

**HIGHWAY EQUIPMENT  
RENTAL CONTRACTS**

**HERC**

**PROGRAM GUIDELINES  
&  
REQUIREMENTS**

**May 2004**

# HERC

## HIGHWAY EQUIPMENT RENTAL CONTRACTS

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### A. OVERVIEW

The Highway Equipment Rental Contracts (HERC) program was developed to enhance the long-standing Third Party Equipment Rental Rates system and provide an operational framework intended to guide contracting authorities and local contractors in the rental of equipment in Yukon communities.

HERC is consistent with the Government of Yukon Contract Regulations and Contracting Directive which requires that contracting authorities make best efforts to contract for services in the community in which they are used, to the extent that doing so reasonably conforms to the objectives of the Contract Regulations, and to the extent that their needs can be met by community-based businesses.

HERC complements the government's Business Incentive Policy for Construction by promoting business opportunities for Yukon contractors, especially within the rural communities.

This document shall form part of every HERC contract.

### B. BACKGROUND

The Third Party Equipment Rental Rates system originated from a need to expedite equipment rentals under the Government of Yukon Contract Regulations and Contracting Directive, which provides for public and invitational tenders, source lists, standing offer agreements, and general and sole-source contracts.

The Third Party Equipment Rental Rates system essentially involves creating a source list from which all contracting authorities can easily identify available resources throughout the Yukon for standing offer agreements and contracts within specific sourcing thresholds. Produced on an annual basis, the Third Party Equipment Rental Rates Guide (the Guide) negates the need for separate rate requests from various departments throughout the year, thereby saving resources for both the public and the private sector.

It is important to note that a contractor's inclusion in the Guide does not guarantee a contract, nor does exclusion necessarily preclude a contractor from being awarded a contract.

In recent years, publishing the Guide has been mandated to the Department of Highways and Public Works, Supply Services Branch, Transportation and Communications Unit. The major users of the Guide are the Department of Highways and Public Works, Transportation Maintenance Branch and Property Management Agency (Space Planning and Development), and the Department of Community Services, Protective Services Branch.

### C. AUTHORITY

The Highway Equipment Rental Contracts program is administered by the Deputy Minister, Department of Highways and Public Works, or designate.

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### D. PROGRAM OBJECTIVES

1. To identify Yukon businesses interested in renting safe and reliable equipment to the government for use on various projects throughout the territory.
2. To establish rental rates for highway equipment in communities throughout Yukon.
3. To publish the Third Party Equipment Rental Rates Guide periodically, based on input from the private sector and from contracting authorities.
4. To establish standards for equipment rented to the government.
5. To identify general contract requirements for renting equipment to the government, such as insurance and compensation coverage.
6. To rent equipment from local area contractors, where possible and practical, and within specific sourcing thresholds.
7. To establish a process for the administration of equipment rental contracts.

### E. PRINCIPLES

The Highway Equipment Rental Contracts program is based on the following general principles.

#### 1. Practicing Good Government

HERC expedites the contracting of rental equipment by providing clear direction to the private and public sector; and by utilizing the Third Party Equipment Rental Rates Guide, which is published annually and available to all government departments and agencies.

#### 2. Local Economic Opportunities

HERC provides opportunities to stimulate local economies by encouraging the distribution of rental contracts geographically, as projects are approved throughout Yukon.

### F. DEFINITIONS

“change order”	A document issued by the contracting authority to change a contract.
“competent person”	A person who is qualified because of his knowledge, training and experience to perform the assigned work.
“contract”	An agreement between a contracting authority and a contractor to provide a good, perform a service, construct a public work, or to lease real property, for consideration.

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“contractor”	Any person, partnership or corporation which supplies goods or services or constructs a public work under a contract with the government.
“contracting authority”	Any government body or government employee having authority pursuant to the Financial Administration Act to enter into a contract on behalf of the government.
“local area”	A centre of population represented by a city or town and the surrounding area that would normally be “serviced” by that city or town.
“rental rate”	The hourly or calendar rate identified by the contractor and agreed upon by the contracting authority for use in a contract.
“source list”	A directory of contractors who want to do business with the Yukon government. Government employees use the source list to identify contractors when invitational or sole-sourced tenders are issued.
“standing offer agreement”	A method of supply used to provide direct access to sources of supply for goods and/or services, on an as-required basis, for specific periods of time, at prearranged prices and delivery conditions.
“YWCHSB”	Yukon Workers’ Compensation Health and Safety Board
“OH&S”	Occupation Health and Safety

### G. CONTRACT REGULATIONS

The Government of Yukon Contract Regulations and Contracting Directive provides for the rental of equipment through public and invitational tenders, source lists, standing offer agreements, general and sole-source contracts.

### H. PROCESS

1. Where possible and practical, the contracting authority will:
  - a. attempt to hire the lowest acceptable bid equipment;
  - b. hire equipment for a project from more than one local area contractor;
  - c. hire equipment from the surrounding area when the local community does not have sufficient resources for a project; and
  - d. provide a project manager to direct the contractor(s).

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2. The contracting authority must record efforts to establish contact with the contractor with the lowest acceptable bid for the required equipment, the contractor's designated contact, or an answering machine/service. Should no contact be made in a reasonable time frame, the contracting authority will contact the next highest bidder.
3. A reasonable amount of time, as determined by the contracting authority, must be allowed for the contractor to furnish the equipment depending on the urgency of the work. The amount of time is to be established when the contractor is accepting the offer to work.
4. Every effort will be made to plan project work in advance to provide contractors with as much lead time as possible.
5. The contracting authority is not required to utilize HERC to rent equipment, and at his discretion, may issue a public, or an invitational tender.

### I. CONTRACTOR REQUIREMENTS

#### 1. Automobile Insurance

Contractors must have automobile insurance as per the provisions of the Motor Vehicles Act, and must provide the contracting authority with proof of such insurance valid during the time of rental.

#### 2. Third Party Liability Insurance

Contractors must supply proof of general liability insurance as defined in the rental contract. Such insurance must be valid during the time of rental, with the Government of Yukon named as an 'Additional Named Insured'.

#### 3. Yukon Workers' Compensation Health and Safety Board Coverage (YWCHSB)

Where appropriate, contractors may be required to provide proof of YWCHSB registration and good standing at the time of hire.

#### 4. Business License or Registration

Contractors, where required by local regulation to be licensed or registered, must provide proof of the license or registration to the contracting authority at time of hire. (For further information, contact the municipality in which the work will be completed, or YTG Community Services, Corporate Affairs).

### J. RENTAL CONTRACT

#### 1. Contract in Place

A rental contract must be completed in full prior to presenting it to a contractor for signing. Once completed and signed, it is a contractual agreement between the contracting authority and the contractor where the contractor agrees to rent the equipment to the contracting authority.

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The agreement must include the rates to be paid, including any rate variations for attachments used, or job conditions expected to be encountered for the project work, as well as any other requirements of the contracting authority.

### 2. Changes to the Rental Contract

Should a situation require changes to the rental contract, a new or amended contract must be in place prior to work commencing. All changes made to the rental contract must be initialed by the contractor and the contracting authority.

### 3. Termination of Contract

The contracting authority may terminate the rental contract according to the provisions of the contract, and when:

- a. a project has ended;
- b. the contract threshold has been reached;
- c. the need for the type and size of the machinery has ended;
- d. equipment or operator performance is unsatisfactory;
- e. there is a work break within a project of sufficient length to require release of the equipment involved; or
- f. the contractor is non-compliant with any other provisions of the contract.

## **K. EQUIPMENT AND WORK ENVIRONMENT**

### 1. Contracting Authority Responsibility

It is the responsibility of the contracting authority to ensure:

- a. unsafe equipment is not hired;
- b. hired equipment operates in a safe manner;
- c. immediate correction or termination is undertaken when unsafe equipment or unsafe operation is identified; or when any activity or situation is identified and deemed not to be in compliance with any provisions of the contract; and
- d. the contractor is aware and knowledgeable of, and complies with all provisions of the contract, and all laws and regulations applicable to the place of work, whether Federal, territorial or municipal, including but not limited to the:
  - i. Occupational Health and Safety Act, including but not limited to Duties in Respect to Health and Safety, Sections 3-11;
  - ii. OH&S General Regulations, including but not limited to Sections 69-71; and
  - iii. Environment Act.

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### 2. Contractor Responsibility

It is the responsibility of the contractor to ensure:

- a. unsafe equipment is not rented, and if owned, is not used;
- b. rented equipment operates in a safe manner;
- c. immediate correction or termination is undertaken when unsafe equipment or unsafe operation is identified; or when any activity or situation is identified and deemed not to be in compliance with any provisions of the contract.
- d. compliance with all provisions of the contract, and all laws and regulations applicable to the place of work, whether Federal, territorial or municipal, including but not limited to:
  - i. Occupational Health and Safety Act, including but not limited to Duties in Respect to Health and Safety, Sections 3-11;
  - ii. OH&S General Regulations, including but not limited to Sections 69-71; and
  - iii. Environment Act.

### 3. Standards

#### a. Operator

Where rented equipment includes the services of an operator, the operator must be deemed competent by the contracting authority. Upon request from the contracting authority, contractors must provide proof of the following for each operator:

- i. Valid Yukon motor vehicle operator licence with class and endorsement appropriate to the equipment to be operated; and
- ii. Driver's abstract for (at minimum) the previous three years.

#### b. Age of Equipment

Equipment over ten years old may be subject to inspection to determine condition, suitability and compliance with regulations prior to hiring. The final determination is made by the contracting authority.

#### c. Hour meters

All rented equipment must be equipped with an operable hour meter.

#### d. Tractor and Dump Trucks

All tractors and dump trucks must be equipped with revolving amber lights, or strobes, in good working order.

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e. Attachments

The contracting authority may request attachments for rented equipment, such as Camlock fittings, clean-up bucket and spare tires. These standard attachments will be included in the rental price unless otherwise stated.

f. Equipment Performance

- i. Equipment must be in sound mechanical condition at and during the time of rental.
- ii. The contracting authority may request that the contractor provide, at the contractor's expense, written certification from a licensed mechanic that a piece of rented equipment, or equipment under consideration for rent, is 'safe to operate'.
- iii. The contracting authority may request a weigh scale slip for rented equipment, or equipment being considered for hire.

g. Equipment Performance Less than Satisfactory

The contracting authority must be aware of the productivity of all rented equipment. If a machine is not producing to full capacity, or if the operator is not capable of producing a good quality and quantity of work, and the situation is not corrected after having given proper notice to the contractor, the contract may be terminated.

h. Substitution of Equipment

Limited substitution of equipment is permitted, as outlined below. If substitution takes place, the change must be identified on the rental contract and be initialed by the contractor and the contracting authority, or a change order must be completed.

i. Substituting When Equipment is Not Available

When an offer for work is made for a machine, and that machine is not available, the contractor may substitute an equivalent machine, at the discretion of the contracting authority.

The substitute machine will be rented or hired at the same rate as that identified for the original machine.

ii. Inoperable Machine Critical to the Job

If a machine considered by the contracting authority to be critical to the continuation of the project breaks down while on the job, the contractor may substitute an equivalent machine, at the discretion of the contracting authority.

The substitute machine will be rented or hired at the same rate as that identified for the original machine.



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### iii. Inoperable Machine not Critical to the Job

If a machine is down for repairs and the machine is not critical to the continuation of the project, there is no need for a replacement machine unless the repair time becomes critical to the project.

## L. RATES GUIDE

1. Criteria for inclusion in the Third Party Equipment Rental Rates Guide are identified in the annual public advertisements and/or tender documents.
2. The Third Party Equipment Rental Rates Guide will be published once per year.
3. The Third Party Equipment Rental Rates Guide is intended to enhance contractor opportunities and does not preclude the government from hiring equipment not included in the guide.
4. Inclusion in the Third Party Equipment Rental Rates Guide does not guarantee that equipment will be rented.

## M. RENTAL RATES

### 1. Rate Types

- a. All Inclusive Hourly Wet Rate: includes overhead, regular and overtime wages and benefits, room and board, operator transportation, applicable insurance, profit, depreciation, mileage (mob/demob), repairs, lubricants, service equipment, and other items necessary to perform the work, including fuel.
- b. All Inclusive Hourly Dry Rate: includes overhead, regular and overtime wages and benefits, room and board, operator transportation, profit, depreciation, mileage (mob/demob), repairs, lubricants, service equipment, and all other items necessary to perform the work, excepting fuel.
- c. Equipment Only Rate (Hourly/Weekly/Monthly): unless otherwise defined in the rental contract, includes overhead, profit, depreciation and all other items necessary to perform the work, excepting fuel and operator.
- d. Mob/Demob Rate: charges per kilometer, or per hour for mobilization/demobilization is limited to the transporting vehicle. No payment will be rendered for the equipment being hauled. Mob/Demob will apply:
  - i. from the point of rent, to the project and return;
    - A negotiated point of rent must be recorded in the rental contract prior to the submission of any claims for moving costs.
    - At the request of the contracting authority, the contractor will provide receipts for moving costs.

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- Cost for return to the point of rent will not be paid for any portion that is paid by a future employer, when the future employer's site is closer than the point of rent, and the equipment is transferred directly to that site.
    - ii. within the project; and
    - iii. between projects.
  - e. Standby Rate: Project delays due to project work schedules, weather conditions, acts of God or equipment breakdown are not payable as standby. The contracting authority pays standby only under exceptional circumstances, and where an agreement has been made in advance on the conditions under which standby will apply, and where a standby rate has been included in the contract.
2. Change of rates
- Should job conditions change so that rates no longer apply, a new or amended contract agreement must be in place prior to working the equipment. All changes made to the rental contract must be initialed by the contractor and the contracting authority.
3. Breaks
- a. Equipment rental rates will not be paid during work breaks.
  - b. Every effort will be made in the scheduling of breaks to minimize the disruption of production, and may be directed by the contracting authority.
4. Equipment is not Worked a Full Hour
- When equipment is not worked a full hour, the cost is calculated to the nearest half hour.
5. Equipment Down Time
- Rental is not paid for time when equipment cannot be used as a result of:
- a. equipment breakdown;
  - b. operator dismissal or non-appearance;
  - c. labour disputes;
  - d. forest fire closures; or
  - e. Acts of God.
6. Wages of Equipment Operators
- Equipment operator wages included in rental rates will be consistent with the Fair Wage Schedule.

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### **N. DAILY TIME SLIPS and INVOICING**

1. Daily time slips for each piece of equipment must be signed by the contracting authority on a daily basis, and must include at least the following:
  - a. date
  - b. project location
  - c. contractor name (as indicated on the rental contract)
  - d. contact name and phone number
  - e. type of equipment
  - f. time and description of equipment breakdown, if applicable
  - g. other charges – include description and time on other related work, such as Mob/Demob
  - h. total daily hours worked
2. At the request of the contracting authority, the contractor will include the Hour Meter Reading, and the Start and End Shift times.
3. Contractors will submit invoices to the contracting authority not less than every fourteen days, and upon completion of the contract.

### **O. OTHER**

HERC is intended as a guide for the effective rental of highway equipment, and does not preclude other conditions or requirements, as deemed necessary by the contracting authority.

### **P. REFERENCES**

Contract Regulations and Contracting Directive

Highways Act, Motor Vehicles Act and Regulations

Motor Transport Act and Regulations, National Safety Code

Worker's Compensation Health and Safety Act and Occupational Health and Safety Act and Regulations

Business Incentive Policy

Employment Standards Act, Fair Wage Schedule

Bill C-45 Amendments to the Criminal Code Affecting the Criminal Liability of Organizations