
Contract Approval – Hydrovac and Directional Drilling Services

Recommendation

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

1. That the Administration enter into agreement with Klark's Trenching Ltd. for the supply of Hydrovac and Directional Drilling Services at a cost of \$211,713.12 (including taxes); and
2. That Purchasing Services authorize the appropriate purchase order.

Topic and Purpose

The purpose of this report is to obtain approval for the supply of Hydrovac and Directional Drilling Services incurred during the construction of various operating and capital projects.

Report Highlights

1. Saskatoon Light & Power (SL&P) contracted Hydrovac Services in June 2017 with three companies: Dirty Devil Hydrovac Services (Dirty Devil); GFL Environmental Inc. (GFL); and Badger Daylighting Ltd. (Badger). SL&P also contracted Dirty Devil for Directional Drilling Services in July 2017.
2. In June and July 2018, the suppliers for both contracts indicated at times that they were not able to supply equipment due to equipment breakdowns and commitments to other customers. To address SL&P's requirements, Klark's Trenching Ltd. (Klark's) assistance was sought on a case by case basis.

Strategic Goal

This report supports the Strategic Goal of Asset & Financial Sustainability by ensuring municipal infrastructure is well maintained and managed to optimize the useful life of the assets.

Background

SL&P does not own Hydrovac and Directional Drilling equipment, therefore relies on contractors to provide this service when projects require this specialized equipment.

Report

Contracts for Hydrovac and Directional Drilling

In June 2017, SL&P entered into separate contracts with three different local companies to provide Hydrovac services: Dirty Devil, GFL, and Badger, the result of a competitive tender indicating that up to three contracts would be issued with each being placed on a call-out list based on submitted pricing.

In July 2017, SL&P also entered into a contract with Dirty Devil for Directional Drilling services. The tender documents indicated that only one contract would be issued.

Contractors Not Available During Call-Outs

In June and July 2018, SL&P had a number of operating and capital projects underway and contacted the approved contractors in accordance with the call-out requirements. The contractors were able to respond occasionally, but there were a number of days in these two months when none of the approved contractors could respond to SL&P's request. It was indicated that either some of their equipment was not working or they had other commitments for other customers. This left SL&P in a very difficult position of needing to complete work on the projects but not having a contractor available to assist.

SL&P contacted Klark's, who responded and carried out the work. Initially, this was intended to be a single occurrence and therefore was within the Administration's authority to procure their services. As the summer progressed the need for Klark's services to backfill the contractors under formal contract became more frequent, therefore City Council's approval is required in order to process payment to Klark's for the work completed to date.

To ensure that adequate contractor capacity is available going forward, SL&P issued a new tender in August 2018 for Directional Drilling and issued contracts to three suppliers instead of only one. Additional contractors on the call-out list will greatly improve response from a contractor when needed. The Hydrovac contract was extended for another year with Dirty Devil and GFL. If additional contractor support is required, procurement will follow the approved policy by obtaining three prices for the work.

Options to the Recommendation

The prices submitted by Klark's for the work completed in June and July are reasonable. As the work is already completed, there are no options to the recommendation at this time.

Financial Implications

There is sufficient funding available in the 2018 SL&P Operating and Capital Budget. These budgets are funded directly by the Utility, therefore this purchase will not affect the mill rate.

The following is a summary of the cost to the City of Saskatoon:

Base Cost	\$190,732.54
PST (6%)	\$ 11,443.95
GST (5%)	<u>\$ 9,536.63</u>
Total Net Cost to the City	\$211,713.12

Other Considerations/Implications

There are no communication, public or stakeholder involvement, policy, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

No further reporting will be necessary as this work is now complete.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by: Trevor Bell, Director of Saskatoon Light & Power
Approved by: Angela Gardiner, Acting General Manager, Transportation and
Utilities Department
Jeff Jorgenson, City Manager

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