



Report to: General Committee

Meeting Date: April 18, 2017

SUBJECT: Contract Extension 162-T-13 Pavement Preservation and Surface Treatment

PREPARED BY: Mike Brady Ext. 2316
Patti Malone Ext. 2239

RECOMMENDATION:

- 1) That the report entitled “Contract Extension 162-T-13 Pavement Preservation and Surface Treatment” be received”
- 2) That contract 162-T-13 Pavement Preservation and Surface Treatment be extended with Miller Paving Limited for an additional one (1) year (2017) in the amount of \$671,655 and at the same 2016 itemized pricing with a CPI adjustment (Canada All-items);
- 3) That the Director, Operations and Senior Manager Purchasing be authorized to extend the contract for a further four (4) years (2018 – 2021) subject to Council approval of the annual budget and a annual CPI (Canada All-items) adjustment;
- 4) That the tendering process be waived in accordance with Purchasing By-Law 2004-341, Part II, Section 7 (1) (c) which states “when the extension of an existing contract would prove more cost-effective or beneficial”;
- 5) That the funds for the 2017 award be provided from the budget accounts as listed in the Financial Considerations in the amount of \$671,655 inclusive of HST impact;
- 6) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain approval to extend contract 162-T-13 “Pavement Preservation and Surface Treatment” for an additional one (1) year at the same 2016 itemized pricing with a CPI increase (Canada All-items) and with a further four (4) years renewal option.

BACKGROUND:

This contract involves the pavement preservation of existing asphalt surfaces and surface treatment on designated streets in the City of Markham utilizing various methods including:

- Placement of micro-surfacing
- Placement surface treatment

Pavement Preservation (Micro-Surfacing)

The City uses a pavement preservation process within the first 5 years of the new asphalt surface life, which can extend the life of the asphalt surface between 7 to 10 years. The extension of the asphalt surface life eliminates the need to resurface the road through more costly asphalt resurfacing program strategies.

Of the total award of this contract, Pavement Preservation utilizing micro-surfacing is 80% of the contractual value.

OPTIONS/ DISCUSSION:

The City may negotiate contracts outside the competitive contracting process when negotiations can reasonably be expected to lead to benefits for the City which could not reasonably be expected to be achieved through competitive bidding process.

Rationale:

Staff have tendered the Pavement Preservation and Surface Treatment contract on 3 separate occasions (2007, 2010 & 2013) with Miller Paving Limited being the lowest priced bidder on all these competitive tenders. In 2013, Miller Paving Limited were 15% lower than the second and only other bidder.

Additionally, since 2007 the City has received a limited number of contractors bidding on this type of work. The bid response has ranged between 1 to 3 bid submissions for each tender. This is due to the following:

This particular surface treatment under this award is only done by three (3) companies. The locations of these three (3) companies are Barrie, Lindsay and Markham (Miller Paving Limited). Due to the logistics and proximity to road works, Miller Paving Limited has always been the cost effective.

By negotiating this extension, the City is able to secure an extension for contract 162-T-13 at the same 2016 itemized pricing with a CPI increase.

This option to extend the existing contract aligns with Part II Section 7(1) c of Purchasing Bylaw 2004-341 which states “the City negotiate a contract for the supply of goods and services without a competitive process when the extension of an existing contract would prove more cost-effective or beneficial.”

FINANCIAL CONSIDERATIONS

Account #	Account Name	Budget Amount	Amount spent to date	Budget remaining	Amount to allocate for this Award
050-6150-16266-005	Pavement Preservation	\$ 500,000	\$ 328,345	\$ 171,655	\$ 171,655
050-6150-17315-005	Pavement Preservation	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Total		\$1,000,000	\$ 328,345	\$ 671,655	\$ 671,655

HUMAN RESOURCES CONSIDERATIONS

Not applicable

OPERATING BUDGET AND LIFECYCLE IMPACT

There is no additional impact to the Operating Budget and LifeCycle Reserve Study.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

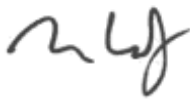
BUSINESS UNITS CONSULTED AND AFFECTED:

Finance and Operations were consulted during this process and both support the recommendation.

RECOMMENDED BY:

11/04/2017

X



Morgan Jones
Acting Director, Operations

X



Phoebe Fu
Acting Commissioner, Community & Fire Services