




City of Richmond

Report to Committee

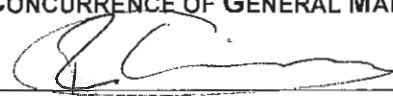
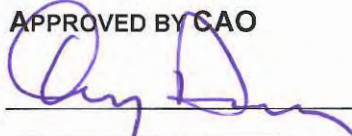
To: Public Works and Transportation Committee **Date:** December 21, 2016
From: John Irving, P.Eng. MPA **File:** 10-6340-20-
 Director, Engineering P.16207/Vol 01
Re: T.5651 - 2016 Paving Program (Lafarge Canada Inc.)
 Contract Extension and Change Order for 2017 Paving Program

Staff Recommendation

That Contract T.5651 – 2016 Paving Program with Lafarge Canada Inc. be extended to include the 2017 Paving Program, and that a Change Order be issued to increase the value of this Contract by \$2,700,000.



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REPORT CONCURRENCE		
ROUTED TO: Finance Department	CONCURRENCE <input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER 
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: DW	APPROVED BY CAO 

Staff Report

Origin

This report supports Council's 2014-2018 Term Goal #6 Quality Infrastructure Networks:

Continue diligence towards the development of infrastructure networks that are safe, sustainable, and address the challenges associated with aging systems, population growth, and environmental impact.

Background

The paving program is required to maintain the City's road network to current operating levels as well as reduce the need for costly repairs. As part of the Capital Budget process, Staff develop a prioritized list of locations which are included in the following year's Paving Program. The Contract for the annual Paving Program is based upon unit rates that are valid for one calendar year.

Analysis

As in past years, the 2016 Paving Program was tendered early in the year to realize favourable asphalt pricing. To maximize the benefit of these rates to the City, an extension clause was included in the Contract language that would allow the City and the Contractor, by mutual agreement to extend the contract through 2017.

The tender for the 2016 Paving Program was issued to the market in January 2016 and awarded to Lafarge Canada Inc. Through the remainder of the year, Lafarge successfully completed the list of locations included in the 2016 program, demonstrating their ability to meet the City's performance and delivery expectations.

Lafarge Canada Inc. has indicated that they are willing to extend the 2016 Contract rates into 2017.

The Paving Program unit prices are influenced by a number of factors including oil prices, labour costs, equipment costs, disposal costs, and increasing traffic control requirements. Since 2010, paving costs have increased by an average of 7% annually. Also, bids received in 2016 for paving work outside the scope of the paving program were higher than the paving program rates.

Lafarge Canada Inc. has also indicated that, as part of the proposed Change Order, Lafarge will provide sponsorship or services in kind to Richmond community events in 2017 at no additional cost to the City.

Based on the factors listed above, extending the 2016 Paving Program rates through 2017 presents the best value to the City.

The current value of the 2016 Contract T.5651 is \$2,625,608. The proposed Change Order for the 2017 Paving Program is \$2,700,000, giving a revised contract value of \$5,325,608.

Financial Impact

Funding for the 2017 Paving Program was approved by Council as part of the 2017 Capital Budget.

Table 1 – Estimated Cost for 2017 Paving Program

Approved Budget	
CR00042 – Annual Asphalt Re-Paving Program - MRN	\$1,081,000
CR00043 – Annual Asphalt Re-Paving Program – Non-MRN	\$3,200,000
Total Approved 2017 Budget	\$4,281,000
Estimated Costs	
• T.5651 Change Order – 2017 Paving Program	\$2,700,000
• Pavement Management Plan Updates	\$400,000
• Ancillary Work (curb and gutter repair, valve adjustments)	\$500,000
• Paving Co-ordinated with Utility Upgrades	\$600,000
Total Estimated Costs	\$4,200,000
Estimated Funds Remaining	\$81,000

Conclusion

Remaining pro-active with the annual paving program is necessary to maintain the current condition of Richmond's road network, and reduce the need for costly repairs in the future. Extending the 2016 Paving Program rates into 2017 presents good value to the City.



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