

## COMMON COUNCIL REPORT

M&C No.	2022-113
Report Date	March 30, 2022
Meeting Date	April 04, 2022
Service Area	Public Works and Transportation Services

Her Worship Mayor Donna Noade Reardon and Members of Common Council

***SUBJECT: Tender for Asphaltic Concrete Mixes***

### **AUTHORIZATION**

Primary Author	Commissioner/Dept. Head	City Manager
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### **RECOMMENDATION**

It is recommended that the seasonal tender for the supply of asphaltic concrete mixes be awarded as follows:

- Pre-Construction Season (April 18th, to May 2nd, 2022) - Galbraith Construction Ltd.
- Construction Season (May 3rd to November 5th, 2022) – NRB Construction Company Ltd.
- Post Construction Season (November 6th, 2022, to plant close) – Galbraith Construction Ltd.

### **EXECUTIVE SUMMARY**

Every year the City of Saint John issues a tender for the supply of asphaltic concrete mixes to secure a source of asphalt for its various roadway maintenance initiatives. The tender closed on March 29th, 2022, with two bids meeting the City’s requirements. The bid received from Galbraith Construction Ltd. is the lowest bid for the “before/after”-construction season. The bid received from NRB Construction Company Ltd. had the lowest bids during the construction season. Both bidders had the same opening date before construction season, however, the Galbraith Construction Ltd plant closure date is December 2, 2022. On average, asphalt prices have increased 31% relative to 2021; although efforts are being made to adjust program delivery to mitigate this, such a significant increase in unit costs may result in reduced amount of work that can be performed while staying on budget.

### **PREVIOUS RESOLUTION**

This is an annual program.

## **REPORT**

Each year the City of Saint John tenders for the establishment of a supply agreement for the provision of asphaltic concrete mixes to guarantee a supply of asphalt. This product is used by Public Works and Transportation Services for a variety of tasks, including asphalt restoration of utility cuts, roadway and sidewalk repairs, roadway overlays, and miscellaneous maintenance projects.

There are traditionally three seasons for asphalt: the normal construction season when production is at its peak and product is readily available; and the pre- post-construction seasons, when production is low and higher costs are incurred to produce the product. Bidders are asked to quote a price for the pre-season, another price for the construction season, and a third price for the post-season. In this instance, we recommend the earliest opening date for the pre-construction season and the bidder with the lowest bid for the remainder “seasons”.

### **MTO Performance Graded Asphalt Cement Price Index**

The city of Saint John makes use of the Ontario Ministry of Transportation performance grade asphalt cement price index in all its asphalt-related tenders. In summary, an end-of-season adjustment is made for each monthly change in the MTO Price Index and applied to the asphalt at the time of purchase, with the Tender Opening date being the base month. Adjustments are only made if month-over-month price fluctuations are greater than 5%.

The formula is:

PA = Payment adjustment for asphaltic cement in dollars

T = Posted MTO Price Index for the month of tender opening

P = Posted MTO Price Index for the month the asphalt was purchased

Q = Quantity of asphaltic cement in tons

When  $P > 1.05 T$ , the Contractor receives additional payment as follows:

$$PA = (P - 1.05T) \times Q.$$

When  $P < 0.95 T$ , the City receives a credit as follows:

$$PA = (0.95T - P) \times Q.$$

This is a way for the City to share in some of the risks of price fluctuations, leading to lower overall prices for asphalt.

## **STRATEGIC ALIGNMENT**

This report best aligns with the following Council priorities:

- **MOVE:** offering safe and accessible movement of people and goods on roads,
- **PERFORM:** seeking cost competitive asphalt prices, responding to customer inquiries related to road maintenance including pothole

patching, and adjusting the program plan in face of a significant rise in asphalt unit costs.

**SERVICE AND FINANCIAL OUTCOMES**

The total estimated value of the 2022 supply contract is approximately \$890,000 for all Public Works and Transportation Services’ roadway maintenance programs (being \$550,000 +/- for the patchwork, roadway and sidewalk maintenance, and the overlay programs; and \$340,000 +/- for the Saint John Water cut reinstatement program).

The 31% increase in asphalt costs over the summer season, reflects a reduction in purchasable asphalt tonnage within the budget allocation for surface maintenance. This may require a reduction in the planned asphalt overlay program this season. This would also result in costs above budget to reinstate Saint John Water Cuts as these can’t be left open. To tentatively mitigate the increase in price, City staff intends to undertake more of a “blended pavement management strategy” that includes, Pothole repairs, Asphalt overlays, Skin patching (Sand/Seal), & milling overlays on low traffic back roads. The purchase of asphaltic concrete mixes is a planned expenditure and funds to cover the programs are included in the 2022 Operating Budget. The supply agreement does not require us to purchase any minimum amounts so there is no risk to the City with purchasing less in response to the increased unit prices.

**INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS**

A public tender call was issued on March 10th, 2022, and closed on Tuesday, March 29th, 2022, with two compliant bids received. The results of the tender (excluding HST and haulage rates) are:

**City of Saint John Tender Summary  
2022-561002T  
Asphaltic Concrete Mixes  
Tender Opening: 2:30:00 P.M., Tuesday, March 29<sup>th</sup>, 2022  
2<sup>nd</sup> Floor Boardroom, 175 Rothesay Avenue**

		NRB CONSTRUCTION COMPANY			GALBRAITH CONSTRUCTION		
		Before Season Start date till	Construction Season I.T.D.	After Season	Before Season Start date till	Construction Season I.T.D.	After Season
1	SUPERPAVE 19.5mm /TONNE (.3 to <3 million ESALS)	110.00	81.00	110.00	98.00	90.00	92.00
2	SUPERPAVE 9.5mm/TONNE (.3 to <3 million ESALS)	115.00	96.00	115.00	98.00	94.00	95.00
3	SUPERPAVE 4.75mm/TONNE (.3 to <3 million ESALS)	133.00	113.00	133.00	130.00	120.00	130.00
OPENING DATE		April 18, 2022			April 18, 2022		
CLOSING DATE		November 25, 2022			December 2, 2022		

**Note: The above amounts are recorded as opened. The amounts have not been checked or verified and may contain errors. Under the Procurement Act, the City may waive minor non-compliance with mandatory requirements as set out in Section 120 of New Brunswick Regulation 2014-93.**

The Supply Chain Management and Public Works & Transportation Services staff have reviewed the tenders and found them to be complete and formal in every regard. Staff believe that all tenderers have the necessary resources and expertise to perform the work. Since both bidders commence their asphalt plant operation on the same date, April 18, 2022, all items awarded reflect the lowest bidder within the pre/post and during the construction period, namely

- The low tender bidder for the “Before Season” and “After season” is Galbraith Construction Ltd.
- The low tender bidder for the “During construction season” is NRB Construction.

The above process is in accordance with the City’s Procurement Policy and Supply Chain Management supports the recommendation being put forth.

***ATTACHMENTS***

*N/A*