
City of Kelowna

MEMORANDUM

DATE: May 24, 2006
FILE: 5400-20 Central Okanagan Bypass
TO: City Manager
FROM: Transportation Manager
RE: **AWARD OF CONSTRUCTION CONTRACT TE 06-01
Central Okanagan Bypass – Phase 1, Gordon to Spall**

Prepared by: Forrest Klotzbach, Roadways Engineer

RECOMMENDATION:

THAT Contract TE 06-01 for construction of the Central Okanagan Bypass from Gordon to Spall be awarded to Hayter Construction Ltd. in the amount of \$8,507,647.33, including GST;

AND THAT costs additional to the approved budget totalling \$3,020,000, be charged to Account No. 10-3400-R2555 with funding in the amount of \$1,350,000 be transferred from 10-3400-R2540 (Clifton 1), \$270,000 from 10-3400-R4250 (High 2), \$400,000 from 10-3300-R5934 (McIntosh/Mugford Connector) and 10-3300-R2690 (Crawford), with the remaining \$1,000,000 funded from internal financing; and that the 2006 Financial Plan be amended accordingly;

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

BACKGROUND:

In conjunction with the 20 Year Servicing Plan, the City of Kelowna is proposing to construct the first phase of the Central Okanagan Bypass (COB) from Gordon Drive to Spall Road. When completed, the Central Okanagan Bypass Road will be a limited-access roadway through the city, from a potential future second crossing of Okanagan Lake, north to the Kelowna Airport. This road will be parallel to Highway 97 and offer an optional routing for traffic currently using this busy corridor.

The work to be performed in conjunction with this phase of the COB includes the construction/reconstruction of approximately:

- 1.05 km of new 4-lane road reconstruction (High to Spall Road)

- 0.7 km of road widening and reconstruction (Gordon to High Road)
- 1500 m of storm sewer;
- 575 m of water main;
- 800 m of sanitary sewer;
- 2 traffic signals;
- 1 pedestrian signal;
- a new stormwater management facility at High and Cerise; and
- channel improvements to Brandt's Creek.

In response to the City's invitation to Tender TE 06-01, three bids were received, as shown below:

*Hayter Construction Ltd.	\$8,507,647.33
*Ansell Construction Ltd.	\$8,608,700.14
*Peters Bros. Construction Ltd.	\$8,709,191.56
Engineer's construction cost estimate	\$8,020,000

*Arithmetic errors were corrected that did not materially affect the tender results.

Our Consultant, Urban Systems Ltd., has reviewed the bids for accuracy and arithmetic errors and has provided the City with a tender analysis and the corrected bids. Hayter Construction Ltd. has complied with the tender specifications and drawings, and included the specified Bid Bond and Surety Consent for Performance and Labour and Material Payment bonds.

FINANCIAL IMPLICATIONS:

Included in the 2006 Financial Plan is \$6,500,000 in account 10-3400-R2555 COB 1 (west of Cerise to Spall) for this work. DCC projects Clifton 1 and High 2 which involve the connection of Skyline Street to Clifton Road were originally intended to be constructed this year in conjunction with the COB. However the approval of increased density for the Arbutus Village development has resulted in additional roadway improvements and property requirements, and as a result, these projects are not able to be constructed in 2006.

In order to finance the funding shortfall, it is recommended that \$1,350,000 be transferred from 10-3400-R2540 (Clifton 1, Clifton to High), \$270,000 from 10-3400-R4250 High 2 (Skyline – Mountain), \$400,000 from accounts 10-3300-R5934 (McIntosh/Mugford Connector) and 10-3300-R2690 (Crawford, Westridge to Parkridge) and \$1,000,000 be provided from internal financing to account 10-3400-R2555 COB 1. The internal financing component will be reduced by a contribution from the Water and Wastewater Utilities, once costs for their respective works, tendered along with the road works, are known with certainty. If approved, the 2006 Financial Plan will be amended accordingly.

Contract Value	8,508,460
Less 7% GST	-556,575
Utility Relocations	812,000
Possible noise walls	350,000
Construction Engineering Services	406,030
	<u>\$9,519,915</u>
Funding available in 10-3400-R2555 (COB 1, west of Cerise - Spall)	6,500,000
Funding transfer from 10-3400-R2540 (Clifton 1, Clifton - High)	1,350,000
Funding transfer from 10-3400-R4250 (High 2, Skyline - Mountain)	270,000
Funding transfer from 10-3300-R5934 (McIntosh/Mugford Connector) and 10-3300-R2690 (Crawford, Westridge to Parkridge)	400,000
Internal financing	1,000,000
	<u>\$9,520,000</u>

CONCLUSION:

Hayter Construction's bid is approximately 6% above the Engineer's construction cost estimate of \$8,020,000 for this project, however if the three bids received are very close to each other with the difference between the high and low bids being approximately 2% of the total price. Hayter Construction's bid is compliant with the requirements of the tender and staff recommend award of this tender. Upon award, construction of this project is anticipated to begin in June and be completed in early summer 2007.



Ron Westlake, P.Eng.
Transportation Manager

Approved for inclusion
John Vos
Director of Works & Utilities

FPK/ms

cc: Director of Financial Services