

## COUNCIL REPORT

M&C No.	2019-76
Report Date	April 2, 2019
Meeting Date	April 8, 2019
Service Area	Transportation and Environment Services

His Worship Mayor Don Darling and Members of Common Council

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

***OPEN OR CLOSED SESSION***

This matter is to be discussed in open session of Common Council.

***AUTHORIZATION***

Primary Author	Commissioner/Dept. Head	City Manager
<b><i>Amy Dobson</i></b>	<b><i>Michael Hugenholtz</i></b>	<b><i>John Collin</i></b>

***RECOMMENDATION***

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

- Pre Construction Season (start of plant til May 5, 2019) - NRB Construction Company Ltd.
- Construction Season (May 6 to November 8, 2019) - NRB Construction Company Ltd.
- Post Construction Season (November 9, 2019 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 26<sup>th</sup>, with two bids meeting the City's requirements. The bid received from NRB Construction was low for the before and during construction seasons and Galbraith Construction for the after construction season.

***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 Transportation and Environment Services for a variety of tasks, including asphalt restoration of water 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 high and product is readily available; and the pre and 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, the recommended bidder is the lowest bid for each "season".

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

In 2009, the City of Saint John adopted the 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 time of purchase, with the Tender Opening date being the base month. Adjustments are only made if month over month price fluctuation is 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 tonnes

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:

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

#### **STRATEGIC ALIGNMENT**

The asphaltic concrete mixes procured through this award are used in various roadway surface maintenance programs such as: the Saint John Water cut reinstatement program, patch work, and the overlay program; all of which align with the Council's goal of investing in strategic road improvements.

#### **SERVICE AND FINANCIAL OUTCOMES**

The total estimated value of the 2019 supply contract is approximately \$1 million for all of Transportation and Environment Services' roadway maintenance programs (being \$675,000 +/- for the patch work, roadway and sidewalk maintenance, and the overlay programs; and \$325,000 +/- for the Saint John Water cut reinstatement program).

The purchase of asphaltic concrete mixes is a planned expenditure and funds to cover the programs are included in the 2019 Operating Budget (over multiple service budget lines).

## **INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS**

A public tender call was issued on March 12, 2019 and closed on Tuesday, March 26, 2019 with two compliant bids received. The results of the tender (excluding HST and haulage rates) are:

		<b>GALBRAITH CONSTRUCTION LTD.</b>			<b>NRB CONSTRUCTION COMPANY LIMITED</b>		
		Before Season Start date til May 05	Construction Season May 06 – Nov 08	After Season Nov. 09 til Close	Before Season Start date til May 05	Construction Season May 6 - Nov.8	After Season Nov. 09 til Close
1	SUPERPAVE 19.5mm /TONNE (.3 to <3 million ESALS)	\$80	\$77	\$80	\$90	\$74	\$85
2	SUPERPAVE 9.5mm/TONNE (.3 to <3 million ESALS)	\$85	\$80	\$85	\$95	\$79	\$90
3	SUPERPAVE 4.75mm/TONNE (.3 to <3 million ESALS)	\$100	\$98	\$105	\$103	\$87	\$98
OPENING DATE		May 06, 2019			April 22, 2019		
CLOSING DATE		November 30, 2019			November 29, 2019		

Staff of Materials Management and Transportation & Environment Services have reviewed the tenders and have found them to be complete and formal in every regard. Staff believe that both tenderers have the necessary resources and expertise to perform the work. Due to the fact that the low bidder in the “Before Season” (Galbraith) does not open their plant until the Construction season begins, the “Before Season” will be awarded to NRB Construction. With the exception mentioned above, all items are being awarded to the lowest bidder.

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

## **ATTACHMENTS**

No attachments