



REQUEST FOR DECISION

File # 1220-20

Report To: **Mayor and Council**
From: **Deputy Chief Administrative Officer**
Presenter: **Jim Stewart**
Subject: **Administration Report No. 0018/24**
Tender Award - 100th Street Corridor Redevelopment Phase 5
Meeting: **Regular Council**
Meeting Date: **26 Feb 2024**

RECOMMENDATION:

"THAT, Council award the tender for the 100th Street Corridor Redevelopment Phase 5 Project to Knappett Industries (2006) Ltd. of Fort St. John, BC, for the unit rates in their tender submission dated January 31, 2024, totaling \$9,750,545.00;

AND THAT, if needed, an additional \$300,000.00 be transferred from Capital Reserves."

CAO'S COMMENTS:

The staff recommendation for award of this contract, following a review of submissions and based on the best value procurement process is to Knappett Industries in the amount of \$9,750,545.00.

ALTERNATIVE RECOMMENDATION:

"THAT, Administration Report No. 0018/24, Tender Award - 100th Street Corridor Redevelopment Phase 5 be received for information."

or

"THAT, Administration Report No. 0018/24, Tender Award - 100th Street Corridor Redevelopment Phase 5 be rejected;

AND THAT, staff be instructed to retender the project with an adjusted scope to bring it within the original budget."

KEY ISSUES(S)/ CONCEPTS DEFINED:

The City issued a Best Value Procurement based tender for 100th Street Corridor Redevelopment Phase 5 which included the upgrading of all underground utilities and paving of 100th Street from North of 103rd Avenue to between 105th Avenue and 106th Avenue. This tender has closed, been assessed and needs to be awarded.

RELEVANT POLICY: Council Policy No. 22/20 - City Purchasing and Tendering Policy

IMPLICATIONS OF RECOMMENDATION

COMPLIANCE WITH STRATEGIC PILLARS:

Vibrant Community – Invest in community safety, social, cultural, and recreational programs.

Economic Development – Enhance community economic development to provide opportunities and sustainability for Fort St. John.

Managing Assets – Build and manage assets that support the current and future needs of the community.

COMPLIANCE WITH STRATEGIC PRIORITIES:

This project supports the Downtown Action Plan as well as the 100th Street Corridor Plan.

GENERAL:

In 2015, the City endorsed a "Downtown Action Plan" which was incorporated into the "Strategic Plan" for the City.

In the summer of 2018, the City experienced major water main breaks in the intersection of 100th Ave and 100th Street exposing the vulnerability of the aging infrastructure in the area, major replacements needed to be undertaken.

In the light of the Downtown Action Plan and the emergent need for infrastructure replacement in the area, the City held a charrette in 2019 to seek public guidance and input to determine the final appearance and functionality of 100th Street from 96th Avenue to 110th Avenue. These changes would be implemented as the aging infrastructure was replaced.

Construction commenced in 2020 and has been complete from just south of 96 Avenue to just north of 103rd Avenue.

In the 2024 Budget process, a budget of \$10,850,000.00 was allotted for the upgrading of the 100th Street Corridor from just North of 103rd Avenue to approximately 106th Avenue.

The previous portions of this project were tendered using Best Value Procurement based tendering model and were very successfully executed and delivered.

The Best Value Procurement model was developed in and has been used extensively in the States and has been used by other Canadian Provinces and Municipalities with great success. This process uses selected

criteria to evaluate tender submissions not just the cost of construction.

This project went to tender on January 11, 2023 and closed on January 31st and submissions were received from:

- * Terus Construction Ltd. (dba DGS Astro Paving) from Fort St. John
- * Knappett Industries (2006) Ltd. from Fort St. John.

The Best Value Procurement tendering process requires tender submissions to be more comprehensive and in a very specific format to allow comparative review of submissions.

A detailed review of the documents submitted took place on February 3rd. The review team consisted of three members of City Staff and two key members of the City's consultant's team.

An outline of this Procurement and review process was presented to Council at the Committee of the Whole meeting on December 14, 2020, a copy of that presentation is attached.

The bid submissions are summarized below:

Company	Best Value Ranking	City	Tender Amount
Knappett Industries (2006) Ltd.	1	Fort St. John, BC	\$10,238,072.25
Terus Construction Ltd. (dba DGS Astro Paving)	2	Fort St. John, BC	\$ 9,940,970.60

Based on the bid from Knappett Industries (2006) Ltd. the estimated project cost and surplus are identified below:

Budget Summary	
Total Tender Price (no GST)	\$9,750,545.00
Engineering Fees	\$804,000.00
City Direct Costs	\$600,000.00
Total Cost	\$11,154,545.00
Total Budget	\$10,850,000.00
Surplus (Deficit)	(\$304,545.00)

ORGANIZATIONAL:

There will be some impact on the Roads and Utilities Departments with respect to coordination of and

the review of the work being performed as well as short term water turn-offs to allow for the installation of new infrastructure.

FINANCIAL:

This project is anticipated to be slightly over budget but it is critical to the Downtown Revitalization plan.

The impacts of volatile inflation has affected the costing of this project. The estimate used for budgeting was developed by referring to the BC Highway Construction Inflation Index projected for this year, adjusted it accordingly based on the difference between what we saw locally in 2022/23 and what the actual inflation rate was in the stated BC Highway Construction Index. That actual costs were several percentage points higher than expected.

During the design phase this project was expanded to include:

- * a pedestrian signal at 106th Avenue
- * the rebuilding of the parking lot on the East side of the old RCMP Building
- * the rebuilding of East sidewalk along 100th Street from 105th Avenue to the New RCMP Building
- * the purchasing of the initial maintenance quantities of project specific items to be placed into City Inventory (electrical items as well as furnishings) for future use. The cost of these are included in the City Direct Costs.

There is a \$400,000.00 contingency accounted for in this project and through diligent management and contract administration staff will endeavor to minimize any and all costs to minimize budget overruns.

FOLLOW UP ACTION:

If the resolution is passed, a tender award letter will be issued and construction will commence as weather conditions permit.

COMMUNITY CONSULTATION:

In 2019, the City held a charrette to seek public guidance and input to determine the final appearance and functionality of 100th Street from 96th Avenue to 110th Avenue.

The 100 Street charrette process was an intensive consultative process involving all departments within the City and multiple stakeholder groups as well. There was extensive public consultation and opportunities for input as well. Consultation regarding the budget for this project occurred during the budget process.

COMMUNICATION:

For this phase of construction, communication to the community will be made through the City's web page and social media, and meetings will be held with the affected residents and business owners prior to the commencement of construction.

The contractor has also committed to having an ongoing communication plan using local radio and having staff available to have ongoing communication with the directly affected businesses and any member of the

public that might approach the construction site during hours of operation. The Contractor has also committed to developing a subscription based contact list of affected businesses and send texts/emails with status updates and advance notices of upcoming work.

DEPARTMENTS CONSULTED ON THIS REPORT:

Communications

Health and Safety

Economic Development

Public Works and Utilities

Grounds

Community Services

Attachments:

Urban Systems Tender Summary Letter

Best Value Tendering Process Committee of the Whole presentation from December 14, 2020

RESPECTFULLY SUBMITTED:
Jim Stewart, Capital Projects Manager
16 Feb 2024



February 16, 2024

File: 1958.0430.51

City of Fort St. John
10631 100 Street
Fort St. John, BC V1J 3Z5

Attention: Jim Stewart, Capital Projects Manger

**RE: City of Fort St. John – 100 Street Corridor Redevelopment – 2023 Phase 4
TENDER SUMMARY**

Two (2) tenders were received by the City of Fort St. John, via an online tendering system bids&tenders, by 2:00:00 PM on January 31, 2024, for the above referenced project. We reviewed the tender submissions for completeness of submittals required by the tender documents and for mathematical errors. The submitted tenders passed this review and proceeded to the best value procurement evaluation process per the tender documents.

Please find below a summary of the tender submissions following the evaluation process ranking from highest to lowest.

Ranking	Submitted By	Tender Price (GST included)
1	Knappett Industries (2006) Ltd.	\$ 10,238,072.25
2	Terus Construction Ltd. dba. DGS Astro Paving	\$ 9,940,970.60

Tender Evaluation

This tender was created to be evaluated using the best value procurement process detailed in the tender documents and per the criteria and weighting listed in the table below:

EVALUATION CRITERIA	POINTS
TENDER PRICE	200
PROJECT PLAN	250
RISK ASSESSMENT PLAN	200
VALUE ASSESSMENT PLAN	100
PREVIOUS APPLICABLE EXPERIENCE	150
INTERVIEWS	100
TOTAL	1000

The Evaluation team consisted of the following people:

1. Jim Stewart, City of Fort St. John
2. Jeremy Garner, City of Fort St. John
3. Lucas Panoulis, City of Fort St. John
4. Chad Carlstrom, Urban Systems
5. Rob Close, Urban Systems

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Attention: Jim Stewart, Capital Projects Manger
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On February 2, 2024, the evaluation team evaluated the following submissions from each of the two tenderers on the following criteria:

1. Project Plan
2. Risk Assessment Plan
3. Value Assessment Plan
4. Previous Applicable Experience

The scores provided by the evaluation team were scaled to the evaluation scoring matrix provided in the tender documents. These scores were added to the scoring of the tender prices. After this scoring process, Knappett Industries (2006) Ltd. scored sufficiently high such that interviews would not make a difference in ranking. Therefore, neither tenderers were invited to interview.

The highest scored tender submission passed the cost reasonableness assessment which ensured:

- That its tender price did not exceed 50% above or below the average of all tenders
- That its tender price was within the Owner's budget
- That its tender price is within 10% of the next highest ranked tenderer's tender price

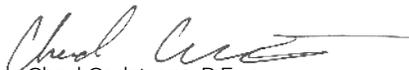
Recommendation

After completion of the tender evaluations and interviews, it is the unanimous recommendation of the evaluation team that the City of Fort St. John proceed to the clarification period with the highest scored tender submission by Knappett Industries (2006) Ltd. as the preferred tenderer.

Upon completion of your own review of these tender submissions, and of your satisfaction with the preferred tenderer during the clarification period, please notify the undersigned, in writing, with how you would like to proceed.

Sincerely,

URBAN SYSTEMS LTD.


Chad Carlstrom, P.Eng.
Contract Administrator

/klw

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Best Value Procurement

December 14th, 2020 Committee of the Whole Presentation



Current Practice - Invitation to Tender(ITT)

- Currently used for construction projects above \$75,000.
- Often used when:
 - The scope of the work / specifications are very detailed and completely defined; and
 - The selection of the contractor / supplier is to be based on price only.
- Contract is typically awarded to the lowest-priced quote which meets the requirements.
- Typically, a legally binding irrevocable bid process, with no negotiation element.
- Constructed Project ITTs are often based on a standard contract, e.g. CCDC, or MMCD.

Best Value Procurement

- Established procurement method
- Trade law compliant
- Legally binding irrevocable bid process
- Bidders provide (and are evaluated on) info in addition to price that describes the value they will bring to the project

What do we Value in a Contractor?

- Cost
- Ability to plan a project
- Ability to identify and mitigate risks
- Experience
- Other value that the Contractor can offer
- Contractor's team
- Past performance

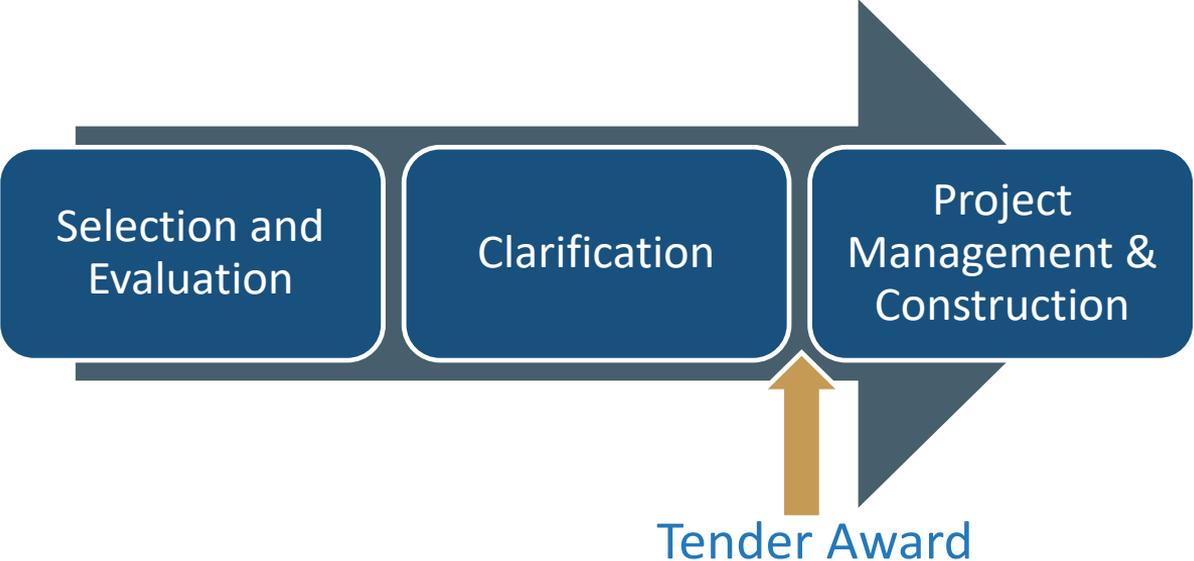
Why consider Best Value?

- Recognizes complexities and public impact of a project
- Balances bidder's abilities, plans, and experience with reasonable, but not necessarily lowest price
- Select contractor that provides best value to project
 - Reasonable price
 - Project understanding
 - Risk management
 - Experience
- Goal – a more successful project

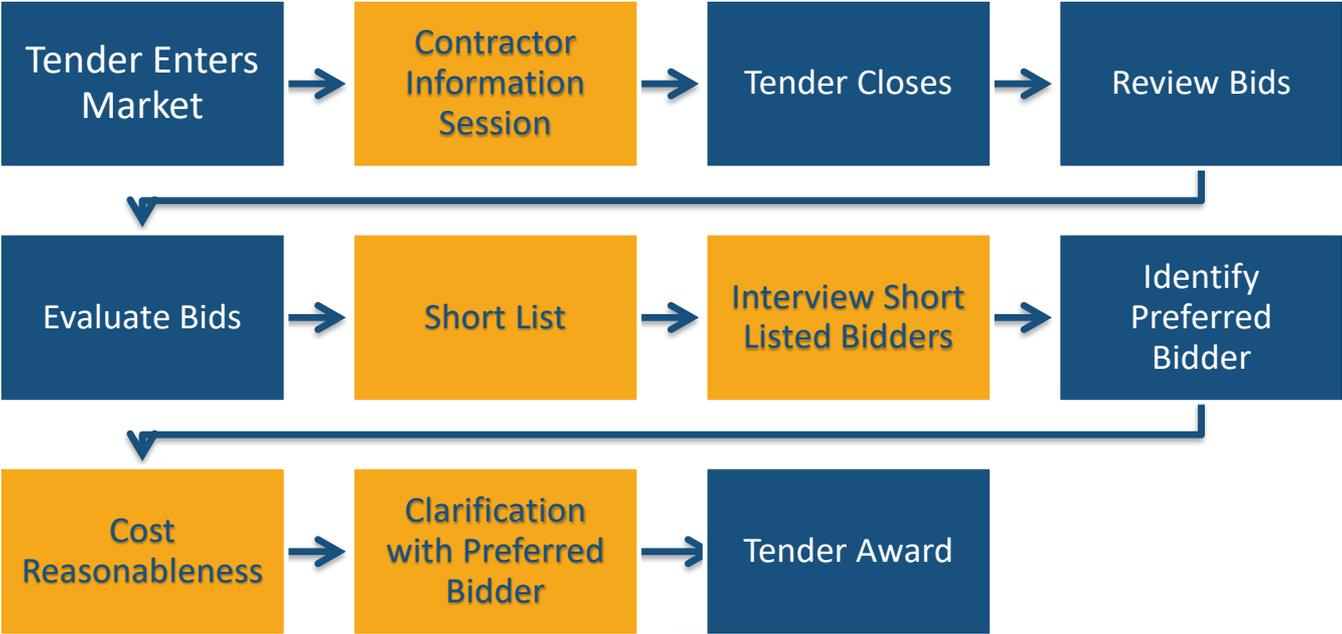
What Makes a Successful Project?

- Team who bid the project, delivers the project
- Project was thought through prior to bidding
- Contractor understands the details of the project
- Surprises in the field are minimized
- Owner pays what they expected
- Contractor's profit is what they expected

Best Value Procurement Process



Best Value Procurement Process



Phase 1: Selection and Evaluation

Tender Enters Market

- Tenders are submitted using the forms provided
- Forms are limited to the number of pages provided
 - Project Plan (2 Pages)
 - Risk Assessment Plan (2 Pages)
 - Value Assessment Plan (1 Page)
 - Previous Applicable Experience (1 Page)
- These sections are completed without identifying information
 - company names, team names, project names, etc.

Phase 1: Selection and Evaluation

Bid Evaluation Criteria

Cost
Risk Assessment
Value Assessment
Project Plan
Previous Applicable Experience
Interviews

Phase 1: Selection and Evaluation

Cost Reasonableness

- Interview scores are incorporated into the final score for each bidder
- The highest ranked bid is determined
- Cost Reasonableness Assessment is completed on the highest ranked bid to ensure:
 - Chosen bid is within budget
 - Chosen bid is within reasonable threshold of other bids

Phase 2: Clarification

- Project Team works with the Preferred Bidder to clarify all of the details of the project
- Clarification document is prepared that incorporates clarification discussion and bid documents
- Clarification document becomes part of the contract
- Not a negotiation process, price doesn't change during the clarification
- Owner has the option not to proceed after the clarification period
- Successful clarification period ends with the award of the contract

Phase 3: Project Management & Construction

- Execute the plan
- Hold the contractor to what was agreed to
- Higher standard for changes

Next Step

- Pilot Best Value Procurement process for Phase 2 of the 100 Street Corridor Project in 2021



Thank You

