



Staff Report

Report To: Dan Best, Chief Administrative Officer

From: **Shane Timmermans, Manager of Transportation Services**

Date: February 7 2022

Report: TSD.22.01

Subject: Tender Results - 2022 Provision of Crushed Granular "M" for Road Maintenance

Recommendations:

That South Huron Council receive the report from Shane Timmermans, Manager of Transportation Services RE: Tender Results - 2022 Provision of Crushed Granular "M" for Road Maintenance and;

That South Huron Council accept the tender received from McKenzie and Henderson Ltd and award a contract for the supply Crushed Granular "M" at \$12.95 per tonne for a total cost of \$354,626.50 plus HST.

Purpose:

The purpose of this report is to notify Council of the results of the tender for the 2022 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 2022 Provision of Crushed Granular "M" for Road Maintenance was advertised on the Bids & Tenders on December 21, 2021.

Tenders closed on January 19, 2022 at 2:00pm and two (2) tenders were received by the Municipality. This was a fully digital tender and the tender opening was virtual via Zoom and was recorded for transparency. The tender

files were opened by, Maggie McBride, Financial Services Officer, as witnessed by Mayor George Finch and Shane Timmermans, Manager of Transportation Services

The following are the tender results:

	Contractor	Price (Excluding HST)	HST	Total Cost (Including HST)
1	McKenzie and Henderson Ltd	\$354,626.50	\$46,101.45	\$400,727.95
2	Lavis Contracting Co. Limited	\$393,096.00	\$51,102.48	\$444,198.48

Two (2) tenders received were checked and found to be complete and in conformance with the specifications. Subsequent to the digital tender opening, it was discovered that a hard copy tender from Clarence-Carter & Sons had been dropped off at the Municipal Office at 322 Main Street, Exeter. In accordance with Procurement By-law #09-2021, and as set out in Section 1.4 of the Tender Documents, this tender was automatically rejected as the Bidder failed to submit the tender through our on-line digital bidding service.

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
- ✓ Increased Communications and Municipal Leadership
- ✓ Transparent, Accountable and Collaborative Governance
- ✓ Dedicated Economic Development Effort

Financial Impact:

The costs associated with the 2022 Maintenance Gravel tender are included in the 2022 Transportation Services Operating Budget.

The amount within the Transportation Services Operating budget for unpaved road maintenance (gravel and dust control) is \$450,000. Of that amount \$372,000 was allocated for the supply and placement of

maintenance gravel. Please note that 3,700 tonnes of gravel in this tender are for shouldering work on the 2022 Capital Projects for resurfacing Union Line and Corbett Line. Accordingly, all costs associated with the shouldering gravel have been allocated to the applicable capital project. A financial analysis was carried out and the cost of the maintenance gravel submitted by the low bidder, 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 24,670 tonnes of gravel for Roads	\$319,476.50
Supply of 500 tonnes of gravel for Stephen Works Yard stockpile	\$6,475.00
Supply of 500 tonnes of gravel for Usborne Works Yard stockpile	\$6,475.00
Supply of 3,700 tonnes of gravel for shouldering	<u>\$22,200.00</u>
Subtotal	\$354,626.50
13% HST	<u>\$46,101.45</u>
TOTAL	\$400,727.95
Cost prior to HST	\$354,626.50
Non-recoverable HST	<u>\$6,241.43</u>
TOTAL	\$360,867.93
Approved Budget for 2022 Maintenance Gravel	\$372,000.00
Costs for shouldering gravel allocated to 2022 Capital Projects	<u>\$22,590.72</u>
Total	\$394,590.72
Net Difference Approved Budget vs Tender Cost	\$33,722.79

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

Historical Maintenance Gravel costs per tonne							
2015	2016	2017	2018	2019	2020	2021	2022
\$9.32	\$8.90	\$9.75	\$9.20	\$10.90	\$11.75	\$11.90	\$12.95

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.

Communication Actions:

Tender notice was posted on the Municipal Web Site and in the HUB. Unofficial tender results were posted on Bids&tenders. Contract award will be communicated to the public through the publishing of the Council Minutes.

Policies/Legislation:

1. Transportation Services approved Operating Budget
2. Transportation Services approved Capital Budget
3. Minimum Maintenance Standards, under the Highway Traffic Act
4. Procurement By-law #09-2021

Consultation:

The General Manager of Financial Services and Don Giberson, General Manager of Infrastructure and Development were consulted as part of the tender review and preparation of this report.

Related Documents:

Respectfully submitted,

Shane Timmermans, Manager of Transportation Services