



**City of Kingston
Report to Council
Report Number 21-077**

To: Mayor and Members of Council
From: Sheila Kidd, Commissioner, Transportation & Public Works
Resource Staff: Luke Follwell, Director, Engineering Services
Date of Meeting: February 16, 2021
Subject: Joint Procurement Agreement with The Corporation of the Township of Leeds and The Thousand Islands

Council Strategic Plan Alignment:

Theme: 3. Improve walkability, roads and transportation

Goal: 3.1 Repair roads and enhance the usability of sidewalks, walkways and paths to increase connections across the city through supporting our active transportation master plan.

Executive Summary:

The purpose of this report is to seek Council approval to enter into an agreement with The Corporation of the Township of Leeds and The Thousand Islands to allow for joint procurement of capital works within the right-of-way to leverage increased purchasing power. Staff are recommending a one-year agreement with an option to extend annually for up to one additional year. Currently, each municipality procures similar services, which often results in receiving fewer procurement submissions and higher pricing. It is expected that the combined procurement would increase the number of responses and result in more competitive pricing.

Recommendation:

That the Mayor and Clerk be authorized to enter into a joint procurement agreement, in a form satisfactory to the Director of Legal Services, with The Corporation of the Township of Leeds and The Thousand Islands for capital works within the right-of-way for a one-year term with an option to extend, by mutual agreement, for one additional one-year term.

February 16, 2021

Page 2 of 5

Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Sheila Kidd, Commissioner,
Transportation & Public Works**

ORIGINAL SIGNED BY CHIEF
ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Community Services	Not required
Peter Huigenbos, Commissioner, Business, Environment & Projects	Not required
Brad Joyce, Commissioner, Corporate Services	
Jim Keech, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	Not required

February 16, 2021

Page 3 of 5

Options/Discussion:

Staff are recommending to Council that the City of Kingston and The Corporation of the Township of Leeds and The Thousand Islands enter into a joint procurement agreement, which allows for right-of-way construction services. For 2021, the joint procurement approach would be utilized for surface treated rehabilitation. As per Council Report Number 20-195, surface treatment rehabilitation is planned for all or parts of the following roads in 2021: Aragon Road, Boundary Road, Howes Road, Quabbin Road, Radage Road, and Smith Road, for a total of 30.5 lane kilometers. The agreement would be for one year with an option to extend for one additional year, by mutual agreement.

The City of Kingston traditionally procures construction services through tenders for services. This is a common approach for most municipalities. Over the past several years, construction costs have continued to rise and the number of responses received on some types of purchases has declined. Furthermore, several road rehabilitation services that the City procures on a regular basis have no local suppliers. Examples of these services include crack sealing, micro-surfacing, and surface treatment. The relatively modest volume of this type of work that is required annually, combined with the lack of local contractors, makes it challenging to attract a desired number of competitive bids, which can result in higher pricing.

Neighbouring municipalities are also experiencing this challenge. A strategy to combat this situation is to combine the purchasing power with other municipalities to leverage the economies of scale.

In 2020, Council approved Report Number 20-205 to enter into a similar joint procurement agreement with the Township of South Frontenac. Engineering Services worked with the Township of South Frontenac through three separate joint procurements for capital construction work, including roadway crack sealing, shoulder widening, and microsurfacing treatments. The final costs of the City's portion of these joint procurements was \$1,557,063.00 + HST. If the City of Kingston had procured these services separately using historical costs and city volumes, the total estimated costs were \$1,947,272.00 + HST. This represents a realized savings of just over 20% or \$390,209.00.

Historically, municipal joint procurement of construction services has not been a common approach due to various prohibitive factors. These factors include inconsistent quality and construction specifications between municipal entities as well as limited overall consistency in procurement implementations. As the construction industry continues to evolve, the specifications for both quality of construction as well as acceptable methods of construction have become relatively standardized and have been adopted by most municipalities. In addition, the Government of Canada Trade Treaties and other regulating forms of legislation have helped standardize procurement processes at the municipal level. By combining the procurements of municipalities that are geographically appropriate, municipal partners can increase the volume of work to be procured and should attract more interest from construction service providers.

February 16, 2021

Page 4 of 5

The strategy of entering into agreements with other municipalities is allowed under the *Municipal Act*, specifically section 20:

A municipality may enter into an agreement with one or more municipalities or local bodies, as defined in section 19, or a combination of both to jointly provide, for their joint benefit, any matter which all of them have the power to provide within their own boundaries.

The City of Kingston Engineering Services Department has held preliminary meetings with the Public Services Department of the Township of Leeds and Thousand Islands to investigate the viability of a joint procurement for some road construction services. Both parties have concluded that there would be mutual benefit for the procurement of some services annually. In some cases, the purchasing power could be doubled which is expected to result in lower prices and more competition. In addition to the potential economic benefit, this approach may also reduce greenhouse gas (GHG) emissions for some of the services procured. Since there are no local suppliers of services for micro surfacing, surface treatment, and crack sealing, a joint procurement would reduce the number of mobilizations to our region from other regions.

Existing Policy/By-Law:

City of Kingston - By-law Number 2000-134, A By-law to Establish Purchasing Policies and Procedures

Notice Provisions:

None

Accessibility Considerations:

None

Financial Considerations:

There are sufficient funds in the approved Engineering Services capital budget to procure this work. Each municipality will be responsible for paying for the work that takes place within their boundary.

Contacts:

Luke Follwell, Director, Engineering Services 613-546-4291 extension 3139

Other City of Kingston Staff Consulted:

Alan McLeod, Acting City Solicitor, Legal Services Department

Anthony Simmons, Construction Manager, Engineering Services

February 16, 2021

Page 5 of 5

Exhibits Attached:

None