

Staff Report

Report To: City Council
Report From: Bradey Carbert, Manager of Corporate Services
Meeting Date: June 12, 2023
Report Code: CR-23-059
Subject: Award of RFT-23-003 – 2023 Road Rehabilitation Program

Recommendations:

THAT in consideration of Staff Report CR-23-059 respecting Award of RFT-23-003 – 2023 Road Rehabilitation Program, City Council:

1. Awards the above noted Tender to Harold Sutherland Construction Ltd, the lowest compliant bid received, for \$971,119.59, including the non-refundable allocation of HST; and
2. Directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute the Agreement.

Highlights:

- The asphalt resurfacing program is a multi-year program that has been enhanced through increased annual spending over the past several years.
- The overall condition vs. performance rating for the road network is scored a "B+." Annual road resurfacing funding is required to maintain this rating.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: A City that Moves - KR3 - Increase the number of roads with a Pavement Condition Index rating greater than 70 by 10%.

Climate and Environmental Implications:

This supports the objectives of the City's Corporate Climate Change Adaptation Plan by strengthening the resiliency of City infrastructure or services.

Previous Report/Authority:

None.

Background:

In accordance with the City's Procurement of Goods, Services, Construction, and Consulting Policy (By-law 2020-002), the award of all purchases above \$250,000 must be approved by Council.

This report has been drafted to provide Council with the necessary information to approve the award of Tender RFT-23-003 – 2023 Road Rehabilitation Program. The capital detail sheet describing the project has been attached to this report.

Analysis:

The scope of work for this project includes the milling of the existing road surfaces, spot repairs of road base, concrete curb and gutter repairs, reinstatement of existing catch basins and maintenance holes, and the application of a new asphalt road surface for approximately 3 kilometres of City roads.

The Tender was called in compliance with the City's Purchasing By-law and closed on May 30, 2023, with two compliant bids received.

The bids received, including the prescribed contingency allowance and non-refundable allocation of HST, are as follows:

Company Name	Bid Price
Harold Sutherland Construction Ltd	\$971,119.59
E. C. King Contracting	\$1,039,661.72

Engineering Services staff recommends the Award of the Tender to Harold Sutherland Construction Ltd. for \$971,119.59, including the contingency allowance and non-refundable allocation of HST. The \$50,000 contingency

allowance has been included in the Tender to address unforeseen issues during construction. It should be noted that contingency costs shall not be expended without the City's written consent.

Financial Implications:

The 2023 Road Rehabilitation Program was approved in the 2023-2027 Capital Plan for \$800,000 and is funded entirely by the Canada Community Building Fund. \$100,000 of this amount was allocated to the additional fees required for the 2022 Road Rehabilitation Program, with \$700,000 being allocated for the 2023 program.

The updated budget, based on the recommended bid submission, including the contingency allowance and the non-refundable allocation of HST, is as follows:

Description	Approved Budget	Forecasted Requirements	Difference
In-house Engineering	\$25,000	\$25,000	-
Construction	\$625,000	\$921,120	(\$296,120)
Contingency	\$50,000	\$50,000	-
Total	\$700,000	\$996,120	(\$296,120)

The amended budget reflects a funding shortfall of \$296,120. The funding shortfall is attributed to higher than-anticipated asphalt costs and additional concrete and catch basin/maintenance hole repairs that were identified through the specification development process.

Staff reviewed the scope of work to determine if the Tender should be terminated due to the cost overage, but it is the opinion of staff that this approach will result in further deterioration of the roads and will lead to higher rehabilitation costs in future years.

Staff recommend that the shortfall be funded from the funds allocated to the 2024 road rehabilitation program. This will reduce the 2024 road rehabilitation program from \$700,000 to \$400,000. Staff will use the pricing received through the Tender process to update its cost estimate database to ensure that the 2024 program is more consistent than the current year.

A smaller 2024 road rehabilitation program may also be more manageable as significant resources will need to be dedicated to large infrastructure renewal

projects like Alpha Street, and will also allow staff to develop an updated multi-year capital plan based on the updated road condition inspections anticipated to be completed this fall.

The use of the 2024 allocation will have no significant financial impact on the Canada Community Building Fund Reserve and will not impact the annual contributions required for the Capital Reserve.

Communication Strategy:

The above-noted Tender was posted on the City's Bids & Tenders website on May 5, 2023, in compliance with the City's Purchasing By-law to be accessible to all potential bidders.

Consultation:

Engineering Services staff were consulted in the preparation of this report.

Attachments:

Capital Project Sheet 23P.1 - Annual Roads Rehabilitation Program

Recommended by:

Bradey Carbert, Manager of Corporate Services

Kate Allan, Director of Corporate Services

Lara Widdifield, Director of Public Works & Engineering

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Bradey Carbert, Manager of Corporate Services at bcarbert@owensound.ca or 519-376-4440 ext. 1240.