

MEMBER BULLETIN

May 11, 2021

Addressing OPS127 Rates Issue on Municipal Projects

<https://municipalengineers.on.ca/news-information.html?id=239>.

In January 2020, the MTO established a new methodology for how it calculates its OPS127 Equipment Rental Rates. The revised approach allows for broader use of available equipment information and applies more objective factors for ownership and operating costs. As a result of this new approach, rates in the January 2021 publication have decreased in some areas.

It is important to note, however, that the accompanying OPS Provincial General Conditions were also updated to account for this change. Historically, the MTO included a rate for equipment rental at a specific dollar value per hour, while their General Conditions only paid out 75% for the item, as it applied a discount rate to the price. In 2021 they decided to remove the discount rate and also reduce the price to the actual rates.

So, if a piece of equipment is priced at \$100 for an hour, in 2020 this was paid out a $100 \times 0.75 = \$75$. In 2021, the price was reduced to \$75 but is paid out in full = \$75

A problem has arisen with the OPS Municipal Conditions, which also uses the OPS127 rates. These Municipal General Conditions were never updated to have its discount rate removed. So, a \$100 an hour piece of equipment in 2020 was paid out at $100 \times 0.75 = \$75$. In 2021, the price was reduced to \$75, but the discount rate is still appearing in the MUNI conditions. So, $\$75 \times 0.75 = \56.25 is what is being paid out.

This was an oversight by OPS and has been acknowledged. A notification was sent out by the Municipal Engineers Association (MEA) to all municipal engineers in every municipality to highlight this problem and recommend how to work around this issue until such time that the MUNI General Conditions can be updated.

The MEA notification can be found at the following link: <https://municipalengineers.on.ca/news-information.html?id=239>.

We encourage all members to ensure that the municipal engineers working on your projects are aware of this issue as soon as possible, and we encourage everyone to show then above link to demonstrate how T&M work should be calculated in 2021.

If you have any questions about operating during the current lockdown, please contact Patrick McManus (patrick.mcmanus@oswca.org or 905-629-7766).