



Date: March 22<sup>nd</sup>, 2016

Mr. Patrick Cormier  
Municipality of Temagami  
7 Lakeshore Drive,  
P.O. Box 220  
Temagami, ON P0H 1H0

Re: Project No. NWL-01501017 Reconstruction of Spruce Drive  
**Spruce Drive Reconstruction Cost Saving Analysis**

Dear Mr. Cormier:

The Municipality of Temagami has identified Pedersen Construction as the low bidder for the Reconstruction of Spruce Drive. The Municipality has requested that **exp** explore cost saving options with Pedersen Construction in order to reduce the overall contract value to meet the funding available.

Of 8 submitted tenders, Pedersen was the low bidder and was awarded the contract. Pedersen has indicated that they will not reduce pricing on the contract unit items. Pedersen has agreed not to change pricing on items that will see a reduction in quantity and will not change in scope of work.

With the unit pricing holding as is, the only option left to reduce the contract value is to reduce the overall quantity of items in the contract. Exp has identified several options for the Municipality to consider.

Options to reduce the overall contract cost for the Reconstruction of Spruce Drive are as follows.

**Option 1** Remove Asphalt Paving from the contract and replace with Surface Treatment results in a contract savings of **\$153,071.03**

Remove item 5 from contract 908 mt at \$240.00/mt = \$217,920.00

Add Surface treatment to contract estimate \$8.00/m<sup>2</sup> 8106m<sup>2</sup> at \$8.00/m<sup>2</sup> = \$64,848.97

Original contract price with HST and \$100,000 contingency is \$2,282,282.47

Original contract price without HST and without \$100,000 contingency is \$1,919,719

Contract price revised with Option 1 without HST and without \$100,000 contingency is

\$ 1,766,647.47

Contract price revised with Option 1 with HST (\$229,664.1711) and without \$100,000 contingency is

\$1,996,311.64

Contract price revised with Option 1 with HST (\$242,664.17) and with \$100,000 contingency is  
 \$ 2,109,311.64

**Option 2** Shortening the limits of construction on the side streets and Spruce Drive would result in total contract savings of **\$127,750.64**. Calculation sheet is attached.

New Construction limits would be as follows:

Street	Old Limit	New Limit	Length Removed	Value Removed
Spruce Drive	10+025	10+140	115.00	\$73,207.00
Birch Street East	3+014	3+042	28.38	\$19,065.74
Birch Street West	3+018	3+028	10.45	\$7,018.72
Havel Street	5+014	5+024	10.00	\$6,718.00
Cedar Street	4+047	4+015	32.00	\$21,497.60

Original contact price with HST and \$100,000 contingency is \$2,282,282.47

Original contact price without HST and without \$100,000 contingency is \$1,919,719

Contract price revised with Option 2 without HST and without \$100,000 contingency is  
 \$ 1,791,968.36

Contract price revised with Option 2 with HST (\$232,955.87) and without \$100,000 contingency is  
 \$ 2,024,924.25

Contract price revised with Option 2 with HST (\$245,955.89) and with \$100,000 contingency is  
 \$ 2,137,924.25

**Option 3** Shortening the limits of construction on Spruce Drive would result in total contract savings of **\$73,207.00**. Calculation sheet is attached.

New Construction limits would be as follows:

Street	Old Limit	New Limit	Length Removed	Value Removed
Spruce Drive	10+025	10+140	115.00	\$73,207.00

Original contact price with HST and \$100,000 contingency is \$2,282,282.47

Original contact price without HST and without \$100,000 contingency is \$1,919,719

Contract price revised with Option 3 without HST and without \$100,000 contingency is  
 \$ 1,846,512.00

Contract price revised with Option 3 with HST (\$240,046.56) and without \$100,000 contingency is  
 \$2,086,558.56

**exp** Services Inc.

*Municipality of Temagami  
Re: Reconstruction of Spruce Drive  
Project Number: NWL-01501017  
Date: March 14, 2016*

Contract price revised with Option 3 with HST (\$253,046.56) and with \$100,000 contingency is  
\$ 2,199,558.56

Exp's recommendation would be to proceed with option 1. The Surface treatment will have an expected design life of approximately ten years.

Should you have any questions please do not hesitate to contact our Office.

Sincerely,

Shawn Sadler  
Senior Technologist

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