



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: August 25, 2005
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Meeting Date: September 13, 2005

TO: Vancouver City Council

FROM: General Manager of Engineering Services
Manager of Materials Management

SUBJECT: Award of Tender PS05027 Supply and Delivery of Mineral Aggregates

RECOMMENDATION

- A. *THAT, subject to the conditions set out in Recommendations B, C and D, Council authorize the General Manager of Engineering Services and the Manager of Materials Management to enter into agreements with Lafarge Canada Inc. and Mainland Sand and Gravel Ltd. for the supply and delivery of mineral aggregates for a period of three (3) years at an estimated cost of \$8,169,150.00 plus GST (less any municipal rebate received) and PST (where applicable) with subsequent renewal options for two (2) additional one (1) year extensions.*
- B. *THAT the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement Recommendation A.*
- C. *THAT all such legal documents be on terms and conditions satisfactory to the General Manager of Engineering Services, the Manager of Materials Management and the Director of Legal Services.*
- D. *THAT no legal rights or obligations will be created by Council's adoption of Recommendations A, B and C above unless and until such legal documents are executed and delivered by the Director of Legal Services.*

COUNCIL POLICY

The Policy of Council is to award contracts for the purchase of equipment, supplies and services that will give the highest value based on quality, service and price.

Contracts with a value over \$300,000 are referred to Council for award.

DISCUSSION

Mineral aggregates are used for Waterworks, Sewers and Streets capital and maintenance work. Aggregates are also required by the City's asphalt plant and precast concrete plant for the production of asphalt and precast concrete products.

Tenders for the above were opened on April 27, 2005 and referred to the General Manager of Engineering Services and the Manager of Materials Management for report.

The tender called for the supply of mineral aggregates on an as needed basis for a three (3) year period with the option to renew for two (2) additional one (1) year periods and includes a review of pricing at the end of every year. All items will require transportation by barge to the Kent Avenue facility with the exception of Item 11 (precast concrete plant combined aggregate). This item is a small volume and requires transportation by truck to the City's precast concrete plant presently situated at Cambie Yard. When the new precast concrete plant is built at Kent Yard, this item will be supplied from aggregates in the Yard.

Fifteen items were listed in the tender. Item numbers referred to in this report and the tender refer to the City's mineral aggregate specification list.

The tender is divided into two options. Option "A" is for the Contractor to be responsible for both the supply and delivery of the aggregate. Option "B" provides an opportunity for aggregate producers and transportation companies to provide pricing on aggregates and marine delivery separately. Option "B" is offered to determine if the City could achieve savings by amalgamating all of our transportation needs with one marine transportation supplier.

Four firms submitted bids on aggregates and transportation. No bids were received on transportation only.

Bids received through this tender showed escalating prices for all items required by the City. The average price increase since 2004 is 10%. Since the start of the last contract in 2000 the average increase is 21%. The price increase is based on the rise in cost of manufacturing, market demand for mineral aggregates and the increase in fuel costs for transportation. In an attempt to realize savings, a Post-bid addendum was issued to participating bidders requesting pricing for MMCD (Master Municipal Construction Documents) specifications or products similar to the specifications detailed in tender PS05027 for five (5) high volume items. The Post tender addendum was opened on June 1, 2005. Four (4) bidders responded. Alternate products for item 15 (clear crushed aggregate) and item 21 (asphalt blend aggregate) were presented and were subsequently tested for use by the City. The alternate product for item 21 (asphalt blend aggregate)

meets specifications and was chosen from the post tender addendum. This provides a cost saving of \$52,500 over the duration of the three (3) year contract. In choosing the alternate product for item 21 (asphalt blend aggregate), it changed the supplier from the tender's original low bid for this item from Mainland Sand & Gravel Ltd. and awarded it to LaFarge Canada Inc.

The tender states that one of either items 1 (asphalt sand) or 2 (manufactured sand) and items 20 (asphalt crushed aggregate) or 21 (asphalt blend aggregate) are to be awarded but not both, as they can be used interchangeably and are awarded based on best value. There were no bids for Item 2 (manufactured sand). Item 21 (asphalt blend aggregate) is a combination of Item 20 (asphalt crushed aggregate) and Item 14 (asphalt crushed fine aggregate). Item 21 (asphalt blend aggregate) proved to be best value therefore Items 20 (asphalt crushed aggregate) and item 14 (asphalt crushed fine aggregate) are not required. Item 10 (exposed aggregate stone) samples from the bidders did not meet specifications; therefore a new aggregate item will be specified to meet the needs of the precast concrete plant and a price quotation will follow. This new item is a low dollar value (approximately \$1,500) and can be approved by the Manager of Materials Management. Eleven Items are awarded between two suppliers as described below.

FINANCIAL IMPLICATIONS

Accordingly, we are recommending the acceptance of the following bids for the supply and delivery of mineral aggregates:

<u>DETAIL</u>	<u>SUPPLIER</u>	<u>ESTIMATED COST FOR 3 YEAR CONTRACT</u>
Items 1, 4, 7, 11, 17 and 21 (alternate)	Lafarge Canada Inc.	\$5,080,800.
Items 3, 5, 9, 13 and 15	Mainland Sand & Gravel Ltd.	\$3,088,350.

The overall estimated cost for the supply and delivery of mineral aggregates has shown an average 10% increase since 2004. The increase is due to the rise in cost of manufacturing, market demand and increased fuel costs for transportation.

ENVIRONMENTAL IMPLICATIONS

All aggregate items are delivered by barge to Kent Yard (except for item 11 (precast concrete plant combined aggregate)). Kent Yard is a central location for crews to pick up aggregates rather than driving further distances to private depots to pick up aggregates. The central location reduces the number of trucking trips on major roads and highways outside City boundaries.

CONCLUSION

The recommendation to authorize contracts with Lafarge Canada Inc. for items 1, 4, 7, 11, 17 and 21 and Mainland Sand & Gravel Ltd for items 3, 5, 9, 13 and 15 for the supply and delivery of mineral aggregates is deemed to provide best value for the City over the term of the contracts.

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