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CITY OF KELOWNA

MEMORANDUM

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**Date:** August 5, 2009  
**File No.:** 5400-20  
**To:** City Manager  
**From:** Director, Regional Services  
**Subject:** Hwy 33 Widening, Muir Rd to Gallagher Rd – Intergovernmental Agreement

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**RECOMMENDATION:**

THAT Council receive the report of the Director, Regional Services dated August 5, 2009.

AND THAT Council authorize the Mayor and City Clerk to execute the Project Term Sheet agreement with the Ministry of Transportation & Infrastructure setting out roles, responsibilities and cost sharing of a project to widen Hwy 33 to four lanes between Muir Rd and Gallagher Rd.

**BACKGROUND:**

The widening of Hwy 33 between Muir Rd and Gallagher Rd along with constructing sidewalks, curb & gutter, drainage system, boulevards and lighting is a project in the City's 20 Year Servicing Plan and Financing Strategy. As this is a provincial highway, the upgrading of the road corridor has been planned as a partnership with the Ministry of Transportation & Infrastructure.

Significant growth has been occurring in the Black Mountain and Kirschner development areas over the last five plus years. The City and the Ministry have been working together since 2006 to plan and design improvements to Hwy 33 in support of this growth. In addition to adding road capacity (upgrade to four-lane road), proposed improvements address a lack of urban infrastructure along this corridor. The design work has allowed the two agencies to consult with the affected community and property owners about the project, identify design issues (agricultural land and environmental impacts) and to begin necessary land acquisitions.

With the design completed, the total estimated cost of this project is approximately \$24,272,000. Cost sharing on the project will be consistent with other similar projects in the province where a highway is upgraded within a municipal jurisdiction. In these cases, the Ministry is generally responsible for costs to add road capacity while the municipality is responsible for urban infrastructure such as curb/gutter, sidewalks, boulevard treatment and lighting. On that basis, the City's estimate share is approximately \$12,264,000.

Earlier this year, in anticipation of provincial funding for this project, Ministry and City staff negotiated an arrangement to allow the City to defer its share of project costs until 2011 and then spread its payments over a three year period. So on this basis the City would be invoiced \$4 million in January 2011, \$4 million in January 2012 and the remainder in January 2013.

As part of the City's Linear Park Plan, there is the potential to develop a linear park along the Golpher Creek corridor. This creek crosses Hwy 33 east of Gallagher Rd and considering the location, width and speed of the highway, a pedestrian underpass has been proposed. Preliminary design has been completed and this underpass is now estimated to cost up to \$575,000. As this item was a late item added to the project, it will be

tendered as a provisional item subject to Council's approval once the tender closes. Staff will explore various funding sources prior to reporting back to Council.

The attached Project Term Sheet sets out the scope of the project, roles/responsibilities, ownership of project components and the cost sharing by the parties.

This project is close to the tendering and construction stage. Although design has been completed, land acquisitions are not yet complete. The Ministry will act as the lead agency overseeing the tendering and construction. They anticipate beginning the tender by mid-August 2009.

**INTERNAL CIRCULATION TO:**

- Director, Financial Services
- City Clerk

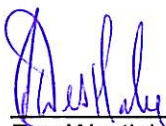
**FINANCIAL/BUDGETARY CONSIDERATIONS:**

The project will be budgeted in the 2011, 2012 and 2013 financial plans. Changes to the 20 Year Servicing Plan (DCCs) will be updated as tender results are known.

Considerations that were not applicable to this report:

- LEGAL/STATUTORY AUTHORITY
- LEGAL/STATUTORY PROCEDURAL REQUIREMENTS
- EXISTING POLICY
- PERSONNEL IMPLICATIONS
- TECHNICAL REQUIREMENTS
- EXTERNAL AGENCY/PUBLIC COMMENTS
- COMMUNICATIONS CONSIDERATIONS
- ALTERNATE RECOMMENDATION

Submitted by:



Ron Westlake, P.Eng.  
Director, Regional Services

Approved for Inclusion:



**Highway 33  
Four Laning from Muir Road to Gallagher Road**

**Project Term Sheet**

**August 4, 2009**

**1.0 Preamble**

- 1.1 This Term Sheet is between Her Majesty the Queen in the right of the Province of British Columbia as represented by the Minister of Transportation and Infrastructure ("MoT") and the City of Kelowna ("CoK").
- 1.2 The Parties have interests in improving the road and Highway network.
  - 1.2.1. MoT wishes to ensure that a safe and efficient highway system is maintained;
  - 1.2.2. CoK has an interest in supporting and encouraging effective community development by ensuring efficient traffic movement both within and to/from the community,
- 1.3 The objectives of this Term Sheet are to:
  - 1.3.1 define the scope of the improvements;
  - 1.3.2 define the roles and responsibilities of each party for the funding and delivery of the project; and
  - 1.3.3 define the ownership of the various components after construction is complete, and what future maintenance will be the responsibility of each party after completion.
- 1.4 The following schedules form part of this Term Sheet;
  - Schedule "A" – MoT Tender Document Package 22198-0000
  - Schedule "B" – Cost Share Schedule

**2.0 Project Scope**

- 2.1 The scope of the project includes;
  - 2.1.1 preparation of traffic analysis, functional design, preliminary cost estimate and business case;
  - 2.1.2 preparation of detailed design, final estimate and tender package;

- 2.1.3 property acquisition;
  - 2.1.4 tendering and award of construction contract; and
  - 2.1.5 construction of the identified works.
- 2.2 The project works include the construction of roadways, storm drainage / detention ponds with utility adjustments and relocations, sidewalks, bike lanes, signalization, illumination, and landscaping for the items of work shown in the tender documents and design drawings prepared by SNC Lavalin (attached as Schedule "A").
- 2.2.1 Highway 33 from Muir Road to Gallagher Road (L100 Sta. 99+00 to 143+60);
  - 2.2.2 Muir Road (L200 Sta. 200+00 to 200 +95).
  - 2.2.3 McKenzie Road (L225 Sta. 225+00 to 225+227+39).
  - 2.2.4 Off Ramp (L250 Sta. 250+00 to 251+93).
  - 2.2.5 Springfield Intersection roads, Driveway (L300 Sta. 300+00 to 300+78), Cul-de-sac (L325+00 to 325+33), Driveway (L350+00 to 351+70), Springfield Road (L375+00 to 376+50), Driveway (L750+00 to 750+55);
  - 2.2.6 Toovey Road Intersection roads, Toovey Road (L400+00 to 400+80), Driveway (L650+00 to 651+47), Driveway (L675+00 to 678+60);
  - 2.2.7 Road access at (L121+56), Driveway (L425+00 to 426+09);
  - 2.2.8 Garner Road Intersection, Hume Road (L450+00 to 450+68), Garner Road (L475+00 to 476+08), Driveway (L625+00 to 625+95)
  - 2.2.9 Loseth Road (L575+00 to 527+56);
  - 2.2.10 Gallagher Road (L600+00 to 601+77):
- 2.3 The Ministry commits to the right-of-way (R/W) and construction of road works needed for the functionality of two highway lanes in each direction, from where the current four lanes end near Muir Road to the Gallagher Road intersection. The Ministry shall be responsible for all of the construction and land acquisition for these works, anticipated to be four 3.6 metre wide lanes, a 2.6 metre wide paved median, 2.0 metre wide open shoulders on each side, fill slopes or cut slopes with adequate ditching/drainage as required. Typical R/W would be 2 - 3 metres beyond the toes of the cut or fill slopes.

- 2.4 The City commits to R/W and construction requirements for auxiliary lanes, bicycle and pedestrian infrastructure, urbanization, intersection upgrades, utility upgrades, detention pond, landscaping, and beautification. The City shall be responsible for all construction and land acquisition for these works. The City would only be responsible for R/W, if the aforementioned Works require additional R/W beyond the toes of the four lane base case. Utility relocations would only be a City responsibility if necessitated by the City Works.

### **3.0 Project Funding**

- 3.1 Project costs will be shared by the two partners as shown on the attached Cost Share Schedule – Schedule "B". These costs are based on the costs known or estimated at this time, and will be adjusted as property settlements are negotiated, after the project tenders are opened, and progressively as more costs become known.
- 3.2 MoT and CoK will share the costs of the design and engineering on a 50 /50 basis since each party is seen to benefit equally from the project.
- 3.3 MoT and CoK will share the costs of property acquisition and construction as shown on the attached Cost Share Schedule – Schedule "B" consistent with clauses 2.3 and 2.4 of this term sheet.
- 3.4 Utility relocation costs would be as per the Ministry's Protocol Agreement with the utility companies. CoK will be responsible for any additional costs incurred for any electrical or telephone utility relocations they request to be installed underground, rather than the aerial relocations covered by the protocol agreements MoT has with the utility companies.
- 3.5 Illumination and signalization costs would be shared in accordance with G23/87.
- 3.6 Each party may add elements to the construction contract, provided they cover 100% of the additional costs.
- 3.7 Cost variances will be allocated on a basis consistent with the cost share per clauses 3.3, 3.4 and 3.5.
- 3.8 Supervision and administration costs will be shared on a 50/50 basis.
- 3.9 CoK will be invoiced for three payments, with the first payment of \$4 Million due January 2011. The subsequent payments will be

invoiced at \$4 Million in January 2012 and the remaining outstanding balance due January 2013.

#### **4.0 Procurement**

- 4.1 The Project will adhere to Provincial and City procurement policies, ensuring that all procurement procedures are fair, equitable, open and transparent.

#### **5.0 Project Delivery**

- 5.1 The Ministry will be responsible for administering the overall delivery of the Project and will assign a Project Manager and project team.
- 5.2 CoK will assign a team member to the project team. The team member will be responsible for communicating project status to CoK staff and executive. He/she will also be responsible for bringing CoK's issues and concerns to the project team. He/she will also be responsible for securing technical reviews and technical support from CoK.
- 5.3 Prior to construction the City and the Ministry shall agree on standards of each component and ownership/maintenance after completion. These standards will primarily be consistent with the 2007 TAC Geometric Design Guide and the BC Supplement, the Ministry's Standard Specifications for Highway Construction, Master Municipal Construction Documents and City Subdivision Bylaw standards.
- 5.4 Upon execution of this Term Sheet, the Parties will each appoint one representative to form the Project Steering Committee ("Steering Committee"). The Steering Committee will oversee the implementation of the project.
- 5.5 Decisions of the Steering Committee will be by consensus.
- 5.6 The project manager will provide monthly reporting to the Steering Committee.
- 5.7 The project manager will provide a project budget and schedule to the Steering Committee. Every effort will be made to ensure that the project is carried out in a manner to maximize the benefits to both parties.
- 5.8 Any cost variances must be reviewed and approved in advance by the Steering Committee before being incurred.



- 5.9 Changes to the scope of the Project must be approved by the Steering Committee.
- 5.10 MoT will procure the construction, administer the contracts and supervise the construction. The CoK may inspect their works as deemed necessary at their expense. Any errors, omissions or changes resulting from these inspections will be discussed at that time with the MoT Project Supervisor, who will in turn notify the Contractor. MoT will be responsible for contract closeout and administering any warranty issues.
- 5.11 Upon final completion and acceptance of the construction, CoK will accept ownership of the R/W and works beyond the base arterial highway as described in clause 2.3. Maintenance of the arterial highway will be in accordance with Circular G23/87.

## **6.0 Confidentiality**

- 6.1 Communication and public release of any information contained in this document will only be undertaken with the permission of all parties. Subject to item 7.1, communication and public release of any information contained in this document will only be undertaken with the permission of all parties.

## **7.0 Freedom of Information**

- 7.1 Any documentation relating to this Term Sheet that is in the custody or control of MoT and CoK is subject to the *Freedom of Information and Protection of Privacy Act*

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Ministry of Transportation and Infrastructure

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Date

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City of Kelowna

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Date

***Schedule "A"***  
to the  
**Highway 33 Four-Laning Project**  
**Muir Road to Gallagher Road**

***Project Term Sheet***

This is the cover page to Schedule "A" which is composed of the MoT tender document package for Project No. 22198-0000 included in the attached drawings:



***Schedule "B"***  
to the  
Highway 33  
Four Laning Muir Road to Gallagher Road

**Project Term Sheet**

***Cost Share Schedule***

Cost Share Schedule - Schedule "B"			
<b>Date:</b> Aug 04, 2009		Credits are shown (in brackets)	
Cost Item Description	Cost	Ministry Share	City Share
General Mobilization traffic Management			
Quality management Site Modification	\$1,660,000.00	\$808,420.00	\$851,580.00
Grade Construction	\$3,395,663.00	\$2,354,000.00	\$1,041,663.00
Storm Drainage	\$1,893,840.00	\$946,920.00	\$946,920.00
Toovey Detention Pond	\$364,750.00	\$0.00	\$364,750.00
Retaining Wall	\$40,000.00	\$40,000.00	\$0.00
Fencing	\$17,720.00	\$8,860.00	\$8,860.00
Water Works	\$409,345.00	\$409,345.00	\$0.00
Paving	\$3,427,039.00	\$2,159,035.00	\$1,268,004.00
Curb and Gutter, Medians & Sidewalks	\$2,617,150.00	\$140,000.00	\$2,477,150.00
Roadside Barriers	\$179,500.00	\$179,500.00	\$0.00
Signing and Pavement Markings	\$142,870.00	\$47,650.00	\$95,220.00
Electrical	\$1,230,095.00	\$410,032.00	\$820,063.00
Landscaping/Irrigation	\$444,380.00	\$0.00	\$444,380.00
Ped Underpass	\$575,000.00	\$0.00	\$575,000.00
Utility Relocates	\$100,000.00	\$100,000.00	\$0.00
Total contract value	\$16,497,352.00	\$7,603,762.00	\$8,893,590.00
Project Supervision	\$1,000,000.00	\$500,000.00	\$500,000.00
Property	\$4,200,000.00	\$2,617,305.00	\$1,582,695.00
Project Management	\$530,000.00	\$265,000.00	\$265,000.00
Administration	\$90,000.00	\$45,000.00	\$45,000.00
Engineering	\$1,400,000.00	\$700,000.00	\$700,000.00
Environment	\$20,000.00	\$10,000.00	\$10,000.00
Geotechnical	\$35,000.00	\$17,500.00	\$17,500.00
Contingency	\$500,000.00	\$250,000.00	\$250,000.00
<b>Totals</b>	<b>\$24,272,352.00</b>	<b>\$12,008,567.00</b>	<b>\$12,263,785.00</b>