

MEMORANDUM

TO: Robert Rivera

DATE: Dec. 7, 2023

FROM: Martin Field

AVO:

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SUBJECT: 2022|2023 Street Improvement Project

Construction Services has reviewed the Ajax Dec. 6, 2023 bid for the 2022|2023 Street Improvement Project and made the following observations:

- Ajax bid this work as though it was ‘new’ rather than trying to apply an adjustment factor to last year’s unit cost rates. As a result, most prices increased but some did decrease.
- Some of the factors impacting this year’s pricing include:
 - Concrete prices have increased significantly in the last 12 months
 - Hourly rates for trucking have increased and trucking contractors are insisting on full-day contracts which drive up the unit cost for small tasks like sawcut / patch work that requires small quantities of material be hauled (partial day).
 - Crew labor rate increases

Strictly speaking a straight comparison between the 2021|2022 and the 2022|2023 projects is a little difficult because the scope of the two projects is difficult. In addition to being different lengths, one includes a Video Detection System and one does not, etc. Therefore, for the sake of comparison Construction Services evaluated 6 tasks with contract values greater than \$40,000 that were common between the two bids. These tasks totaled approximately 1.2 million dollars which is a significant portion of the overall project. When both projects were normalized using the 2022|2023 bid quantities, the Dec. 6, 2023 Ajax bid numbers represented approximately a 10% increase above the 2021|2022 prices.

Given the recent shrinkage in the heavy civil contracting industry, widespread CDL operator shortage, and pressures on the construction industry supply chain, the pricing submitted in Ajax’s proposal seems consistent with what we are seeing in the industry at the current time.

If you need any additional information or have any questions, please give me a call.

Martin Field