



Staff Report

Report To: Dan Best, Chief Administrative Officer
From: **Don Giberson, Environmental Services Director**
Date: March 19 2018
Report: ESD.18.09
Subject: Tender Results - 2018 Provision of Crushed Granular "M" for Road Maintenance

Recommendations:

That South Huron Council receive the report from Don Giberson, Environmental Services Director RE: Tender Results - 2018 Provision of Crushed Granular "M" for Road Maintenance AND;

That South Huron Council accept the tender received from Jennison Construction Ltd and award a contract for the supply Crushed Granular "M" at \$9.20 per tonne for a total cost of \$304,704.00 plus HST.

Purpose:

The purpose of this report is to notify Council of the results of the tender for the 2018 Provision of Crushed Granular "M" for Road Maintenance and to recommend award of a contract to the low bidder.

Background and Analysis:

The tender for 2018 Provision of Crushed Granular "M" for Road Maintenance was advertised on the Biddingo web site, in accordance with section 9(b) of the Procurement By-Law#33-2017. Biddingo is an on-line procurement service for public sector tenders, quotations and RFPs. The 2018 Provision of Crushed Granular "M" for Road Maintenance tender was posted on Biddingo on January 30, 2018.

Tenders closed on Wednesday, February 28, 2017 at 2:00pm and three (3) tenders were received by the Municipality. Tenders were opened by Deputy Mayor Dave Frayne, in the presence of Dan Best CAO, Angela Shipway, Financial Analyst; Don Giberson, ESD Director and several contractors. The following are the tender results:

	Contractor	Price (Excluding HST)	HST	Total Cost (Including HST)
1	Jennison Construction Ltd.	\$304,704.00	\$39,611.52	\$344,315.52
2	Clarence Carter & Sons Ltd	\$344,448.00	\$44,778.24	\$389,226.24
3	Joe Kerr Limited	\$347,760.00	\$45,208.80	\$392,968.80

The tender received from the low bidder, Jennison Construction Ltd. was checked and found to be complete and in conformance with the specifications.

Operational Considerations:

There were no alternatives considered.

South Huron's Strategic Plan:

Section 6.2.2 of the Municipality of South Huron 2015-2019 Strategic Plan identifies key objectives that are reflective of the collective perspectives of the strategic planning process.

The recommendations and actions outlined in this report are reflective of the following strategic objectives:

Administrative Efficiency and Fiscal Responsibility

This work was publicly tendered as early as possible in the fiscal year in order to achieve the best possible pricing. Procurement was conducted via Biddingo, a public sector on-line procurement service.

Increased Communications and Municipal Leadership

The tender notice was published in the local newspapers; on the municipal web site and on Biddingo to reach as many interested bidders as possible.

Transparent, Accountable and Collaborative Governance

The public tendering transparent process was for this work used in accordance with the procurement By-law 33-2017.

Dedicated Economic Development Effort

Having well maintained roads contributes to the wellbeing of our rural residents and is essential to attracting/retaining businesses, especially in the agricultural sector.

Financial Impact:

The costs associated with the 2018 Maintenance Gravel tender are included in the 2018 Transportation Services Operating Budget.

The amount within the Transportation Services Operating budget for unpaved road maintenance (gravel and dust control) is \$414,342. Of that amount \$336,342 was allocated for the supply and placement of maintenance gravel. In addition \$5,500 was budgeted for gravel in the Landfill operating Budget.

A financial analysis was carried out and the cost of this maintenance gravel tender, including non-recoverable HST, is within the approved budget amounts.

The following is a summary of the financial analysis:

FINANCIAL ANALYSIS SUMMARY	
	Total
Supply of 31,120 tonnes of gravel for Roads	\$286,304.00
Supply of 1,500 tonnes of provisional gravel	\$13,800.00
Supply of 500 tonnes of gravel for Landfill	<u>\$4,600.00</u>
Subtotal	\$304,704.00
13% HST	<u>\$39,611.52</u>
TOTAL	\$344,315.52
Cost prior to HST	\$304,704.00
Non-recoverable HST	<u>\$5,362.61</u>
TOTAL	\$310,066.61
Approved Budget for 2018 Maintenance Gravel	\$336,342.00
Approved Budget for 2018 Landfill Gravel	<u>\$5,500.00</u>
TOTAL	\$341,842.00
Net Difference Approved Budget vs Tender Cost	\$31,775.39

Historically there have been few bidders on the Maintenance Gravel tender. In order to give Council a more fulsome picture of pricing trends for maintenance gravel, an analysis was carried out on the historical costs as follows:

Historical Maintenance Gravel costs per tonne					
2013	2014	2015	2016	2017	2018
\$7.97	\$8.70	\$9.32	\$8.90	\$9.75	\$9.20

Legal Impact:

There are no legal implications for the Corporation resulting from the proposed recommendation.

Staffing Impact:

There are no staffing implications for the Corporation resulting from the proposed recommendation.

Policies/Legislation:

1. Approved Transportation Operating Budget
2. Minimum Maintenance Standards, under the Highway Traffic Act

Consultation:

The Roads Foreman was consulted as part of the tender review and preparation of this report.

Related Documents:

None

Respectfully submitted,



Don Giberson, Environmental Services Director