

*Tabled by the
Minister of Transportation
& Works. 2014-04-15*

Government of Newfoundland and Labrador
Department of Transportation & Works
Office of the Deputy Minister

April 15, 2014

J-1 Contracting Limited
P.O. Box 9068
Clarenville, NL
A5A 2C2

Dear Sir:

Re: #106-13PHP - Pulverize & pave 6.0 km R360, km 80.6 to km 86.6, Bay D'Espoir Highway to a RCU80 standard. Rehabilitate 27.3 km R360, km 170.9 to km 198.2, to a RLU80M standard, NL

I am pleased to inform you that your tender for the above noted project in the amount of \$11,382,065.12 (HST included) has been accepted. You are advised that Government is subject to the Harmonized Sales Tax and HST must be added to each billing as a line item (HST Registration #R107442683).

Enclosed are three copies of the Tender Book covering the work involved in this project. Would you please have all copies signed and sealed by your company and returned to Tendering and Contracts within two (2) weeks. When the documents have been signed by department officials a copy will be forwarded to you for your records.

Please have your insurance company complete the enclosed Certificate of Insurance and return it together with the specified bonding, a letter of good standing under the Certificate of Recognition program from the Newfoundland & Labrador Construction Safety Association and a Certificate of Clearance from the Workplace Health, Safety & Compensation Commission to the Manager of Tendering and Contracts, Department of Transportation & Works, P.O. Box 8700, Ground Floor, East Block, Confederation Building, St. John's, NL A1B 4J6. Your bid security will be retained until these documents are received. No work is to start until the bonding, insurances and letters from NLCSA & WHSCC are received and the approval of the Department's Regional Director is given. No payment will be made until all documentation, including signed contracts, is received at Tendering and Contracts.

As you may be aware certain concerns have arisen with respect to the quality of certain hot mix asphalt concrete work done in this Province over the last several years and deficiencies in the same.

As a result of these concerns a number of changes have been made to a number of terms and conditions of the tender documents and specifications book that form part of the contract that you and all others bid on and that all successful bidders on road contracts are required to sign.

The terms and conditions of G.C. 31 (see the Supplementary General Conditions attached to the tender documents in this regard) have been altered. Specifically, the warranty period provided for in the same has been extended from one (1) to two (2) years. As well, where a Contractor claims a fault or defect in roadwork is as a result of a defect or fault resulting from the design of the work, the onus has been placed on the Contractor to establish the same. Additionally, where a dispute exists with respect to a warranty issue the Contractor may be required by the Owner to correct the work concerned pending resolution of this matter under the dispute resolution mechanisms provided for in the tender documents which form part of the contract.

Certain changes have also been made to section 160 of the Specifications Book which forms part of the contract that all successful tender bidders must execute before beginning work on a project. The Contractor Performance Evaluation System provided for in section 160 of the Specifications Book has been revamped to make the compliance standards more

rigid. The Contractor Performance Evaluation Form has been divided into two parts. Part I of the Contractor Evaluation Report now evaluates the Performance by a Contractor of Contract Work other than Warranty Work and Part II deals with the evaluation of the Contractor's performance of any required Warranty Work under the contract. Under Part I Contractors whose work is found to be unacceptable at the time a Final Completion Certificate is issued will be subject to having their bidding privileges suspended for a period of time determined by the Department and will not have those privileges reinstated until they can demonstrate to the Department's satisfaction that the issue(s) giving rise to the suspension have been addressed and that the Contractor can meet the appropriate standards in future. Contractors whose work is found to be unsatisfactory at the time a Final Completion Certificate is issued may have their bidding privileges suspended following a review of their performance on the contract in question and previous contracts by the Department for a period of time determined by the Department and not reinstated until they can demonstrate to the Department's satisfaction that the issue(s) giving rise to the suspension is/are addressed and that the Contractor can meet the appropriate standards in future. As noted the provisions of the Contractor Performance Evaluation system have also been broadened to cover the Contractor performance of the Contractor's obligations under GC 31 as amended during the extended warranty period referenced above. As part of the Contractor Performance Evaluation System a new Contractor Performance Report with respect to Warranty Work under the Contract being Part II of the Contractor Performance Evaluation Form which relates to the performance of work under the warranty provided in the contract has been created. Further to that process Contractors who do not appropriately address and correct faults or defects in their work will be subject to having their tendering privileges revoked until such deficiencies are corrected and/or the matter concerned otherwise resolved.

Another new Supplementary General Condition has also been added to the tender documents. This new Supplementary General Condition makes it clear that no payments will be made to the Contractor under Sections 330.05.10.01 and 330.06.09.03 of the Specifications Book related to Pavement Smoothness & Asphalt Density until any faults or defects in the Contractor's work identified in the Warranty Period provided for in GC 31 have been satisfactorily addressed and the warranty period has expired; unless no such deficiencies are found to exist in the Contractor's work that are covered by the warranty during the warranty period, in which case such payments will be made to the Contractor within thirty (30) days of the expiration of the warranty period.

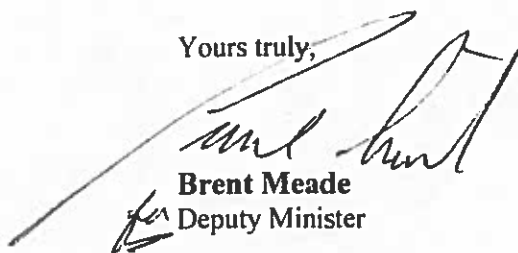
Where a Contractor fails to honour its commitments under the tender documents and the contract to which it relates whether related to a warranty claim or other matter covered by the contract, Government will also be making a claim against that Contractor's bonding company.

You are further advised that the Department will be closely and strictly monitoring all road construction projects to ensure that Contractors properly and fully comply with all applicable specifications. Where a Contractor does not comply with the same, as noted above the Department will pursue all of the contractual and other legal remedies available to it to ensure compliance and to address defective work by a Contractor.

We believe these measures to be in the public interest and in the interests of the industry in ensuring that specifications are appropriately met and that quality work is done by all contractors.

Accordingly, I would ask you to please contact our Regional Engineer, Wade Waterman at (709) 292-4307, Transportation and Works, Grand Falls-Windsor, within the next ten (10) days to arrange for a suitable time to further discuss the work, the contract and the above.

Yours truly,



Brent Meade
Deputy Minister

cc: Regional Director
Director OH&S
Accounts
Denise Hanlon
Russell Langmead