



Report to: General Committee

Meeting Date: September 6, 2022

SUBJECT: 026-T-18 Road Rehabilitation Program - Restoration of Concrete Curb and Sidewalk Contract Extension and Funding of 2022 Contract Shortfall

PREPARED BY: Steven Dollmaier, Sr. Mgr. Roads & Survey, Ext 2748
Melita Lee, Senior Buyer, Ext. 2239

RECOMMENDATION:

- 1) That the report entitled “026-T-18 Road Rehabilitation Program – Restoration of Concrete Curb and Sidewalk Contract Extension” be received; and,
- 2) That the contract for Restoration of Concrete Curb and Sidewalk be extended for one (1) additional year (from January 1 – December 31, 2023) to De Ferrari Construction Limited in the estimated value of \$2,402,562.58 inclusive of HST and subject to Consumer Price Index (CPI) All-items Canada from December 2021 to December 2022; and,
- 3) That the award be funded from the capital accounts for the annual Asphalt program subject to Council approval of the 2023 capital budget; and,
- 4) That the tendering process be waived in accordance with Purchasing By-Law 2017-8, Part II, Section 11. Non-Competitive Procurement, items 11.1 (c) and (g), which state:
 - (c) When the extension of an existing Contract would prove more cost-effective or beneficial; and
 - (g) Where it is in the City’s best interest not to solicit a competitive bid; and,
- 5) That the 2022 contract shortfall in the estimated amount of \$203,472.68 inclusive of HST be funded from Life Cycle Replacement and Reserve Fund; and further,
- 6) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To obtain Council approval for the following:

1. Extend contract 026-T-18 for the restoration of concrete curb and sidewalk for one (1) additional year (January 1 to December 31, 2023) at the same 2022 itemized pricing subject to a CPI escalation (All-items Canada from December to December).
2. Attain additional incremental funding in the amount of \$203,472.68 for the anticipated shortfall in 2022 and be funded from the Life Cycle Replacement and Reserve Fund.

BACKGROUND:

This contract involves the restoration of concrete curb and sidewalks as part of the overall road rehabilitation program. Prior to the road pavement being rehabilitated, deficient and end of life curbs and sidewalks must first be replaced.

In 2018, the City awarded the contract through a competitive procurement process for restoration of concrete curb and sidewalk to De Ferrari Construction Limited (De Ferrari) for a one (1) year period (from date of award to December 31, 2018) with an option to renew for an additional four (4) years (2019 – 2022). The pricing for the first three years of the contract were fixed (2018-2020), with the remaining two (2) years (2021-2022) subject to CPI with escalation not to exceed a 3% yearly increase. The contract is set to expire on December 31, 2022.

OPTIONS/ DISCUSSION:Contract Extension

Due to the ongoing Covid-19 pandemic, Staff have been proactively reviewing expiring contracts to determine the best options moving forward and to mitigate any potential cost increase. Staff anticipate that issuing a new tender will potentially result in pricing of at least 15-20% greater than current rates and follows similar trends as seen across multiple contracts with the industry in 2022. The anticipated increase is due to increases in baseline material costs (specifically aggregate materials used in the production of concrete products), direct and indirect fuel costs associated with transportation of aggregates to concrete plants and concrete delivery from the plant to site, and labour cost increase.

By negotiating this extension, the City is able to secure an extension for contract 026-T-18 at the same 2022 itemized pricing subject to a CPI adjustment. The adjustment will be based on the percentage change in the posted All-items CPI (Consumer Price Index) for Canada for the previous twelve (12) month period (December 2021 – December 2022). The extension of the current contract with De Ferrari will negate any additional potential price increases, ensure the continuity and provision for concrete curb and sidewalk restoration services to the City, and continue to provide safety to the public.

Staff recommend that the existing contract be extended for one (1) year while staff continue to monitor market conditions and challenges associated with Covid-19 for such services.

Additional incremental funding - 2022

The 2022 contract was set to increase by 3%, however due to increased costs related to fuel, concrete, mobilization of equipment, repairs and maintenance of equipment, the 2022 contract costs have increased by 13% or \$203,472.68. Staff looked at the option of reducing or deferring some work in 2022, however, since this contract is part of the overall road rehabilitation program, this option is not feasible, as it would adversely affect the City's ability to maintain road quality standards.

Due to such increases, an additional incremental funding in the amount of \$203,472.68 is required to complete the City's 2022 asphalt rehabilitation program.

OPERATING BUDGET AND LIFE CYCLE IMPACT

There is no incremental impact to the operating budget. Staff will monitor current prices and makes adjustments to the 2023 Life Cycle Reserve Study as necessary for the asphalt program.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Procurement and Financial Services Departments have been consulted in the preparation of this report.

ENVIRONMENTAL CONSIDERATIONS:

A number of strategies within the Road Rehabilitation Program are environmentally friendly. The use of recycled crushed concrete is allowed for as an aggregate sub-base thereby reducing the use of new natural aggregate resources and eliminating associated extraction and production costs. The contract also stipulates having all excavated granular material disposed offsite at an approved materials recycling facility to ensure such materials can be reused, extending the material lifecycle.

RECOMMENDED BY:

Alice Lam, Acting Commissioner
Community Services

ATTACHMENTS:

Not applicable.

