

Report TR-TAPS-16-15

To: Chair Barfoot and Members of the Transportation and Public Safety Committee
From: M.J. Kelly, Director of Transportation Services
Meeting Date: February 19, 2015
Subject: Tender Award Grey Road 15 (3rd Avenue East, City of Owen Sound)
Status: Recommendation adopted by Committee as presented per Resolution TAPS37-15; Endorsed by County Council March 3, 2015 per Resolution CC42-15;

Recommendation(s)

WHEREAS the City of Owen Sound tendered a joint project between the City and Grey County to reconstruct Grey Road 15 (3rd Avenue East) from approximately 100 metres north of 21st Street East to 26th Street East;

AND WHEREAS the 2015 unapproved budget for Grey County for its share of this project is \$2,084,538;

AND WHEREAS the Consultant Engineers estimate for the Grey County's portion of the work was \$2,030,000;

AND WHEREAS County Council approved the tendering of this project as per Report TR-TAPS-01-15 and TR-TAPS-02-15;

AND WHEREAS the City of Owen Sound issued the tendered for Contract 30284 on December 19, 2014 with an addendum closing date of February 3, 2015;

NOW THEREFORE BE IT RESOLVED THAT Report TR-TAPS-16-15 being a report containing the tender results for City of Owen Sound Contract 30284 be received;

AND THAT the City of Owen Sound tender for Contract 30284 be awarded to the lowest bid submitted by Harold Sutherland Ltd. for \$6,485,494.54, excluding HST;

AND THAT a total of \$2,187,711.00 (net HST) be allocated to this project which will include tender, contingency allowance, design and contract administration costs;

AND THAT The Transportation Services Department adjusts its budget to accommodate for the \$103,173 overrun for this project.

Background

The City of Owen Sound and Grey County have worked together to complete a design to reconstruct a section of Grey Road 15 (3rd Avenue East) from 100 metres north of 21st Street East to 26th Street East, Owen Sound.

Grey County owns the road right-of-way and has jurisdiction over the road. The road is in poor condition and requires reconstruction. The City of Owen Sound has municipal infrastructure such as water services, sanitary sewers and sidewalks within the corridor that require replacement and updating.

The project includes the replacement of the sanitary sewers, water mains and storm sewers, as well as the upgrading of the road to a rural cross section, and reconstruction of the road bed.

The County will be responsible for the road work as identified in the Grey County Policy for Maintenance and Construction in Urban Areas.

The majority of the cost for this project will be funded by the City of Owen Sound. As a result, they have taken the lead role in the administration of the Consultant Engineering Assignment.

As per Report TR-TAPS-02-15 the City of Owen Sound tendered the project on December 19, 2014.

Tender Results

The City of Owen Sound tendered the project.

The following five submissions were received.

Name of Bidder	Total Bid Amount (excluding taxes)
Harold Sutherland Construction	\$6,485,494.54
Moorefield Excavating	\$6,775,000.00
E.C. King Contracting	\$6,923,402.20
North Rock Group	\$7,656,000.00

The lowest bid was submitted by Harold Sutherland Construction Limited for a total cost of \$6,485,494.54 which is \$753,516.54 higher than the Consultant Engineers estimate.

The cost of the Grey County portion of the tender is \$1,933,766.50 which is \$151,293.50 over the Consultant Engineer's estimated cost of \$1,782,473.00; however, it is anticipated that the cost will be reduced by approximately \$34,000 as a result of lower asphalt cement prices (oil cost).

There will also be additional estimated costs of Contact Administration (\$102,600), Contingency (\$77,500) and Contact Design (\$70,000); therefore, the total County cost is expected to be approximately \$2,149,873.24 (excluding HST).

The cost of the City of Owen Sound portion of the tender is \$4,301,728.05 which is \$707,098.05 over the Consultant Engineer's estimated cost of \$3,594,630.00.

The City of Owen Sound staff presented a report to City Council on February 8, 2015 recommending the award of the contract to Harold Sutherland Construction Limited, as per the tender price submitted.

Analysis

The tender price appears to be high in a number of categories. However, there are several unique requirements regarding the staging of the work that increases the risk to the contractor, which may have elevated the cost. If this project was retendered later in the year there is a reasonable chance that the prices would be higher, the work could not be completed in one year, and the City of Owen Sound would not be eligible for the \$1,100,000 grant.

Therefore, it is recommended that the County supports the award of Contract 30284 to Harold Sutherland Limited for \$6,485,494.54.

Financial / Staffing / Legal / Information Technology

Considerations

The cost of the Grey County portion of the tender is \$1,933,766.50 which is \$151,293.50 over the Consultant Engineer's estimated cost of \$1,782,473.00. It is anticipated that the cost will be reduced by approximately \$34,000 as a result of lower asphalt cement prices (oil cost). There will also be additional estimated costs of Contact Administration (\$102,600), Contingency (\$77,500) and Contact Design (\$70,000); therefore, the total County cost is expected to be approximately \$2,149,873.24 (excluding HST) or \$2,187,711.00 (net HST) which is \$103,173 over the County's draft budget of \$2,084,538. Transportation Services will need to modify other expenditures to accommodate this projected overrun.

Link to Strategic Goals / Priorities

The values statement of the approved Corporate Strategic Plan includes fiscal responsibility. Consistent application of the purchasing policy requirements focuses on the commitment to ensure effective and efficient processes, which offer prudent use of public funds.

Respectfully submitted by,

M.J. Kelly
Director of Transportation Services