



## REQUEST FOR DECISION

File # 1220-20

**Report To:** Mayor and Council  
**From:** Deputy Chief Administrative Officer  
**Presenter:** Jim Stewart  
**Subject:** Administration Report No. 0061/24  
Tender Award - 2024 Capital Roadworks - 89 Avenue Phases 2 & 3  
**Meeting:** Special Open Council Meeting  
**Meeting Date:** 06 May 2024

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### RECOMMENDATION:

"THAT, Council award the two year tender for the 2024 Capital Roadworks - 89 Ave Phases 2 & 3 Terus Construction Ltd. dba DGS Astro Paving of Fort St. John, BC, for the unit rates in their tender submission dated March 26, 2024;

AND THAT, staff are directed to negotiate methodology and scope changes to reduce cost over runs;

AND THAT, if needed, up to an additional \$300,000.00 be transferred from Capital Reserves and \$960,000 from Water Reserves."

### CAO'S COMMENTS:

**If the resolution is passed, negotiations will commence with Terus Construction Ltd., if the CAO and DCAO approve the final solution, the contract will be executed with a change order attached adjusting rates, scope and methodology as negotiated.**

### ALTERNATIVE RECOMMENDATION:

1. "THAT, Council rejects the tender submission and directs staff to retender the phase 2 of the project with a reduced scope of works to meet the existing 2024 budget."

or

2. "THAT, Council rejects the tender submission and directs staff to retender the project in 2025 with an adjusted budget."

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**KEY ISSUES(S)/ CONCEPTS DEFINED:**

The City commenced the reconstruction of 89th Avenue from 78A Street to 86th Street in 2023. Phase one of the project was tendered and awarded in 2023 and will be completed in the spring of 2024.

In the 2024 Capital Budget funding was established for a two year contract for phases two and three of this multiphase project. This project includes the upgrading of the watermain, storm sewer, street lighting and paving of 89th Avenue from East of 81st Street to 86th Street.

This tender has closed and needs Council's direction.

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

|                                       |
|---------------------------------------|
| <b>IMPLICATIONS OF RECOMMENDATION</b> |
|---------------------------------------|

**COMPLIANCE WITH STRATEGIC PILLARS:**

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

**COMPLIANCE WITH STRATEGIC PRIORITIES:** Improvement to the city's infrastructure directly aligns with Council's strategic priority to Manage Assets. this project was approved in the capital budget.

**GENERAL:**

The City recently issued a two year tender for Phases two and three for the reconstruction of 89th Avenue, (2024 Capital Roadworks - 89 Avenue Phase 2 & 3) using the "Best Value Procurement Model".

There was one submission received for this tender from Terus Construction Ltd. dba DGS Astro Paving.

Based on the bid submitted by Terus Construction Ltd. dba DGS Astro Paving, after the GST rebate has been taken off, the projected two year project costs are identified below:

|              |                |
|--------------|----------------|
| Construction | \$7,106,922.78 |
| Contingency  | \$375,000.00   |
| Engineering  | \$573,000.00   |
| TOTAL        | \$8,054,922.78 |

There is a combined two year budget for this project of \$6,592,000.

**When developing the budget for this project the unit rates from 2023 were used and an inflation factor of 14% was applied.**

**This project, with full contingency, is \$1,463,000 (22.2%) over budget.**

**Not including any contingency, this project is projected to be \$1,087,922.78 (16.5%) over budget.**

**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:**

If the resolution is approved, staff will negotiate methodology and scope changes with the the contractor to reduce the projected cost over run. The additional funding proposed will provide for 50% of the original contingency as well as costs associated with the construction of the new water main.

**FOLLOW UP ACTION:**

If the resolution is passed, negotiations will commence with Terus Construction Ltd., if the CAO and DCAO approve the final solution, the Contract will be executed with a change order attached adjusting rates, scope and methodology as negotiated.

If negotiations do not lead to a suitable solution, the project will be cancelled. This project will then will be proposed for for the 2025/26 Capital Budget, with funds carried over from 2024 and additional funds proposed as needed. It will then be re-tendered. early in 2025.

**COMMUNITY CONSULTATION:**

Community consultation for these projects occurred during the Capital Budget discussions.

**COMMUNICATION:** For these phases 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 prior to the commencement of construction.

**DEPARTMENTS CONSULTED ON THIS REPORT:**

Public Works and Utilities  
Engineering

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**Attachments:**

2024 Capital Roadworks USL Tender Summary Letter

2024 Capital Roadworks Site Plan

**RESPECTFULLY SUBMITTED:**

**Jim Stewart, Capital Projects Manager**

**22 Apr 2024**



April 26, 2024

File: 1958.0490.10

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

**Attention: Jim Stewart, Capital Projects Manager**

**RE: City of Fort St. John – 2024 Capital Roadworks – 89 Avenue Phases 2 & 3  
TENDER SUMMARY**

One (1) tender was received at the City of Fort St. John by 2:00:00 PM on March 26, 2024, for the above referenced project. We have reviewed the tender submissions for completeness of submittals required by tender documents. Please find below a summary of our review:

| Submitted By                                    | Tender Price (GST included) |
|---|-----------------------------|
| 1 Terus Construction Ltd. Dba: DGS Astro Paving | \$ 7,856,018.91             |

The following is a summary of our review of the submission:

**Terus Construction Ltd. Dba: DGS Astro Paving**  
Submitted Total Tender Sum **\$ 7,856,018.91** (GST included)

- No omissions were noted.

Based on the price received from the lowest tenderer, the following is our understanding of the budget:

| BUDGET SUMMARY        |                  |
|-----------------------|------------------|
| Tender Price (no GST) | \$7,481,922.78   |
| Engineering           | \$573,000.00     |
| Total Cost            | \$8,054,922.78   |
| Owner's Budget        | \$6,592,000.00   |
| Surplus (Deficit)     | (\$1,462,922.78) |

The budget indicated above was estimated using 2023 pricing from 89<sup>th</sup> Avenue Phase 1 contract with a 14% increase to allow for increased costs due to inflation or other market factors. Upon completion of your own review of these Tender submissions, please notify the undersigned, in writing, with how you would like to proceed.

Sincerely,

**URBAN SYSTEMS LTD.**

Rob Close  
Contract Administrator

Enclosure  
/klw

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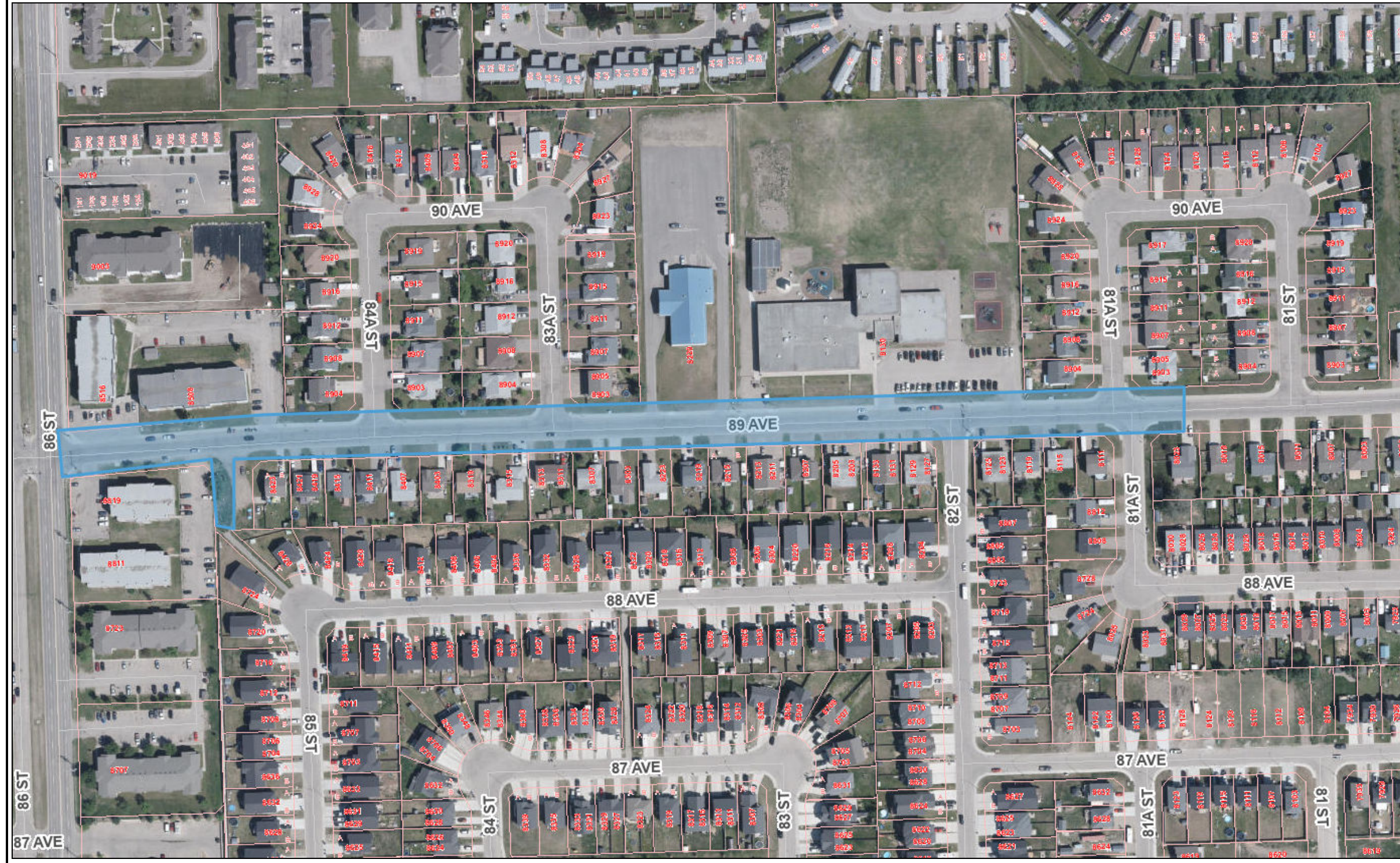
### Legend

#### Land Information

- City Boundary
- Parcel Lot

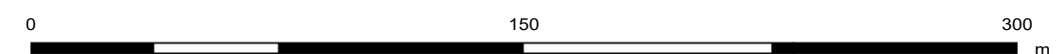
#### 2023 Imagery

- Red: Band\_1
- Green: Band\_2
- Blue: Band\_3



### Notes

Notes



Printed: 4/26/2024

1:2000 NAD-83 UTM-10

This map is intended for representation only. There is no guarantee of currency and accuracy of the data shown. Please refer to legal plans for measurements. Copyright © City of Fort St. John, Province of BC, 2024.