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## CITY OF KELOWNA

# MEMORANDUM

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**Date:** July 12, 2001  
**File No.:** 5340-09-21A  
**To:** City Manager  
**From:** Wastewater Manager  
**Subject:** **AWARD OF CONSTRUCTION CONTRACT TE 01-04  
Sewer Specified Area No. 21A (McKenzie Bench) – Contract 1**

### **RECOMMENDATION :**

THAT the Contract for the construction of the Sewer Specified Area No. 21A (McKenzie Bench) project be awarded to Lawrence Enterprises Ltd. in the amount of \$1,755,925.64 which includes GST.

AND THAT the Mayor and City Clerk be authorized to execute the Contract on behalf of the City.

### **BACKGROUND :**

In January of 2000 the City applied for a Provincial Local Government Grant for the proposed McKenzie Bench Specified Area. The Province announced, in June of 2000, that they had awarded the City of Kelowna a \$1.77 Million Grant for the McKenzie Bench Sewer project. The City then prepared Terms of Reference and engaged an Engineering Consultant who commenced the pre-design work in the fall of 2000, and submitted the pre-design report to the City in February 2001.

An information meeting was hosted on March 28, 2001, and all affected property owners were invited to attend. The meeting allowed staff to present the findings of the pre-design and outline the potential costs of proceeding with the project. There are approximately 290 Equivalent Dwelling Units in the proposed boundaries of the entire Specified Area.

The estimated cost of installing a sewer system in the entire McKenzie Bench Specified Area is \$4.1 Million, and is reduced by the \$1.77 Million Grant from the Province. The cost sharing formula is proposed to distribute the project cost between all the benefiting properties on an EDU basis. This Specified Area lies within Sewer Service Area No.21, in which a uniform charge for sewer connections has been established. Based on the Service Area charge the one-time payment (cash commutation) for this Spec Area is \$7,100 per EDU, and if the owner chooses to pay over a 20-year period the estimated annual payment is \$757.

The Work to be performed in this Contract consists of approximately:

- 2200m. of 200mm PVC Sanitary Sewer
- 680m. of 250mm PVC Sanitary Sewer
- 31 Manholes
- 188 service connections
- Restoration work

In response to the City's invitation to Tender for this project, 8 bids were received, as shown below in order of magnitude:

Ansell Construction Ltd.	\$ 1,628,160.15
Matcon Construction Ltd.	\$ 1,712,000.00
Lawrence Enterprises Ltd.	\$ 1,755,925.64
Peters Bros. Construction Ltd.	\$ 1,763,746.54
Danric Construction Ltd.	\$ 1,785,372.58
Intercoast Utilities Ltd.	\$ 1,967,730.00
Bennett Contracting Ltd.	\$ 2,040,568.56
Hayter Construction Ltd.	\$ 2,120,343.03

Our Consultant has reviewed the bid submissions, checked for their arithmetic accuracy and provided the City with a tender analysis and recommendation. Lawrence Enterprises Ltd. complied with the tender specifications and drawings, and included the specified Bid, Performance and Labour and Material Payment bonds. Prior to advertising the Invitation to Tender, the Consultant had estimated the Construction costs for this Contract to be \$2,131,268.80. The recommended Contractor's price is well under that amount. The Capital budget available for the entire project is \$4,109,750 which includes all Project costs, and is funded by both the benefiting property owners and the Provincial Local Government Grant. Funding for this project is available from Account No. 40-4940-SA521A.

The reasons for the recommendation are outlined in the attached letter of July 11, 2001, from Urban Systems Ltd. The low bidder, Ansell Construction Ltd. has a good reputation for their work, but it appears as if this project is well beyond the size and type of work that they are familiar with. For a project such as this with substantial interaction with the homeowners and tight time-lines, we suggest it is in the City's best interest to award this Contract to a Contractor experienced in work of the same scope and complexity. The second lowest bidder, Matcon Construction Ltd., altered an item on the Tender Form. USL quoted case law and obtained legal advice from the Law firm Bull, Housser & Tupper and concluded that we must reject Matcon's tender.

The McKenzie bench Specified Area is intended to be constructed in two phases, with this Contract being the first phase and consisting of all the sewer work in the lower (flat) portion of the Specified Area. Once the Rights-of-way have been established in the upper portion of the Spec Area, the design will be finalized and Tenders will be invited for that area. It is anticipated that we will invite Tenders for the upper portion (Contract 2) early next year.

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W.J. Berry, P.Eng.  
Wastewater Manager

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John Vos  
Director of Works & Utilities

cc Deputy Director of Financial Services

**Attachment not available in electronic form :**

- Letter from Ken Oliver, P.Eng. of Urban Systems Ltd. dated July 11, 2001