

File: 06-2240-25

DATE: August 14, 2017
TO: Mayor and Council
FROM: Barry Azevedo, Manager of Environmental Services
SUBJECT: **Award of Contract for Phase D West Construction at Mission Landfill**

RECOMMENDATIONS: Council consider and resolve:

1. That the Phase D West (Mission Landfill) Construction Contract, in the amount of \$1,062,264, be awarded to King Hoe Excavating Ltd.;
2. That the existing available budget of \$869,975 for Phase D West Construction, be increased by \$478,501 with funding from the Refuse Reserve Fund, for a total revised budget of \$1,348,476; and
3. That the District's financial plan be amended accordingly.

PURPOSE:

The purpose of this report is to recommend that Council approve the award of the Phase D West Construction Contract, to King Hoe Excavating Ltd. for construction of Phase D West at the Mission Landfill. This report also recommends that Council amend the District's financial plan to approve additional funds to cover the higher construction costs than budgeted for.

BACKGROUND:

The 2016 Design, Operating & Closure Plan Update, prepared by a contracted engineering consultant, GHD (formerly Conestoga Rovers & Associates), included an 11-stage site development plan and budgeting for the Mission Landfill. The landfill is presently in Stage 1 (2014 to 2018) of the site development plan, and the current phase (Phase C) is now expected to reach capacity in early 2018.

The next phase, Phase D West, is required to be constructed in 2017 prior to Phase C reaching capacity to ensure continuity of landfill availability. The construction of Phase D West is also time sensitive because it is preferable to complete the majority of the work before winter's heavy rains, ice and snow. In consultation with Engineering and GHD in the preparation of an Invitation to Tender (ITT), Purchasing posted the ITT on BC Bid on July 25, 2017 with a closing date of August 2, 2017.

DISCUSSION AND ANALYSIS:

Two tenders were received by the closing date of August 2, 2017. An Evaluation Committee consisting of staff from Purchasing, Engineering and GHD reviewed the tenders against the bid requirements. Both tenders were deemed acceptable by the District and therefore the recommended contractor is based on the tender pricing provided.

The pricing of each tender is shown in Table 1.

Table 1: Summary of Evaluation

Contractor Name	Price	Ranking (#1 ranking is recommended bid)
King Hoe Excavating Ltd.	\$1,062,264	1
M2K Construction Ltd.	\$1,525,793	2

The King Hoe tender had the lowest price. A reference check provided confirmation of King Hoe's ability to professionally and efficiently provide the service. Staff recommend that King Hoe be awarded the construction contract subsequent to ITT 2017-006.

The tender price exceeds the available budget amount, as discussed in the Financial Implications section of the report. The construction tender amount was higher than anticipated, likely due to construction contractors being in demand at the current time and therefore able to charge higher costs. The price is within reason and the work must proceed to ensure the landfill has available space to receive waste in 2018. A 10% contingency of the tender price is also recommended to ensure change orders can be addressed efficiently (up to a total of \$106,026). Any contingency expenditure requests would be thoroughly reviewed and considered by Engineering, Finance and GHD before approval.

FINANCIAL IMPLICATIONS:

The 2017 capital budget for Phase D West Construction was based on the GHD budget estimate of \$869,975 provided in May of 2016. Based on recent construction and engineering design costs staff have determined this project is unable to be completed within the original budget. Staff are recommending the following revised project budget:

Engineering design and construction management services by GHD	\$	169,986
Tree and slash/clean-up removal		10,000
Construction contract to King Hoe		1,062,264
10% contingency		106,226
Total revised project budget estimate	\$	1,348,476
Less: 2017 Budget already approved (funded by Refuse Reserve Fund)		(869,975)
Additional budget required with funding from the Refuse Reserve Fund	\$	478,501

The Refuse Reserve Fund has an opening January 1, 2017 balance of \$2,625,727 and presently has an uncommitted balance of \$1,508,884 which is sufficient to fund this project; therefore, it is recommended that the additional cost estimate of \$478,501 be paid for out of the Refuse Reserve Fund and that the financial plan be amended accordingly.



I have reviewed the financial and purchasing implications
 Scott Ross, Manager of Accounting Services

COMMUNICATION:

No communication action is required.

SUMMARY AND CONCLUSION:

Phase D West of the Mission Landfill requires construction to ensure available landfill space in early 2018. An ITT was posted on BC Bid on July 25, 2017. Two tenders were received. King Hoe Excavating Ltd. had the lowest price and is recommended for the award of contract. Staff have determined that

recent cost estimates now total \$1,348,476 and the current available budget of \$869,975 is insufficient to complete this project. It is recommended that the 2017 capital plan be adjusted to include an additional \$478,501 with funding from the Refuse Reserve Fund and that the financial plan be amended accordingly.

SIGN-OFFS:



Barry Azevedo, Manager of Environmental Services



Reviewed by:
Tracy Kyle, Director of Engineering & Public Works

Comment from Chief Administrative Officer:
Reviewed.