

THE REGIONAL MUNICIPALITY OF YORK

**REPORT NO. 2
OF THE GENERAL MANAGER, ROADS**

**For Consideration by
The Council of The Regional Municipality of York
on December 13, 2007**

**1
RAVENSHOE ROAD – CONTRACT AWARD
PROUT ROAD TO WEIR’S SIDEROAD, TOWN OF GEORGINA**

1. RECOMMENDATION

It is recommended that Regional Council authorize the award of Contract 07-108 for the reconstruction of Ravenshoe Road (Y.R. 32) from Prout Road to Weir’s Sideroad (Y.R. 81) in the Town of Georgina to K.J. Beamish Construction Company Limited in the amount of \$12,108,154.

2. PURPOSE

This report addresses a project budget shortfall and seeks endorsement from Regional Council to reallocate funds and award Contract 07-108 for the reconstruction of Ravenshoe Road from Prout Road to Weir’s Sideroad to K. J. Beamish Construction Company Limited (K. J. Beamish).

3. BACKGROUND

Ravenshoe Road is a two-lane rural road with narrow lanes and little to no shoulders. Ravenshoe Road was a gravel road until it was surface treated by the Region in 1998. The Class Environmental Assessment study, completed in 2002, recommended that Ravenshoe Road be improved to comply with Regional standards with two 3.5m lanes and standard shoulders. The existing timber Zephyr Creek Bridge, built in 1952, has a ten tonne load limit and has also to be replaced. Traffic volume along this section of Ravenshoe Road is approximately an Average Annual Daily Traffic (AADT) of 2300.

The condition of Ravenshoe Road within the project limits has deteriorated. Operations staff had been carrying out minor road repairs by patching small sections and there was a requirement to undertake major interim road maintenance work this year in order to safely keep the road open to traffic. In an effort to minimize throwaway maintenance costs and disruption to local residents, the timing for the tender was advanced from mid 2008 to late 2007.

In June 2007, Regional Council approved the temporary closure of Ravenshoe Road for construction activities through By-Law No R-1462-2007-056. Ravenshoe Road was closed on September 24, 2007 for utility relocations and a detour route has been established along Old Shiloh Road. Hydro relocations are now complete and Bell relocations are at an advanced stage. All property has been acquired except for two properties for which agreements are in place and the Region will take possession of on December 30, 2007.

The tender for Contract 07-108 for the reconstruction of Ravenshoe Road closed on November 13, 2007 and the lowest and responsive bidder was K.J. Beamish at the price of \$12,108,154. excluding GST. The \$8.9M allocated in the current project budget for construction is insufficient to complete this project.

4. ANALYSIS AND OPTIONS

The project budget was prepared in early 2007 and \$8.9M (\$3.0M in 2007 and \$5.9M in 2008) was allocated for construction. In June 2007, Regional Council approved additional design fees for Delcan Corporation to finalize the detailed design and prepare tender documents. On completing the design at the end of September, 2007, Delcan Corporation revised the construction estimate to \$10.5M. The project was tendered in anticipation that the difference between the revised construction cost estimate and the project budget could be reallocated from available funds in the 2007 Roads Capital Budget.

The contract is structured as a completion date contract with several interim milestones and associated liquidated damages in the event that the Contractor does not meet the interim completion dates. The Zephyr Creek bridge removal and replacement work is

proposed to take place during the winter months of 2008 in order to meet permit obligations that have been approved by the regulatory agencies.

The difference in the lowest tender price and the construction cost estimate may reflect various constraints in the contract such as aggressive schedule, interim completion dates and associated liquidated damages, environmental sensitivities, permit timing constraints, winter construction and circuitous haul routes from quarries in the northeast. One item in particular was for placement of a large quantity of material that is not a common item on our road construction projects and was underestimated by \$1.2M.

The lowest responsive bidder was K. J. Beamish at a cost of \$12.1M. A total of nine tenders were received. The second and third lowest tenders were \$12.2M and \$12.4M respectively and are within 2.6% of the lowest tender. The close proximity of the three lowest bids on such a large tender indicates that the contract terms were clear and the tenders are competitive. Generally in the industry, close pricing represents good value for the owner. The bid by K. J. Beamish is competitive, compliant and deemed to be fair and reasonable.

5. FINANCIAL IMPLICATIONS

This project is funded through 10% development charges and 90% tax levy.

The lowest tender price for the contract is \$12.1M while the current project budget for Ravenshoe Road is \$8.9M. It is anticipated that of the \$3.2M shortfall (\$12.1M minus \$8.9M), \$1.4M will be required in 2008 and \$1.8M in 2009. The \$1.4M required in 2008 is proposed to be reallocated in the 2008 Capital Program from surplus funds identified from 2007 resurfacing projects which came in under budget. It is recommended that the \$1.8M expenditure required in 2009 be allocated in the 2009 budget cycle.

6. LOCAL MUNICIPAL IMPACT

Ravenshoe Road will remain closed for the duration of construction and through traffic will be detoured via Old Shiloh Road. Local access for residents is being maintained. Garbage, recyclables and organic waste will be picked up by the Contractor, during construction.

Ravenshoe Road is an integral part of the Region's transportation network and the residents of Georgina and motorists on Ravenshoe Road will benefit from the enhanced safety and level of service when this project is complete.

7. CONCLUSION

It is recommended that Council authorize the reallocation of funds and award the contract to the lowest responsive bidder, K. J. Beamish for \$12.1M because it is competitive, compliant and deemed by staff to be fair and reasonable.

For more information on this report contact Dino Basso, Director, Capital Delivery, Roads Branch at extension 5902 in the Transportation and Works Department.

The Senior Management Group has reviewed this report.

Respectfully submitted,

**December 5, 2007
Newmarket, Ontario**

**P. Jankowski
General Manager,
Roads**

(Report No. 2 of the General Manager, Roads was adopted, without amendment by Regional Council at its meeting on December 13, 2007.)