inflation\*; in 2011 it is .23 cents for option 1 and .21 cents for option 2.

The difference in inventory between 2007 and 2011 results from receipt of dedicated lands, new HRSB schools, new right-of-ways/subdivisions, assets transferred from Halifax Water, expansion of Cemeteries; take over of work formerly undertaken by Facilities group as well as new parks, sport fields and playgrounds. The majority of these new acquisitions come to Municipal Operations without additional operating funds thereby creating a considerable challenge for the business; staff hope to address this financial gap working with asset managers and finance over the course of the next year.

\* Core CPI increased by 6.8% since 2007

*Annual Performance Reviews*

Adherence to the conditions and terms of the grass maintenance contract will be monitored closely by HRM staff; mid season and annual performance reviews will be conducted to audit compliance to standards. Contracts will be reviewed annually based on performance; non performance may result in retendering of work.

*Recommendation*

When adjusting for inflation the Option 1 price per sq. metre would be the same as the value of the 2007 cost today at 23 cents; the Option 2 price would be 2 cents less at 21 cents.

The total annual cost for Option 1 is \$1,231,957.28. The total annual cost for Option 2 is \$1,109,325.92.

Given the unpredictable nature of weather, it is recommended that Council award Option 1 as it mitigates heavy growth during the wetter months. Option 1 also gives staff greater flexibility in aligning the mowing schedule to how the weather plays out at the beginning of the season; for instance, should May be a drier month staff would choose to start the cuts in June when they see an increase in growth. In the event of dry weather the additional cuts would be used to manage weed growth during peak season. This option also ensures a high degree of quality to the properties that receive the greatest amount of pedestrian traffic.

There is no flexibility in Option 1 to opt out of the additional mows. We would pay for them if required or not and, although Option 2 is the more cost effective option, historical weather patterns dictate that we will require the additional mows. If option 2 is selected and the weather is conducive to growth, additional requested cuts may come at a premium quickly closing the gap. (Further detail of options is provided in Appendix A.)

**BUDGET IMPLICATIONS**

Based on the assumption that the 2011/12 Operating budget will remain the same as 2010/11 for cost centre R710-6603, approval has been confirmed by Financial Services.

There is a Service Level Agreement established between HRM and HRSB, whereby HRSB pays HRM to manage grass maintenance on their behalf. HRSB complies with HRM's service standard and remits payment at the conclusion of the season.

*Community Partnerships*

HRM partners with non-profit organizations and provides grants to these associations for the maintenance of athletic fields. These partnerships are renewed annually and evaluated against our contract costs to ensure that HRM receives value for services provided. Generally the partnerships enable associations to provide an enhanced level of service to their fields that HRM is unable to provide; this does not come at additional cost to HRM. These partnerships are

required to align to HRM standards and service levels and are subject to the same audit as Contractors.

The balance will be applied to additional servicing pursuant to the overall program such as: new acquisitions and additional requests for servicing.

**FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

**COMMUNITY ENGAGEMENT**

Community Engagement was not deemed to be necessary as this report is dealing with operational procedures.

**ALTERNATIVES**

Option 1 – Appendix A/B  
Option 2 – Appendix A/B

**ATTACHMENTS**

Appendix A  
Appendix B  
Appendix C

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Wendy Lines, Superintendent Contracts and Administration, Municipal Operations 490-4644

Report Approved by: \_\_\_\_\_  
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Procurement Review: \_\_\_\_\_  
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Report Approved by: \_\_\_\_\_  
Ken Reashor, P.Eng., Director Transportation and Public Works (490-4855)

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Original Signed

**Appendix A**

**Option 1:**

<b>Service Level</b>	<b>Frequency</b>	<b>Turf Areas</b>
AA	2x per week (48 Mows)	Grand Parade
A	1x per week plus 6 additional cuts the start of which to be determined by HRM (30 Mows)	Class AA, A and B Athletic Fields, Regional and District Parks, Cemeteries
B	1x every 2 weeks; 6 additional cuts the start of which to be determined by HRM (24 Mows)	Class C & D Athletic Fields, Community and Neighborhood Parks, HRM Facilities, Schools, ROW's and Boulevards on Arterials and Major Rds.
C	1x every 2 weeks (12 Mows)	ROW's and Boulevards on Minors and Residential Rds., Walkways, Easements
D	D Level – 1x every 4 weeks (6 Mows) – Vacant Lots	1x every 4 weeks (6 Mows) – Vacant Lots

**Option 2:**

<b>Service Level</b>	<b>Frequency</b>	<b>Turf Areas</b>
AA	2x per week (48 Mows)	Grand Parade
A	1x per week (24 Mows)	Class AA, A and B Athletic Fields, Regional and District Parks, Cemeteries
B	1x every 2 weeks (12 Mows)	Class C & D Athletic Fields, Community and Neighborhood Parks, HRM Facilities, Schools, ROW's and Boulevards on Arterials and Major Rds.
C	1x every 3 weeks (8 Mows)	ROW's and Boulevards on Minors and Residential Rds., Walkways, Easements
D	1x every 6 weeks (4 Mows)	1x every 4 weeks (6 Mows) – Vacant Lots

**Appendix B – Recommended Bidders (net HST extra)**

<b>Tender</b>	<b>Sq Meters</b>	<b>Vendor</b>	<b>Option 1</b>	<b>Option 2</b>
11-016 District 1 and 3 - Eastern Shore	335,008	Edmonds	83,860.00	71,860.00
11-017 Districts 4 and 8 - Cole Harbour/Eastern Passage	423,200	Edmonds	95,680.00	78,680.00
11-018 Districts 2, 19, 20 - Sackville/Fall River	611,326	Edmonds	172,280.00	141,280.00
11-019 Districts 22, 23 - Timberlea/Hammonds Plains, Timberlea, Prospect	271,785	Changing Seasons	48,000	44,000
11-020 Districts 6,7 - Dartmouth East	512,108	Whynder's	84,937.28	125,905.92
11-021 Districts 10,15 - Fairview/Clayton Park	283,413	Changing Seasons	53,000	49,000
11-022 Districts 11,12,13,14 - Halifax Peninsula	927,729	Edmonds	246,000.00	205,000.00
11-023 Districts 5,9 - Central Dartmouth, Burnside	870,426	Edmonds	185,200.00	151,600.00
11-024 Districts 16,21 - Rockingham/Bedford District	437,541	Changing Seasons	106,000.00	98,000.00
11-025 Districts 17,18 - Herring Cove/Spryfield	452,442	Changing Seasons	89,000.00	79,000.00
11-031 Cemeteries	170,522	Changing Seasons	68,000.00	65,000.00
<b>Totals</b>	<b>5,295,500</b>		<b>1,231,957.28</b>	<b>1,109,325.92</b>



Appendix C – Results of Tender  
\* Denotes recommended bidder

<b>Tender</b>	<b>Sq. Meters</b>	<b>Vendor</b>	<b>Option 1</b>	<b>Option 2</b>
11-016 District 1 & 3 – Eastern Shore	335,008	Edmonds	*83,860.00	71,860.00
		Teak Tree	167,413.00	143,028.00
		Changing Seasons	114,000.00	104,000.00
		Clintar	215,458.80	190,958.80
		Xcel Lawn Care	130,300.00	96,422.00
		First Class Grass	174,000.00	174,000.00
11-017 Districts 4 & 8 – Cole Harbour / Eastern Passage	423,200	Edmonds	*95,680.00	78,680.00
		Teak Tree	162,292.00	137,770.00
		Changing Seasons	145,900.00	135,900.00
		IPS	149,065.00	124,221.00
		Xcel Lawn Care	155,985.00	111,647.00
11-018 Districts 2, 19, & 20 – Sackville / Fall River	611,326	Edmonds	*172,280.00	141,280.00
		Teak Tree	218,928.00	186,005.00
		Changing Seasons	189,000.00	165,000.00
		Leahey's	253,011.84	191,048.08
		IPS	269,065.00	224,221.00
		Xcel Lawn Care	197,970.00	141,970.00

<b>Tender</b>	<b>Sq. Meters</b>	<b>Vendor</b>	<b>Option 1</b>	<b>Option 2</b>
11-019 Districts 22 & 23 – Timberlea / Hammonds Plains / Prospect	271,785	Edmonds	87,300.00	70,300.00
		Teak Tree	99,407.00	85,100.00
		Changing Seasons	*48,000.00	44,000.00
		Leahey's	126,128.20	95,288.40
		Never Greener	165,097.88	151,508.63
		Clintar	127,758.80	106,758.80
11-020 Districts 6 & 7 – Dartmouth East	512,108	Edmonds	113,900.00	89,900.00
		Teak Tree	177,510.00	149,670.00
		Whynder's	*84,937.28	125,905.92
		IPS	185,065.00	154,221.00
11-021 Districts 10 & 15 – Fairview / Clayton Park	283,413	Edmonds	79,200.00	63,200.00
		Teak Tree	105,885.00	89,895.00
		Changing Seasons	*53,000.00	49,000.00
		Leahey's	130,099.54	96,216.12
11-022 Districts 11, 12, 13, & 14 – Halifax Peninsula	927,729	Edmonds	*246,000.00	205,000.00
		Teak Tree	339,340.00	285,160.00
		Changing Seasons	278,000.00	259,000.00
		Leahey's	463,578.96	353,560.24

<b>Tender</b>	<b>Sq. Meters</b>	<b>Vendor</b>	<b>Option 1</b>	<b>Option 2</b>
11-023 Districts 5 & 9 – Central Dartmouth / Burnside	870,426	Edmonds	*185,200.00	151,600.00
		Teak Tree	317,117.00	267,837.00
11-024 Districts 16 & 21 – Rockingham / Bedford	437,541	Edmonds	134,500.00	109,700.00
		Teak Tree	150,730.00	127,045.00
		Changing Seasons	*106,000.00	98,000.00
		Leahey's	218,093.64	163,022.24
11-025 Districts 17 & 18 - Herring Cove / Spryfield	452,442	Never Greener	219,434.37	192,287.85
		Edmonds	119,500.00	99,500.00
		Teak Tree	179,376.00	151,500.00
		Changing Seasons	*89,000.00	79,000.00
		Leahey's	199,686.08	146,615.04
11-031 Cemeteries	170,522	The Lawn Guy	111,021.00	106,000.00
		Teak Tree	105,200.00	89,000.00
		Changing Seasons	*68,000.00	65,000.00
		Edmonds	102,500.00	88,500.00
		Leahey's	134,500.00	111,000.00
<b>Totals</b>	<b>5,295,500</b>		<b>\$1,231,957.28</b>	<b>\$1,109,325.92</b>