



COUNCIL REPORT
Engineering / Public Works
For the February 25, 2020 Council Meeting

DATE: February 18, 2020
TO: Paul Gipps, CAO
FROM: Kyle Reese, Roads and Drainage Supervisor
RE: Road Maintenance Services 2020-2025 – Contract Award

RECOMMENDED MOTION:

THAT Council authorize the Mayor and Corporate Officer to execute an agreement with AEL, a Division of Emcon Services, to provide road maintenance services from May 1, 2020 through April 30, 2025 for the City of West Kelowna.

RATIONALE:

In accordance with the City of West Kelowna's Purchasing Policy a request for proposals (RFP) was issued to provide West Kelowna with road maintenance services for a five (5) year term with an option to extend for two additional one-year terms. This RFP was posted publicly through BC Bid and the City purchasing portal on November 28, 2019 and closed on January 23, 2020. In addition, City staff also contacted various road maintenance contractors throughout the province directly to notify them of this opportunity. Despite efforts to attract additional interest in this opportunity, AEL was the sole respondent. AEL is well qualified and established in West Kelowna, as they have successfully provided this service for the past eight years. This contractor has developed a depth of knowledge and experience in providing maintenance services specific to the West Kelowna's needs. AEL's proposal meets or exceeds all criteria in the request for proposals and is within the anticipated budget. Staff are recommending award of this contract.

BACKGROUND:

2019 Contract Review

Throughout 2019, City staff undertook a detailed review of the road maintenance policies, procedures, existing contract performance measures and the overall contract model.

This review resulted in a variety of changes and a new contract format that uses a maximum upset price model. In this model, the total budget is set by the City annually and broken out into the following:

- **Routine Services (lump sum)** - generally reactive type maintenance such as snow/ice control, pothole maintenance, road grading/dust control, debris removal etc.
- **Quantified Services (unit rate items)** – Planned annual list of maintenance activities for which quantities may change on a year to year basis based on operational needs.

- **Additional Services** – Other work initiated throughout the year by the City for quantified items that exceed the estimated amount, routine services exceeding the maintenance caps or for other unplanned road maintenance activities required throughout the course of a year.

The quantified items are reviewed and re-allocated ensuring maximum flexibility to adapt to the changing needs on a year-to-year basis. This differs from the current contract in that all items are currently based on a lump sum with no mechanism to re-direct the resources toward other work should operational needs change. This allows staff, at an operational level, to shift resources as required in response to changing conditions or unforeseen needs.

The proposal requested:

1. A lump sum price for the routine service. Price submitted = \$1,739,557.00
2. A price for an estimate of the year one quantified services. Price Submitted = \$88,407.15
3. These two items will form the basis for the contract award. **Total year 1 = \$ 1,827,965.15**

The balance of the upset price, \$97,034.85, remains available for staff to initiate extra work orders for additional services required throughout the year. Examples of these additional items could include additional applications for dust control on gravel roads in an extraordinarily dry year or additional pothole repair material in a year with more freeze/thaw cycles. AEL's submission indicates they will provide the services outlined within the total upset price limit. A more detailed breakdown is included in the Financial Impacts section of this report.

Revisions in 2020-2025 contract

The base level of services remains unchanged from what the City has received since 2012 and no reduction in service is expected with the new contract. There were minor adjustments made to the performance measures for winter maintenance and the new contract has allowed for the addition of various quantified items not included in the current contract.

The following are a few highlights of changes incorporated into the new contract:

- Caps on the number of snow/freezing events have been removed. The existing cap of 15 snow and 20 freezing events has been eliminated and the contractor now accepts the risk for all winter maintenance response and activities within their lump sum price.
- Replacement patching has been added for pothole repair work. Temporary patches still include the application of cold mix during winter months and the contractor is now required to replace temporary patches with hot asphalt patches during the summer months. The contractor's risk on this item is capped and any work over and above that cap would fall under additional services. The City will also continue to augment this service as has been done over the past several years.
- Road and shoulder gravelling has been added as a quantified service. The existing contract only requires re-shaping of the existing road but no addition of gravel was included. Many gravel roads are deteriorating as a result and this provides the opportunity to begin restoring these roads over the term of this contract.
- Roadside ditch cleaning has been added as a quantified service. This will allow for much needed ditch maintenance in many of the more rural areas of the community while City staff continue to focus efforts within the more urban areas.

COUNCIL REPORT/RESOLUTION HISTORY:

Date	Report Topic/Resolution	Resolution No.
April 16, 2019	Road Maintenance Policy & Contract Review (Info only)	n/a
June 25, 2019	Draft Road Maintenance Policies and Project Status Update (Info Only)	n/a
August 13, 2019	Road Maintenance Policy and Procedures update	C299/19

FINANCIAL IMPLICATIONS:

AEL's proposal will provide all services requested within the approved operating budget of \$1,925,000.00. A breakdown of 2020 costs are as follows:

Maximum upset price (total budget) \$ 1,925,000.00

Routine Services (lump sum)	\$ 1,739,557.00
Year one Quantified plan (unit rates)	<u>\$ 88,407.15</u>
Total contract price year 1	\$ 1,827,965.15

Additional services budget \$ 97,034.85*

**this is used to fund items at an operational level considered as "extra work" throughout the year*

As with the current contract, an annual fee adjustment is calculated by the City that takes into account changes to maintenance services (i.e. quantified plan), Insurance premiums as well as Stats Canada indices on labour, fuel and residual costs.

ALTERNATE MOTIONS(S):

THAT Council direct staff to cancel the Request for Proposals for Road Maintenance Services for the City of West Kelowna.

This would require further direction from Council on how to proceed in delivering this core service.

REVIEWED AND APPROVED BY:

Kyle Reece, Roads and Drainage Supervisor
Chris Anderson, Public Works Manager
Allen Fillion, Director of Engineering & PW
Warren Everton, Director of Finance/CFO
Tracey Batten, Deputy CAO/Corporate Officer
Paul Gipps, CAO

PowerPoint: Yes ☐ No ☒