



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: October 23, 2006  
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Meeting Date: November 14, 2006

TO: Vancouver City Council

FROM: General Manager, Engineering Services  
Manager, Materials Management

SUBJECT: Award for Expression of Interest PS06064 - Supply and Delivery of Asphalts  
- Liquid and Paving.

#### RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendations B, C and D, Council authorize the General Manager, Engineering Services and the Manager, Materials Management to enter into an agreement with Imperial Oil for the supply and delivery of liquid asphalts for a period of three (3) years at an estimated total cost of \$6,136,200.00 plus GST (less any municipal rebate received) and PST (where applicable) with subsequent renewal options for two (2) additional one (1) year periods.
- 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, Engineering Services, the Manager, Materials Management and the Director of Legal Services.
- D. THAT, no legal rights or obligations will be created by Council's adoption of Recommendation 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 result in the best value based on quality, service, price and other relevant criteria.

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

## **BACKGROUND**

The City of Vancouver operates its own asphalt plant at Kent Yard and typically produces approximately 100,000 tonnes of hot mix asphalt annually. The City paves all its residential and arterial/major roads with Superpave asphalt mix which can be comprised of either liquid asphalt grades PG 58-22 or PG 64-22. For maintenance and repair work of existing pavement surfaces, cutback asphalt - MC250 is used by City crews.

Superpave produces a high quality asphalt surface that is long lasting and has superior rutting resistance. Superpave's main production components are:

- Blended mineral aggregates
- Liquid asphalt (PG 58-22 or PG 64-22)

The performance grade (PG) liquid asphalt used in Superpave production is determined by the requirements and the budget for each paving project. The City, at its own discretion, will select the PG grade liquid asphalt (PG 58-22 or PG 64-22) that is best suited for the project.

## **DISCUSSION**

On June 2, 2006 the City issued an Expression of Interest (EOI PS06064) for the Supply and Delivery of Asphalts - Liquid and Paving, to assess the market on the price and availability of asphalts. In addition to notifying incumbent suppliers to the City and other well known vendors, the EOI was placed on the City's and BC Purchasing Commission's website.

Three (3) Responses were received and opened on June 30, 2006 and referred to the General Manager, Engineering Services and the Manager, Materials Management for evaluation and report. The three (3) Responses were evaluated by a four (4) person evaluation team. The EOI's were evaluated individually by team members and a composite score was assigned to each Response based on team member scores. The evaluation team evaluated the responses on the following criteria: respondent's qualifications, product information, specifications, service requirements and environmental requirements. Pricing was then combined with the team composite score to provide an overall rating, (see Table 1).

Table 1:

Product		Bid 1	Bid 2	Bid 3
PG 58-22	Total Score:	71.53	-----	71.36
PG 64-22	Total Score:	-----	66.46	71.67
MC250	Total Score:	-----	-----	71.67

The evaluation process concluded that for PG 64-22 and MC250, Bid #3 received the highest score and is the lowest total cost overall. For PG 58-22, Bid #1 was higher in scoring with an overall difference of 0.17 marks over Bid #3. The overall price difference on a per annum basis for PG 58-22 between Bid #1 and Bid #3 is approximately \$16,000 in favour of Bid #1, which represents less than 1% of the annual cost for this product.

Issuing a single contract to one contractor for all of the City's asphalt requirements will provide Engineering with a single point of contact, the consolidation and reduction of administrative costs and provide contract management efficiencies. As Bid #3 is capable of supplying all three required products, issuing a formal Request for Proposal will not result in any further value added to the process or to the City.

#### FINANCIAL IMPLICATIONS

Accordingly, we are recommending the acceptance of the following bid for the supply and delivery of asphalts - liquid and paving:

Details	Supplier	Est. Annual Quantities	Unit Price	Est. Annual Cost	Est. Contract Total
PG 58-22 & PG 64 -22	Imperial Oil	**4000 tonnes	\$446.20	\$1,784,800	\$5,354,400
MC250	Imperial Oil	500 tonnes	\$521.20	\$260,600	\$781,800

\*\* The combined estimated quantity on an annual basis for PG 58-22 and PG 64-22 is 4000 tonnes.

Funding for the contract is from a user fee, charged to Streets, Water and Sewers when they purchase hot mix asphalt from the City's Asphalt plant. The 2007 annual cost for supply and delivery of asphalts is estimated at \$2,045,400 with funding to be provided from the 2007 Operating and Capital budgets for Streets, Water and Sewers.

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**CONCLUSION**

Council approval is sought to authorize staff to enter into a contract with Imperial Oil for PG 58-22, PG 64-22 and MC250 for the supply and delivery of liquid asphalts for a period of 3 years at an estimated total cost of \$6,136,200.

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