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## CITY OF KELOWNA

# MEMORANDUM

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**Date:** August 17, 2005  
**File No.:** 5380-03  
**To:** City Manager  
**From:** Environment & Solid Waste Manager  
**Subject:** **Compost Site Grading Award of Tender TE05-12 & Project Update**

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### **RECOMMENDATION:**

THAT Council award the Site Grading Contract TE05-12, for the Kelowna –Vernon Compost Site to Intercoast Utilities Ltd. in the amount of \$519,277.42, including GST.

### **Background:**

Intercoast Utilities Ltd. had the low bid for the grading of the compost site. The Engineer's estimate was \$1,261,000. There were 4 bidders for this contract with prices ranging from \$519,277.42 to \$1,128,422.00.

### **Project Update:**

In July of 2004 a Memorandum of Understanding was executed between the City of Kelowna and City of Vernon for a Regional Biosolids Facility. The establishment of a Regional Biosolids Composting Facility (RBCF) with the partnership with the City of Vernon is now becoming a reality.

#### **1. Land Lease/ALR/Subdivision:**

After an exhaustive and prolonged land search (since June 1998 for Kelowna) the Cities of Kelowna and Vernon have been able to secure a "lease to purchase" agreement for a joint facility on Commonage Road. In the spring of 2005, the City of Kelowna submitted a subdivision application to the Regional District of North Okanagan (RDNO) on behalf of the owners of the site selected for the RBCF. The application was for a one lot subdivision to create the 33 ha lot described in the Agreement for Lease and Option to Purchase (ALOP). The ALOP ensures long term access to the site, and ultimately provides for ownership of the site by the City of Vernon and the City of Kelowna at a later date if the cities so wish.

The subdivision application was considered by the RDNO Board at their January 11, 2005 meeting. At that meeting the RDNO board passed a resolution that the application be authorized for submission to the Agricultural Land Commission (ALC). The ALC reviewed the subdivision application and the proposal to construct a regional biosolids compost facility at the site. ALC members and staff visited the site in March and determined that the facility was a suitable non farm use as it represented a regional benefit and was appropriately located to reduce conflicts. The ALC did have issues with the size of the proposed lot. Our reason for the creation of the 33 ha lot was to satisfy the minimum lot size requirements of

the RDNO zoning bylaw. The ALC noted that the property immediately west of the proposed 33 ha lot (the former RDNO septage site) was publicly owned (by RDNO) and suggested that this property could be used in conjunction with the subdivided lot in order to meet the minimum lot size. The application was modified to accommodate the ALC's requirements. When the City of Vernon and the City of Kelowna own the subdivided lot, it will be consolidated with the former RDNO septage facility, which will result in the required 33 ha lot.

In June 2005, the Ministry of Transportation and Highways granted preliminary layout approval (PLA) of the proposed subdivision. The PLA included a number of requirements that the City of Vernon and the City of Kelowna had to have revised in order for the landowners to have a comfort level with the subdivision. Final subdivision and registration will occur before end of Sept. 2005.

## **2. Facility Design and Construction**

In December 2004 a Request for Proposals for Engineering Consultants to provide design and construction supervision was issued. Based on a comprehensive review of the proposal received by City of Vernon and City of Kelowna Staff, Associated Engineering was selected.

Prior to the pending, positive ALC decision, Associated Engineering was authorized to proceed with pre-design and detailed design of the facility. A number of meetings have been held between City of Vernon staff, City of Kelowna staff and the consultant to review and refine the design of the facility. Design of the facility is nearing completion. The tender for rough site grading when awarded will begin in early September.

## **3. Project Budget**

The original project budget was prepared a number of years ago. Since then, the scope of the project has been refined and construction costs have increased significantly. In addition, the need to acquire additional property (RDNO septage site) was not originally considered. In excess of \$1,000,000 in rough grading is required due to the topography of the site. A revised project cost estimate will be provided when the consultant provides a revised cost estimate for the construction of the scaled back facility and the purchase of the RDNO site is completed.

Based on updated information, the cost of the scaled back RBCF is now expected to be in the range of \$7.5 million. Additional funds will need to be allocated for this project by both jurisdictions through their respective sanitary utilities. A report to Council in the next month will detail overall costs and funding for this project.

Funds are available within the current Kelowna budget (\$4,000,000) to award this contract and recoverable on a shared basis through the partnership with the City of Vernon (\$2,000,000). Vernon senior management and Council have been advised of the pending budget and funding changes (Aug.15, 2005) and are in full support of this project.

## **4. Design Considerations**

The preliminary design provided by the consultant would have met the needs of the City of Vernon and the City of Kelowna for a 15 – 20 year time horizon. The revised scope will provide capacity for a 5 – 8 year time horizon with provision to facilitate future expansion of the facility. Rough grading of the site will be completed which will enable the 15 – 20 year time horizon expansion to proceed without any additional site grading.

## 5. Project Schedule:

The goal remains for the RBCF to be in operation for spring 2006. Assuming that there are no further delays, an updated timeline for the project is as follows:

- a. **August 2005**
  - i. Subdivision finalized
  - ii. RDNO septage facility acquired
  - iii. Site grading tender awarded
  - iv. Facility design completed
- b. **September 2005**
  - i. Facility construction tender called
  - ii. Facility construction tender awarded
  - iii. Tenders for specified equipment
  - iv. Site grading
- c. **October 2005**
  - i. Site grading completed
  - ii. Facility construction
- d. **February 2006**
  - i. Facility construction completed
  - ii. Facility commissioning
- e. **March-April 2006**
  - i. Winfield Site decommission

The short term and long term benefits of the RBCF project for both the City of Vernon and the City of Kelowna and other future partners are substantial. The RBCF will be a world class facility that will serve the citizens of the two cities for the next 40+ years. As Project Manager for the City of Kelowna I would like to compliment our Land Dept. on their hard work and dedication to solving this project's land issues over many years and also to thank Council for their continuing support of Biosolids Composting since 1995.

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Mark Watt, Environment & Solid Waste Manager



Approved for inclusion:  
John Vos  
Director of Works & Utilities

Cc: City of Vernon Council;  
Dale Danallanko, Manager Environmental Services (City of Vernon)