



Report to: GENERAL COMMITTEE

Date of Meeting: APRIL 24, 2006

SUBJECT: Award of Tender 015-T-06 Road Rehabilitation Program

PREPARED BY: Bob Walter, Manager, District East
Alex Moore, Senior Buyer

RECOMMENDATION:

THAT the report entitled "Award of Tender 015-T-06 Road Rehabilitation Program" be received;

AND THAT the contract for Tender 015-T-06 Road Rehabilitation Program be awarded to the lowest price bidder, Furfari Paving in the amount of \$4,400,000.00 exclusive of GST;

AND THAT the Director of Operations and Director of Financial & Client Services be authorized to exercise the option to renew the contract for an additional 2 years (2007-2008) at the 2006 itemized prices subject to performance and budget approval;


AND THAT the award be funded from the 2006 Road Rehabilitation Program that is provided for in the Operations Departments 2006 Capital budget accounts and next years budgets upon approval;

AND THAT additional funds in the amount of \$500,000 be transferred from the Life Cycle reserve account #087 2800200 to fully fund the proposed 2006 Asphalt Re-Surfacing Program including Curb & Sidewalk repair, Interlocking repairs, Consulting Fees and Rental Vehicles;

AND THAT the Director of Operations and the Director of Financial & Client Services be authorized to reallocate funds between this blanket purchase orders for asphalt and concrete rehabilitation works to maximum of 20% of the estimated blanket amount for the duration of the contract, to a combined annual total not to exceed \$5,400,000 exclusive of GST;

RECOMMENDED

BY:


Peter Loukes
Director, Operations


Jim Sales
Commissioner, Community
and Fire Services

FINANCIAL CONSIDERATIONS:

The funds for this project are included in the approved 2005/2006 Capital budget accounts listed below:

The following table is a summary of the financial considerations for this report:

Original Budget and Account #	\$9,089,481	Various
Current Budget Available (unspent)	\$3,900,000	
Less Cost	(\$4,400,000)	Awarded to Furfari Paving
Less Contingency		
Budget Remaining	(\$500,000)	
<u>Funding for Shortfall</u>		
	\$500,000.00	087-2800200 Life Cycle Reserve
Total	\$500,000.00	

Close upon final payment:	YES
Future Financial Impact:	YES
Finance Department Comments:	NO

Year	Description	Account	Budget Remaining
2006	Asphalt Re-Surfacing Annual Program	050-6150-7193-005	\$4,139,481.00
2006	Boulevard Repairs Annual Program	050-6150-7196-005	\$50,000.00
2006	Secondary Road Works Annual Program	050-6150-7211-005	\$700,000.00
2006	Gravel Road Surface Treatment Annual Program	050-6150-7213-005	\$200,000.00
2005	Asphalt Re-Surfacing Annual Program	050-6150-6607-005	\$131,800.00
Less Outstanding Commitments			\$1,321,281.00
Total Remaining			\$3,900,000.00

The quantities included in these tenders are estimates and may vary, however, unit base prices shall remain firm subject to increase/decrease in the price of asphalt.

PURPOSE:

The purpose of this report is to obtain council approval to award contract 015-T-06 Road Rehabilitation Program.

BACKGROUND:

Tender 015-T-06 was released for the annual road rehabilitation program that includes asphalt resurfacing, gravel surface treatment, full depth reclamation with expanded asphalt stabilization and micro-surfacing.

Budgets provided in this award are also used in separate contracts for asphalt/concrete maintenance, interlocking repairs and sidewalk/curb repairs. Therefore, Operations Department will administer this contract and monitor work in order to limit spending to the approved budgeted amounts.

BID INFORMATION (015-T-06 Road Rehabilitation Program)

Advertised, place and date	ETN
Bids closed on	March 1, 2006
Number of contractors picking up bid documents	10
Number of contractors responding to bid	5

DETAILED PRICING INFORMATION : (015-T-06 Road Rehabilitation Program)

Company	Total
Furfari Paving	\$5,441,876.25
D.Crupi & Sons	\$5,511,762.00
Four Seasons Site Dev Ltd	\$6,128,925.00
Brennan Paving	\$6,478,381.02
LaFarge Paving & Construction	\$7,746,972.43

Tender 015T-06 Road Rehabilitation Program contract incorporates a price adjustment formula as per the Ministry of Transportation's performance graded asphalt cement price index unless the contractor opts out by notifying the Town in writing within five business days of the award of the contract. Once the contractor has opted out of payment adjustments based on the index, the contractor will not be permitted to opt back in. The price index will be published monthly in the MTO contract bulletin and displayed on the OHMPA (www.ohmpa.org) and MTO (www.raqs.mto.gov.on.ca) websites. The price index will be used to calculate the amount of the payment adjustment per tonne of new asphalt product accepted into the work. Examples of the unit price adjustments for asphalt cement are included in Attachment 'A' of this report.

OPTIONS/ DISCUSSION:

The proposed 2006 Road Rehabilitation Program developed by Operations staff involves a combination of pavement rehabilitation and pavement preservation strategies. Detailed estimates of the proposed work required within each strategy were prepared by staff and formed the basis of the estimated quantities tendered under contract 015-T-06. Based on actual dollars spent on similar pavement rehabilitation and preservation strategies in previous years, staff determined that an estimated cost of approximately \$21.00/m² or \$174,000.00/two lane km for rehabilitation and \$4.00/m² or \$34,000/two lane km for preservation. Using these estimates and given a total budget amount of \$5,200,000, Operations proposed a program of road rehabilitation and pavement preservation as outlined in Attachment 'B'.

A review of tender 015-T-06 submitted by the lowest bidder, Furfari Paving, indicates significant increases in pricing for various items over the pricing contained in the previous road rehabilitation contract (016-T-04). This translates into a cost of approximately \$25.00/m² or \$211,000.00/ two lane km for rehabilitation and \$5.00/m² or \$43,605.00/two lane km for preservation and a funding deficit of approximately \$500,000.00. The impact of the funding deficit is reflected in the proposed list of streets that can be rehabilitated or undergo preservation treatment in 2006 as detailed in

Attachment 'C'. Should the Town wish to proceed with the proposed 2006 Road Rehabilitation Program as originally tendered and detailed in Attachment 'B', the resulting funding deficit of approximately \$500,000.00 could be offset by transferring additional funds from the Life Cycle Reserve (87 2800200) to the 2006 Asphalt Resurfacing Program Capital Account (050-6150-7193-005).

Another option considered was to retender the contract. Staff does not recommend this approach for the following reasons tendered: the contract was tendered at an optimum time of the year to obtain competitive pricing; we had 5 bids from reputable contractors which should represent market pricing; retendering does not guarantee better pricing; retendering the contract at this time would jeopardize our ability, this year, to complete the streets listed on either Attachment 'B' or 'C'.

FINANCIAL TEMPLATE (Separate Attachment):

See attachment

ENVIRONMENTAL CONSIDERATIONS:

Not applicable

ACCESSIBILITY CONSIDERATIONS:

Not applicable

ENGAGE 21ST CONSIDERATIONS:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

[Insert text here]

ATTACHMENTS:

Attachment 'A' – Examples of pricing adjustments for Asphalt Cement

Attachment 'B' – 2006 Proposed Road Rehabilitation Program (as tendered)

Attachment 'C' – Modified Road Rehabilitation Program (based on tendered price)

Attachment 'D' – Financial Considerations