



ADMINISTRATIVE REPORT

Report Date: April 14, 2014
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VanRIMS No.: 08-2000-20
Meeting Date: May 14, 2014

TO: Standing Committee on City Finance and Services

FROM: General Manager of Engineering Services, General Manager of Financial Services and Chief Purchasing Official

SUBJECT: Contract Award for the Supply of Liquid Asphalts for Paving

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate, to the satisfaction of the City's General Manager of Engineering Services, Director of Legal Services, and Chief Purchasing Official, and enter into a contract with McAsphalt Industries Limited for the supply and delivery of liquid asphalts for paving for a term of three (3) years (and with an option to extend for two (2) one (1) year periods) with an estimated value of \$7.01 million plus applicable taxes over the initial three (3) year term with funding to be provided from approved operating and capital budgets;
- B. FURTHER THAT the Director of Legal Services be authorized to execute on behalf of the City the contract contemplated by Recommendation A;
- C. AND FURTHER THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the Director of Legal Services.

REPORT SUMMARY

The City issued a Request for Proposal (RFP-PS20130821) in November 2013 for the supply and delivery of liquid asphalts for paving (the "RFP") as required for its asphalt plant located at Kent Yard. The RFP was advertised on the City of Vancouver's website and BC Bid. The RFP for the work was called in accordance with the terms and conditions of the Procurement Policy. City staff on the RFP evaluation committee, and subsequently the Bid Committee, have considered the proposals received and on that basis, recommend that the City negotiate and, if such negotiations are successful, enter into a contract as described above with McAsphalt Industries Limited.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy requires that contracts with values over \$2 million must be approved by Council following review and recommendation by the Bid Committee. The Bid Committee has considered and approved McAsphalt Industries Limited as the successful proponent.

REPORT

Background/Context

The City of Vancouver sought proponents who are able to supply and deliver liquid asphalt for paving to its asphalt plant at Kent Yard which annually produces approximately 80,000 tonnes of asphalt.

Liquid asphalts must meet or exceed the requirements of the latest edition(s) of the American Society for Testing Materials (ASTM); American Association of State Highway and Transportation Officials (AASHTO) and Canadian General Standards Board (CGSB).

The City paves and repairs all its residential and arterial/major roads with a Superpave - a high quality asphalt surface which provides a long lasting and rut resistant pavement - which is created by mixing Performance Grade (PG) liquid asphalt and new aggregates or Recycled Aggregate Product (RAP - produced by crushing existing roads).

All liquid asphalts are received, stored and inventoried at the Kent Yard site and metered into asphalt production on an as-needed basis, based on the design of the asphalt required to meet specific paving requirements. Based on the application and the amount of RAP, the City will select the best suited performance grade liquid asphalt to meet project outcomes - either PG 58-22 or PG 64-22.

Strategic Analysis

Submissions from four (4) proponents were received by the City. The proposals were evaluated by an evaluation team comprised of representatives from various departments within the City and under the stewardship of Supply Chain Management to ascertain which offered the best overall value to the City. In determining which proposal offered the best overall value to the City, the evaluation team examined, among other factors:

- Financial offering;
- Product related requirements;
- Demonstrated service levels in areas such as operations and logistics.
- Value added requirements including continuous quality improvements, customer service and response and the ability to work with Kent Yard's operational team.
- Demonstrated capability to adhere to the City's values and other requirements, including environmental excellence, sustainability leadership and innovation.

Based on the overall evaluation, the team concluded that the proposal submitted by McAsphalt Industries Limited best met the City's requirements and provided best overall value to the City.

Financial

Finance has reviewed the financial information. The contract is on an as/if/when needed basis and finance has confirmed that funding for the contract is and will be available through the approved Capital and Operations budgets recovered through Engineering Branches. As a result of the RFP process, based on historical usage and the proposed asphalt pricing, the City was able to achieve a forecasted savings of approximately \$650,000 over the initial three (3) year term.

CONCLUSION

In summary, City staff recommend that the City of Vancouver negotiate and enter into a three-year contract, with the option to extend for two additional one-year terms, with McAsphalt Industries Limited for the supply and delivery of liquid asphalts for paving as McAsphalt Industries Limited offers the best overall value to the City.

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