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TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 28, 2014
FROM:	JOHN BRAAM, P. ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	TENDER No. 14-28 GORE ROAD BRIDGE REPLACEMENT

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the Gore Road Bridge Replacement Tender (TS1214, EW3765-14, ES2414-14, and PD2135-14):

- (a) the Tender 14-28 **BE WITHDRAWN** from the 2014 capital program in accordance with Section 19.3 (a), (b) and (e) of the Procurement of Goods and Services Policy, it being noted that the submitted bids exceed the project budget;
- (b) the Civic Administration **BE DIRECTED** to undertake a value engineering review of the project design and scope;
- (c) the project budget **BE ADJUSTED** as necessary during the 2015 Capital budget process; and,
- (d) a revised competitive bid **BE ISSUED** for construction of the project in 2015.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Civic Works Committee – July 17, 2012 – Appointment of Consulting Engineers, Meadowlily Bridge (4-FB-02) Rehabilitation, Schedule ‘B’ Environmental Assessment & Detailed Design and Gore Road Bridge (4-BR-15) Replacement, Schedule ‘B’ Environmental Assessment
- Civic Works Committee – July 22, 2013 – Gore Road Bridge Replacement, Environmental Assessment
- Civic Works Committee – August 19, 2013 – Gore Road Bridge Replacement, Detailed Design & Tendering, Appointment of Consulting Engineer

BACKGROUND

Purpose

This report recommends the withdrawal of the Gore Road Bridge Replacement tender from the 2014 Capital program due to higher than expected tender bids and a shortfall in project funding.

The report also recommends a detailed review of the project with subsequent re-scoping and rebudgeting as necessary for construction in 2015 to ensure value in project delivery.

DISCUSSION

The Gore Road Bridge (4-BR-15) was originally constructed in 1940, and it is a simple span ‘T’ girder structure which crosses Pottersburg Creek. Two lanes of traffic and a pedestrian sidewalk are supported by the 74 year old structure. The Gore Road Bridge serves as a connection for pedestrian and vehicle traffic over Pottersburg Creek.

Project Description

Recent structural Inspections identified progressive deterioration of the structure. The environmental assessment, completed in 2012 and 2013 identified structure replacement as the preferred option. During the environmental assessment and design, numerous components were added to the bridge replacement scope including:

- additional structure width for future bicycle lanes
- additional structure length for extension of the Kiwanis Park Pathway under the bridge
- retaining walls for the pathway
- replacement of existing watermain
- upgrades to storm sewer drainage west of the bridge
- addition of storm sewer drainage east of the bridge
- asbestos cement trunk sanitary sewer replacement with bypass pumping
- new curb, gutter and sidewalk
- reprofiling and reconstruction of the Gore Road approaches
- associated sediment & erosion control measures and flow maintenance measures within the Pottersburg Creek
- installation of a temporary pedestrian bridge over Pottersburg Creek during construction

These various components all have a cost associated with them which in part has led to higher overall project costs.

Tender Summary

Tenders for the Gore Road Bridge Replacement Project were opened on Wednesday April 2, 2014. Four (4) contractors submitted tenders prices as listed below (excluding H.S.T.).

CONTRACTOR		TENDER PRICE SUBMITTED (\$)	CORRECTED TENDER PRICE (\$)
1.	Bre-Ex Construction Inc.	\$4,447,209.41	4,452,409.41
2.	McLean Taylor Construction Limited	\$4,628,445.62	4,628,449.62
3.	McKay-Cocker Construction Limited	\$5,005,130.70	
4.	J-AAR Excavating Limited	\$5,107,205.80	

All tenders have been checked by the Environmental and Engineering Services Department and Dillon Consulting Limited. The review confirmed that the tenders submitted by Bre-Ex Construction Inc. and McLean Taylor Construction Limited contained calculation errors resulting in a revised Total Contract Price as noted above. All other tenders submitted were free from errors.

All submitted tenders exceeded the capital budget. After deducting costs for ancillary works funded by Parks, Water and Wastewater accounts, it was determined that the cost attributable to the bridge replacement is \$3,534,835.21. Construction funds available in the Gore Road Bridge Replacement Account TS1214 are inadequate. When related necessary engineering costs are included, the shortfall in TS1214 is \$482,538.77, or approximately 15% of the project budget.

Water Division has also advised that the water contribution toward this tender is higher than expected and may impact water program delivery. Deferral of this project to 2015 will avoid potential deferral of other planned water works and enable additional water funding to be allocated through the budget process.

Policy

The Procurement of Goods and Services Policy, Section 19.3 states:

- (a) Where bids are received that exceed budget, are not responsive to the requirement, or

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do not represent fair market values, a revised competitive bid shall be issued in an effort to obtain an acceptable bid unless Section 19.3. (b) applies.

- (b) The Managing Director and the Manager of Purchasing and Supply jointly may waive the need for a revised competitive bid and enter into negotiations with the lowest responsive bidder, or the highest responsive bidder for a revenue-generating bid selection emanating from a competitive bid, under the following circumstances:
 - i the total cost of the lowest responsive bid is in excess of the funds appropriated by City Council for the project or the highest responsive bid revenue is less than that made in appropriate accounts in City Council approved divisional estimates; and,
 - ii the Managing Director and the Manager of Purchasing and Supply agree that the changes required to achieve an acceptable bid will not change the general nature of the requirement described in the competitive bid.

- (e) The City reserves the right in its absolute and sole discretion to cease negotiations and reject any offer.

Analysis

Due to a wide array of factors, many unique components were added to the project scope during the course of the design, thus increasing the cost. Even considering the expanded project scope, the submitted tender costs were higher than anticipated and exceed the project budget. Therefore, City staff recommend that this contract not be awarded in accordance with the Procurement of Goods and Service Policy. .

This project is complex and the design process incorporated numerous items that were not originally envisioned in the initial structure replacement scope. Considering the complex design process combined with the unexpected outcomes of the tender, administration proposes to undertake a value engineering exercise to scrutinize the project. Value engineering is a design review process that brings “a fresh set of eyes” to a project with the goal of providing the necessary project function at maximum value. Value engineering will focus on the original goals of a project and looks to improve the design and constructibility, and ensures all design items provide value. As the submitted tender costs were higher than anticipated, the value engineering exercise will assess risks with the contract as currently structured.

Subject to the outcomes of the value engineering exercise, the project design will be improved and adjustments to the budget will be made if necessary to allow for this work to be completed in 2015. This project will be re-tendered for construction in 2015 when adequate funds are in place. A tender earlier in the 2015 season may allow the City to realize some cost savings by reducing construction schedule risk.

A community public meeting was held on March 6, 2014 to advise the area residents of the proposed work. A follow-up letter will be sent to all, advising them that this work is being postponed until 2015 due to budgetary issues.

CONCLUSION

City staff recommend that this contract not be awarded because it requires an expenditure in excess of the approved funds for this project. Considering the complexity of the project, staff propose to analyse the project scope to ensure maximum value and make cost-saving changes as identified.

While the work is needed due to structural deterioration, the structure is stable and can continue to function for another year. A delay in the bridge replacement will not put public safety at risk.

Scrutinizing project scope, re-allocating funds in the 2015 budget, and re-tendering is the prudent, fiscally responsible course of action for this project.

Acknowledgements

This report was prepared with assistance from Jane Fullick, C.E.T., Technologist II, and Karl Grabowski, P. Eng., Transportation Design Engineer, both of the Transportation Planning and

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Design Division, with input from John Freeman, Manager Purchasing & Supply.

PREPARED BY:	REVIEWED & CONCURRED BY:
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KPG/jef

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