

STAFF REPORT: ENGINEERING AND PUBLIC WORKS DEPARTMENT



REPORT TO: **Engineering and Public Works Committee**
MEETING DATE: **August 12, 2008**
REPORT NO.: **EPW.08.88**
SUBJECT: **Award of Tender (TBM-RD-2008-12),
Lakewood Drive Rehabilitation**
PREPARED BY: **Jim McCannell, Manager of Roads and
Drainage**

A. Recommendations

THAT Council approve the award of the Lakewood Drive Rehabilitation (TBM-RD-2008-12) to E.C. King Contracting in the amount of \$97,265 excluding GST being the lowest tender meeting all the requirements of the Contract Documents and;

THAT Council authorize the Director of Engineering and Public Works the discretion to increase Contract TBM-RD-2008-12 Lakewood Drive Rehabilitation by up to \$15,000 to address any price increases due to the escalation of asphalt cement for a total project cost of \$112,265 and;

FURTHER THAT the Mayor and the Clerk be authorized to execute the Contract Documents for TBM-RD-2008-12, as outlined in Report EPW.08.88.

B. Background

Tenders were received for Contract TBM-RD-2008-12 for works generally consisting of the supply of labour, materials and equipment for the rehabilitation of approximately 900 m of modified rural roadway. These works include pulverizing the existing road and placing a new road surface consisting of HL-4 hot mix asphalt.

The current road surface is in poor overall condition. The road base appears to be sufficient to carry the low volume of residential traffic in the area and does not require replacing.

The following table summarizes the tender prices received:

CONTRACTOR	TENDERED AMOUNT *
E.C. King Contracting	\$97,265.00
Georgian Paving and Construction	\$118,729.16
Tectonic Infrastructure	\$135,750.00

* Tender Prices are excluding GST.

It is recommended that Contract TBM-RD-2008-12 Lakewood Drive Rehabilitation as tendered be awarded to E.C King Contracting having the lowest price and meeting all the requirements of the contract documents.

In the Special Provision section of the contract, a section was included to allow for the payment adjustment of asphalt cement (AC). In the event that the price of AC changed significantly between the time the contract was tendered and the time the work was completed, the contractor is allowed to adjust their price. There are provisions in the contract to adjust the price of asphalt to reflect the real cost of the material. This allows the contractor to tender a price based on his entitled profit on the labour and equipment and allows the Town to pay the true cost of the asphalt material. This removes some of the risk that the contractor assumes and generally provides a better price to the Town. The posted June price for AC is \$691.53/tonne; it is expected that the price will rise to around \$840/tonne in August.

If the price of AC increases (or decreases) more than 5% from the time of tendering, than the price can be adjusted using the formula shown.

PAYMENT ADJUSTMENT – ASPHALT CEMENT PRICE

The OWNER will adjust the payment of the above noted item to the CONTRACTOR based on changes to the Ministry's performance graded asphalt cement price index unless the CONTRACTOR opts out by notifying the OWNER in writing within 5 business days of award of 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 as published monthly in the Contract Bulletin by the Ministry of Transportation. The price index will be used to calculate the amount of payment adjustment per tonne of new asphalt cement accepted into the Work.

The price index will be based on the price, excluding taxes, FOB the depots in the Toronto area, of asphalt cement grade PG 58-28 or equivalent. One index will be used to establish and calculate the payment adjustment for all grades. The price index for each month will reflect the previous month's prices.

A payment adjustment per tonne of new asphalt cement will be established for each month in which paving occurs when the price index for the month differs by more than 5% from the price index for the month in which tenders were opened for the Contract. When the price index differential is less than 5%, there will be no payment adjustment established for that month. Payment adjustments due to changes in the price index are independent of any other payment adjustments made to the hot mix tender items.

The payment adjustment per tonne will apply to the quantity of new asphalt cement in the hot mix accepted into the Work during the month for which it is established. However, a payment adjustment will not apply to paving work done after the approved time for completion of the Contract has expired, including the expiration of any extensions of time that have been granted.

The payment adjustment for the month will be calculated from the following formulae:

1. *When I_p is greater than 1.05 ITO, the payment adjustment per tonne of asphalt cement is $(I_p - 1.05 \text{ ITO})$ and the CONTRACTOR receives additional compensation of:*

PA = (lp – 1.05 ITO) x quantity of new asphalt cement in tonnes.

2. *When lp is less than .95 ITO, the payment adjustment per tonne of asphalt cement is (.95 ITO – lp) and the OWNER receives a rebate of:*

PA = (.95 ITO – lp) x quantity of new asphalt cement in tonnes.

3. *Where:*

PA = payment adjustment for new asphalt cement, in dollars

ITO = performance graded asphalt cement price index for the month in which tenders were opened for the Contract.

lp = performance graded asphalt cement price index for the month in which paving occurs.

The quantity of new asphalt cement includes all grades of asphalt cement supplied by the CONTRACTOR with and without polymer modifiers. For each month in which a payment adjustment has been established, the quantity will be calculated using the hot mix quantity accepted into the Work and its corresponding asphalt cement content as required by the job mix formula except for mixes which contain reclaimed asphalt pavement.

For mixes which contain reclaimed asphalt pavement, the quantity of new asphalt cement will be determined from the difference between the asphalt cement content required by the job mix formula and the asphalt cement content of the reclaimed asphalt pavement incorporated into the hot mix, as calculated by the CONTRACT ADMINISTRATOR.

C. The Blue Mountains' Strategic Plan

Contact TBM-RD-2008-12 addresses the Town's Strategic Plan #2, Addressing the Town's municipal infrastructure needs".

D Budget Impact

The 2008 Budget includes \$75,000 for resurfacing with Hot Mix Asphalt and the budget includes \$50,000 for road repairs using the Dyna Patch method. The combined total of these two (2) items will provide \$125,000 to complete this project. The total project cost for project is a maximum of \$112,265.

E. Attached

1. TBM-TD-2008-12 Tender Submission from E.C. King Contractors

Respectfully submitted,

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Reg Russwurm
Director of Engineering & Public Works Department