



The Corporation of the Town of Tecumseh

Public Works & Environmental Services

To: Mayor and Members of Council
From: Kirby McArdle, Manager Roads & Fleet
Date to Council: July 23, 2019
Report Number: PWES-2019-41
Subject: Tar and Chip Tender Award 2019

Recommendations

It is recommended:

That the sole tender from Shepley Road Maintenance Ltd. in the amount of \$218,500 plus non-rebatable HST, for the 2019 Tar and Chip Tender, **be approved**;

And that the Mayor and Clerk **be authorized** to enter into a contract for the services with Shepley Road Maintenance Ltd.;

And further that, should the final costs of the 2019 Tar and Chip Program exceed the approved budgeted amount of \$200,000, the overage **be funded** from the Roads Lifecycle Reserve.

Background

At the December 11, 2018 Regular Meeting of Council, Council approved recommendations of Report No. PWES-2018-08 titled "2019-2023 Public Works & Environmental Services Five Year Capital Works Plan" that authorized Administration to proceed with the 2019 capital works projects including the 2019 Tar & Chip Program (Motion: RCM-361/18).

The Tar and Chip Program includes the tar and chip of the entire length of Snake Lane (approximately 2.9 km), as well as tar and chip repair work and crack sealing at various locations throughout the municipality. The budgeted cost for these works is \$200,000.

The Town's Purchasing By-law 2017-63 and accompanying Purchasing Policy require Town Council approval for contracts in certain circumstances, as is detailed in the Comments section of this report.

Comments

A tender call was advertised on the Town's website on May 31, 2019 along with direct notification to the Windsor Construction Association. One tender submission was received on June 13, 2019.

The Town of Tecumseh Purchasing Policy Section 4.5(b) & (c): Only One Bid Received, indicates that:

- b) "In the event that only one bid is received in response to a request for tender, the bid may be opened and evaluated in accordance with the Town's usual procedures when, in the opinion of the Department Director and Purchasing Officer, the bid should be considered by the Town. If, after evaluation by the Department Director and Purchasing Officer, the bid is found not to be acceptable, they may follow the procedures set out in Subsection 4.4 a) to d).
- c) In the event that the bid received is found acceptable, it will be awarded as an Irregular result under Schedule "A" of the Purchasing By-law."

With reference to the Town's Purchasing Policy section 4.5 (b), a decision was made to open the sole tender as, in the opinion of the Department Director, via delegation to Manager Roads and Fleet, it was not reasonably expected that additional tenders would be received if this project was re-tendered. The Town's experience over the past several years has shown that there are very few tar and chip contractors available to bid on this type of work. The Purchasing Officer concurred with the option to open the single tender.

Furthermore, Shepley Road Maintenance Ltd. has been awarded the Tar and Chip Tenders by the Town of Tecumseh over the past seven years – every year since 2012 – and the work was completed in a professional and timely manner.

Contractor	Tender (excluding HST)
Shepley Road Maintenance Ltd.	\$218,500

Administration reviewed the tender and found that it was acceptable, i.e. no mathematical errors, etc.

With reference to the Town's Purchasing Policy section 4.5 (c), Schedule "A" of the Purchasing By-law requires Town Council approval for "Irregular results" where the dollar value of the contract is greater than \$100,000.

Additionally, the Town’s Purchasing By-law, 2017-63, section 3.8 states, “Despite any other provision of this By-law, the following contracts are subject to Town Council approval:

- (iii) “where the cost amount proposed for acceptance is higher than the Town Council approved budget for that expenditure or where the expenditure would result in insufficient remaining funds in the project budget to complete the project as budgeted”.

The tender price is based on estimated quantities of material. There is an opportunity for cost containment with the crack sealing portion of this project.

Based on the limited number of contractors available to do this work, past good experience with the sole contractor who did bid on this project and the nature of this type of work with respect to estimated quantity of material and potential for some cost containment, Administration recommends that the sole tender from Shepley Road Maintenance Ltd. in the amount of \$218,500 plus non-rebatable HST, for the 2019 Tar and Chip Tender, be approved and that the Mayor and Clerk be authorized to enter into a contract for the services with Shepley Road Maintenance Ltd.

Consultations

Financial Services

Financial Implications

Council approved an allocation of \$200,000 for the Tar and Chip and Crack Sealing as recommended with Report No. PWES-2018-08. The tender as received is \$22,346 more than the approved allocation.

Item	Amount
Tar and Chip Tender Cost	\$218,500
Non-rebatable HST (1.76%)	\$3,846
Subtotal	\$222,346
Approved allocation per Report No. PWES-2018-08	\$200,000
Tar and Chip (Snake Lane, entire length and various repairs)	\$100,000
Crack Sealing (various locations)	\$100,000
Allocation deficit	\$22,346

It should be noted that the tender is based on estimated quantities. The final actual costs will be determined based on actual quantities required. Every attempt will be made to keep the expenditures close to the allocated amount of \$200,000.

Based on the above-noted, Administration recommends that the tender of \$218,500 plus non-rebatable HST as provided by Shepley Road Maintenance Ltd., be accepted and that should the final actual costs exceed the budgeted amount of \$200,000, the overage be funded from the Roads Lifecycle Reserve.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable

Website Social Media News Release Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Cheryl Curran, BES
Clerk I Administrative Clerk

Reviewed by:

Kirby McArdle, P.Eng.
Manager Roads & Fleet

Reviewed by:

Phil Bartnik, P.Eng.
Director Public Works & Environmental Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
None	None