



## ADMINISTRATIVE REPORT

Report Date: October 3, 2019  
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Meeting Date: October 23, 2019

TO: Standing Committee on Policy and Strategic Priorities  
FROM: General Manager of Engineering Services and Chief Procurement Officer  
SUBJECT: Contract Award for Supply and Delivery 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, the City's Director of Legal Services, and the City's Chief Procurement Officer and enter into a contract with McAsphalt Industries Ltd. for the supply and delivery of liquid asphalts for paving, for an initial term of three (3) years, with the City's option to extend for two (2) additional one (1) year terms, with an estimated contract value of \$6.3 million plus applicable taxes over the initial 3-year term. Funding is available from the 2019 Engineering Operating and Capital Approved Budgets. The 2020 and beyond expenditures for this contract are subject to the Council approval of the 2020 Multi-Year Capital Budget and the Annual Operating Budget.
- B. THAT the Director of Legal Services, Chief Procurement Officer and General Manager of Engineering Services be authorized to execute on behalf of the City the contract contemplated by Recommendation A.
- C. 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 authorized signatories of the City as set out in these recommendations.

### **REPORT SUMMARY**

The City issued a Request for Proposal ("RFP"), PS20190496 on June 27, 2019 for the supply and delivery of liquid asphalts for paving. The RFP was advertised on the City of Vancouver website and BC Bid, and the work was called in accordance with the terms and condition of the City's Procurement Policy ADMIN-008. City staff on the RFP evaluation committee and, subsequently, Bid Committee have considered the responses

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 Ltd.

### **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

The City's Procurement Policy ADMIN-008 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered and recommended McAsphalt Industries Ltd. as the successful proponent.

### **REPORT**

#### **Background/Context**

The City's Department of Engineering Services operates its own asphalt plant at Kent Materials Branch (Kent Yard) and typically produces approximately 80,000 to 100,000 tonnes of asphalt annually. To meet these production requirements the City issued an RFP to seek a proponent who is able to supply and deliver liquid asphalts and meet the City's operational and budgetary requirements.

These liquid asphalts, also referred to as Performance Grade (PG) asphalt binders, are used to produce standard Superpave asphalt pavements, or high quality asphalt surface, which provide a long lasting and rut resistant pavement. It also allows for high recycling components and warm-mix applications, while achieving high quality industry standards. Based on projected requirements and the amount of recycled asphalt components and warm-mix applications, the City will select the Performance Grade asphalt (PG 58-22, or PG 64-22), best suited to meet project outcomes.

The current contract will expire on December 31, 2019. The purpose of the RFP was to identify a supplier with demonstrated capability to meet the City's volume and specification requirements over the term of the contract while providing competitive pricing and satisfactory service.

#### **Strategic Analysis**

The RFP was issued in the accordance with City's Procurement Policy ADMIN-008. The City received responses from the following proponents:

PROPONENT	
McAsphalt Industries Ltd. (McAsphalt)	Compliant Bid
Black Armour Asphalts Products Inc. (Black Armour)	Non-Complaint Bid – Late Submission

The responses were evaluated through the work of an evaluation team comprised of representatives from Engineering Services – Kent Materials Branch under the stewardship of Supply Chain Management to ascertain if the responses offered good overall value to the City, both quantitative and qualitative factors were evaluated.

Some of the Criteria considered in the overall evaluation process included:

- Product and performance specifications; ability to meet operational and logistical requirements, quality and ability to reduce backorders;
- Customer service process and capabilities including service and support, account management and reporting;
- Environmental leadership including product offering that contains Recycled Asphalt Products known as “RAP”; an environmental management system that conforms to ISO 14001 standard;
- Market competitive pricing.

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

### ***Sustainability***

McAsphalt Industries Ltd. has demonstrated responsible practices throughout its organization to minimize the environmental impact including compliance with the City’s Supplier Code of Conduct.

- Kent Yard also expects to meet the City’s initiatives to increase the use of Recycled Asphalt Product (RAP) and to transition from producing standard hot-mix asphalt to producing warm-mix asphalt with high RAP content.
- RAP is now routinely accepted in asphalt paving mixtures as an aggregate substitute and as a portion of the binder. Recently developed technology has made it possible to recycle above 35% RAP in Superpave asphalt pavements, or specified hot-mix and warm-mix asphalt pavements.

These sustainability contributions result in lower embodied energy products being used in Engineering applications.

### ***Financial Implications***

Finance has reviewed and confirmed that funding is available from the 2019 Engineering Operating and Capital Approved Budgets. The 2020 and beyond expenditures for this contract are subject to the Council approval of the 2020 Multi-Year Capital Budget and the Annual Operating Budget. As a result of the RFP, the City is able to achieve cost certainty for the proposed three (3) year term.

### ***Legal***

The City’s Procurement Policy requires that all contracts that have been awarded by Bid Committee and Council will be signed by the Director of Legal Services.

**CONCLUSION**

In summary, City staff recommends that the City of Vancouver negotiate and enter into a three (3) year contract, with the City's option to extend the contract for an additional two (2) one (1) year terms, with McAsphalt Industries Ltd., for the supply and delivery of liquid asphalts.

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