



REQUEST FOR DECISION

To: Mayor & Members of Council

Title: Director Engineering & Public Works – 2025 Paving Program – Tender Award

Date: April 28, 2025

Motion for Consideration:

THAT: Council award the 2025 Paving Program Contract to Okanagan Aggregates Ltd., in accordance with the unit prices specified in their Form of Tender, (incorporating a 10% Variance Threshold Reduction), for a total amount of \$1,500,822.00 plus taxes as applicable.

Background:

The annual paving program tenders include supply and placing asphaltic concrete pavement, tack coat for asphalt overlays, required asphalt milling and asphalt pulverizing. Provisions continue to be implemented in this year's Contract to enhance project scheduling, workmanship and communications. Fletcher Paine and Associates will be working closely with the City of Salmon Arm ensuring the best product is being received and the testing/penalty clauses have been reviewed and altered as required.

Proposed paving locations, as identified in the 2025 budget, are as follows (see attached maps):

Road	From	To	Treatment
15 Avenue SE	10 St SE	15 St SE	Curb Relief Mill & Overlay
Okanagan Avenue	16 St NE	S-Curve	Curb Relief Mill & Overlay
23 Street SE / 3 Avenue SE	Okanagan Ave	20 St SE	Curb Relief Mill & Overlay
5 Street SE	10 Ave (Auto Rd)	5 Ave SE	Curb Relief Mill & Overlay
20 Street NE	12 Ave NE	20 St NE	Curb Relief Mill & Overlay
2 Street SE	Okanagan Ave	south 100m	Curb Relief Mill & Overlay
6 Street NE / 8 Avenue NE	Hudson Ave NE	7 St NE	Curb Relief Mill & Overlay
Lakeshore Road	#3880	#4901/#4881	Curb Relief Mill & Overlay
Lakeshore Road	#3470	#3880	Pulverize & Pave
80 Street SW	City Limits	70 Ave SW	Pulverize & Pave

Note: Locations subject to change based on actual asphalt tonnages and other project costs.

An invitation to tender was publicly issued on Thursday, March 27, 2025 and closed on Thursday April 17, 2025 at which time the City received four (4) submissions as follows:

Company	Tender Amount (excluding applicable taxes)
Okanagan Aggregates Ltd	\$ 1,667,580.00
Vernon Paving a Division of Lafarge Canada Inc	\$ 1,884,258.70
Terus Construction a div of Colas Western Canada Inc.	\$ 1,896,832.50
Pavement Solutions Inc	\$ 1,974,104.50

Oil and fuel prices have somewhat stabilized since 2022 but are still volatile and have a direct impact on asphalt prices. In 2022, the City had a 48% increase in our asphalt prices. Increases in asphalt tonnage costs from 2022 to 2023 were in the order of 7%. Staff anticipated minimal increases to the 2024 unit rate per tonne of asphalt due to market conditions. The 2024 low bid price increased by 2.5% over the 2023 price. The 2025 low bid hot mix asphalt price has increased by 3.0% over the 2024 price.

Okanagan Aggregates Ltd. has completed the City of Salmon Arm's paving program successfully over the last number of years.

Legislative authority / plans / reports:

	Official Community Plan		Master Plan (list actual plan)
	Community Charter/LGA		Other
	Bylaw/Policy		Corporate Strategic Plan
	Zoning Bylaw	X	2025-2029 Financial Plan
			Long Term Financial Plan

Financial Considerations:

The 2025 paving project list was compiled using the 2025 Capital Paving Budget of \$1,665,800 (Asphalt Overlays & Asphalt Overlays – Additional). These budget allocations include funding for the contract works (milling, pulverizing, road stabilization, paving, line painting) and other internal ancillary costs associated with the work including material testing, road base preparation, rural road shouldering, drainage improvements, contingency, etc. For the 2025 project locations these internal costs are estimated at \$160,000. Based on the estimated internal costs, the remaining budget available for contracted works is \$1,505,800.00.

Although the 2025 tenders came in over budget, the contract allows for a maximum 15% Variance Threshold Reduction Adjustment before the need to negotiate new pricing. Staff reviewed the program scope and recommends an adjustment of -10% to stay within the approved budget. Depending on the actual tonnage of asphaltic concrete and other costs at each location, the paving program will be managed in order to take maximum advantage of the available funds.

Based on the above, it is recommended that Council award the 2025 Paving Program Contract to Okanagan Aggregates Ltd., in accordance with the unit prices specified in their Form of Tender, (incorporating a 10% Variance Threshold Reduction), for a total amount of One Million Five Hundred Thousand Eight Hundred and Twenty Two Dollars (\$1,500,822.00) plus taxes as applicable. The total program costs will not exceed the approved 2025 budget amounts.

Alternatives & Implications:

Should the award not be approved the 2025 paving program would not be completed.

Communication:

Prepared by: Capital Works Supervisor
Reviewed by: Manager of Engineering
Approved by: Chief Administrative Officer

Attachments: 2025 Paving Program Locations (Map 1 & Map 2)