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CITY OF KELOWNA

MEMORANDUM

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**Date:** November 14, 2007

**File No.:** 0550-05  
6640-03

**To:** City Manager

**From:** Assistant General Manager, Airport Development

**Subject:** RUNWAY EXTENSION PROJECT CONSTRUCTION CONTRACT (T07- 084)

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**RECOMMENDATION:**

**THAT** Council authorizes the City to enter into a contract with Arlo Construction Ltd. in the amount of \$7,649,834.43 plus GST for construction of the Runway Extension at the Kelowna International Airport.

**AND THAT** the Mayor and City Clerk be authorized to execute the contract.

**BACKGROUND:**

The Purchasing Division advertised an open tender call for the Runway Extension project on July 25, 2007. The following bids were received on August 28, 2007.

- |                             |                |
|-----------------------------|----------------|
| 1. Arlo Construction Ltd.   | \$7,649,834.43 |
| 2. Hayter Construction Ltd. | \$7,808,090.00 |

The low bid has been reviewed and approved by the consulting engineer and staff.

The construction component of the budget was \$7,019,000. The tendered construction costs exceeded the budget by \$630,834.43.

The Master Municipal Contract Documents used in tendering this work allows the City to adjust the individual quantities bid in the contract upwards or downwards by up to 15% once the contract is awarded.

In reviewing the project elements there are specific items in the project which have been identified that can be reduced in their scope which will bring the overall cost of the runway expansion within budget without compromising the ability for aircraft to achieve intercontinental reach.

These cost savings will be implemented as soon as the project is awarded.

**INTERNAL CIRCULATION TO:**

Tenders were reviewed by the Purchasing Manager who concurs with the award of the contract to Arlo Construction Ltd.

**FINANCIAL/BUDGETARY CONSIDERATIONS:**

Funding for this project in the amount of \$8,000,000.00 was approved by Council as part of the Airport's 2007 Capital Budget request, which includes \$2,700,000.00 in contributions from the Federal and Provincial Governments.

**EXTERNAL AGENCY/PUBLIC COMMENTS:**

The Airport Advisory Committee and Airline Consultative Committee have endorsed the runway extension project.

Considerations that were not applicable to this report:

**LEGAL/STATUTORY AUTHORITY:**

**LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:**

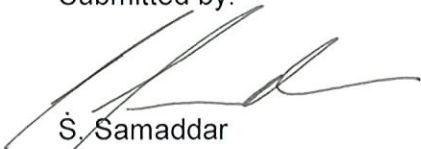
**EXISTING POLICY:**

**PERSONNEL IMPLICATIONS:**

**TECHNICAL REQUIREMENTS:**

**ALTERNATE RECOMMENDATION:**

Submitted by:



S. Samaddar

Assistant General Manager, Airport Development

Approved for Inclusion:

