

| Type of Decision | | | | | | | | | |
|---|----------------------|------------------|--|----|-----------------|----------------------|------|--|--------|
| Meeting | Friday, May 31, 2013 | | | | Report | Wednesday, May-29-13 | | | |
| Decision Required | X | Yes | | No | Priority | X | High | | Low |
| Direction | x | Information Only | | | Type of Meeting | X | Open | | Closed |
| REPORT TITLE | | | | | | | | | |
| Procurement and Hall Extension Contractor Report #31/05/13/1201 | | | | | | | | | |

Subject: Consideration of the use of single or sole sourcing of the construction contract due to history of past tender process and the unique components of this project.

RECOMMENDATION: That Council adopt the attached resolution authorizing staff to utilize a form of sole sourced procurement for the construction project for the municipal hall extension.

WHEREAS the Council of the United Townships of Head, Clara & Maria has authorized the completion of the hall extension and staff are soon in a position to hire a general contractor;

AND WHEREAS history has shown that after advertised bid competitions one local contractor is normally hired with the lowest tender due in part to increased travel costs to the municipality for others;

THEREFORE BE IT RESOLVED THAT the Council of the United Townships of Head, Clara & Maria does hereby authorize staff to consult and negotiate directly with Francoeur Contracting to provide contracting services for the hall expansion and kitchen renovation projects to ensure the best value for dollars spent and to allow work with volunteers to help to keep costs low;

BACKGROUND/EXECUTIVE SUMMARY: In the past, contracts tendered to the wider sector have resulted in Francoeur Contracting being the successful bidder in all contests he has participated in based in part on his proximity to our worksite and subsequent reduced travel costs. Further the hall expansion project is unique as it is being planned using volunteer workers with the intent to cooperate with the general contractor to keep costs as low as possible. Normally, other contractors are from Pembroke or further with no other local contractors submitting tenders.

The municipal procurement by-law allows for sole source contracting in certain situations with unique components. The use of volunteers to save labour costs could be considered one of those exemptions. Francoeur Contracting has been consulted and pending assurances from our insurer that all volunteers will be insured under the municipal policy Darryl is willing to work in this manner.

The CIIF agreement at 8.2 (b) with the Federal government requests that the Project be administered in such a way as to “**ensure the best value for funds expended**” and that the municipality comply with procurement policies, rules and regulations. Using local and volunteer labour will ensure the best value for funds expended.

Council ultimately has the ability to amend the procurement policy/by-law at any time. Having Council approve negotiations with Francoeur Contracting in this manner to ensure the best value for money would be meeting all legal requirements. Obviously, if Darryl's negotiated price is significantly higher than estimates we can always begin the tender process at any time. We are in no way being locked in to paying demanded prices by entering into negotiations with one contractor.

The current plan is, pending Council approval, to consult with Darryl and have him submit a cost estimate based on the drawings prepared by the architect and using the entire "wish list" of the committee. Once a cost proposal has been received, Council will have to review the plans vs. costs and determine which components we will be able to proceed with at this time.

Only once we have a bid from a contractor will we be in a position to finalize the extent of the renovations. It is to be remembered that the current architectural plans include much more than the original grant(s) funded. Some of the wish list components may need to be scrapped or funding come from additional sources.

Options/Discussion:

1. Council pass this resolution authorizing staff to negotiate a cost plus agreement with a sole source contractor.
2. Go to tender, extending timelines.
3. Consider other procurement options.

Financial Considerations/Budget Impact: Varied. It is estimated that a cost plus agreement negotiated with local contractors using volunteer labour where applicable will be most cost effective.

Policy Impact: Council has the prerogative to authorize purchasing and procurement decisions as per the Municipal Procurement By-law and the Municipal Act.

Other's consulted: CIIF agreement; NHSP agreement; MMAH Municipal Procurement Guide; HCM Procurement By-law; Noella LeBreton, Treasurer; Darryl Francoeur, Francoeur Contracting.

Resources: <http://www.canadianmanufacturing.com/purchasing-and-procurement/legal-issues/the-public-sector-sole-source-dilemma-45427>

"A sole source situation occurs when the purchaser makes a decision to avoid the competitive bid process and buy from a sole source. This situation that has created much distress in the world of public procurement as it violates public trust in the system and flies in the face of transparency. It also puts the purchaser at a disadvantage when negotiating a contract and can result in increased costs to taxpayers."

Approved and Recommended by the Clerk

Melinda Reith,
Municipal Clerk

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