



ADMINISTRATIVE REPORT

Report Date: April 4, 2017
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Meeting Date: May 3, 2017

TO: Standing Committee on Policy and Strategic Priorities

FROM: General Manager of the Engineering Services Department and Chief Purchasing Official

SUBJECT: Contract Award for ITT PS20161665 Contractor for Vancouver Landfill Western 40 Hectares Closure and Gas Works

RECOMMENDATION

- A. THAT Council authorize City staff to enter into a contract with King Hoe Excavating Ltd., for construction services for the Vancouver Landfill Western 40 Hectares Closure and Gas Works, for an approximate term of three (3) years, with an estimated contract value of \$18,982,068.52, plus applicable taxes, over the three-year term, to be funded the current approved Capital Budget for Vancouver Landfill Western 40 Hectares Closure and Gas Works.
- B. THAT the Director of Legal Services, Chief Purchasing Official and General Manager of the Engineering Services Department be authorized to execute on behalf of the City the contract contemplated by Recommendation A;
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the authorized signatories of the City as set out in these Recommendations.

REPORT SUMMARY

The City issued Invitation to Tender (ITT) No. PS20161665 Vancouver Landfill Western 40 Hectares Closure and Gas Works in February 2017. The ITT was advertised on the City of Vancouver website and BC Bid and the work was called in accordance with the terms and condition of the City's Procurement Policy AF-015-01. City staff and consultants on the ITT evaluation committee and, subsequently, the Bid Committee, have considered the responses received and, on that basis, recommend that the City enter into a contract as describe above with King Hoe Excavating Ltd.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy AF-015-01 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered and recommended King Hoe Excavating Ltd. as the successful contractor.

REPORT

Background/Context

Owned and operated by the City, the Vancouver Landfill serves approximately 40% of the Metro Vancouver region, specifically, Vancouver, Delta, Richmond, White Rock, UBC/UEL, and a portion of Surrey. In operation since 1966, the Landfill is authorized by an Operational Certificate issued by the BC Ministry of Environment pursuant to the BC *Environmental Management Act* and Metro Vancouver's *Integrated Solid Waste and Resource Management Plan*. The current operating agreements with Metro Vancouver and the Corporation of Delta expire in 2037.

The Landfill's Operational Certificate requires that final cover be constructed no later than one year after final placement of garbage. Filling in the Western 40 Hectares is projected to be completed by year end. Construction of the closure and gas works is scheduled to begin in May; however, the work is staged over three years due to the size of the area and the need for dry weather to complete the work. Progressive closure for each phase on completion minimizes the environmental impact of the Landfill by maximizing landfill gas capture and minimizing leachate generation from closed areas.

Landfill gas (LFG) is collected with a network of horizontal collectors and vertical gas extraction wells and is conveyed to the flare station for either destruction in the flares or utilization off site. The City is committed to maximizing gas capture and reducing GHG emissions. In recent years, the City has been actively improving LFG collection at the site with the installation of numerous vertical extraction wells and horizontal collectors throughout the site. Regular installation of additional works is needed to maintain the BC *Landfill Gas Management Regulation* LFG collection efficiency target of 75%. This project includes gas works within the Western 40 Hectares area of the Landfill.

The purpose of the ITT was to identify suppliers with a demonstrated capability to supply the City's estimated demand over the term of the contract with competitive pricing and meets the City's service requirements.

Strategic Analysis

In February 2017, ITT PS20161665 was issued in accordance with the City's Procurement Policy for the Vancouver Landfill Western 40 Gas Works and Closure at the Vancouver Landfill. Ten (10) contractors attended the site visit and six (6)

companies submitted bids. The City received a response from six (6) interested contractors as follows:

| <u>Contractor</u> | <u>Tender Price</u> |
|-----------------------------|---------------------|
| King Hoe Excavating Ltd. | \$18,982,068.52 |
| BD Hall Constructors Corp. | \$20,262,000.00 |
| Tybo Contracting Ltd. | \$22,566,000.00 |
| JJM Construction Ltd. | \$28,435,000.00 |
| M2K Construction Ltd. | \$33,534,668.50 |
| Secure Energy Services Inc. | \$37,188,949.33 |

The bid review and supplier evaluation were performed by Engineering Services Staff and Supply Chain Management with oversight from Legal Services. Consultation for service requirements and vendor review was also done by the City's Consultant. The evaluation team determined that the tender submitted by King Hoe Excavating Ltd. is compliant with the ITT specifications and provides best overall value to the City. King Hoe Excavating Ltd. submitted the lowest, qualified bid of \$18,982,068.52 excluding applicable taxes.

King Hoe Excavating Ltd. is qualified to perform the work required for the Project as set out in the tender package based on satisfactory completion of large civil construction projects, including Phase 2 Closure & Gas System Upgrades at the Landfill in 2012/2013, and references provided and checked. References were checked by the City's Consultant and Supply Chain Management and financial information was reviewed by Supply Chain Management.

Financial Implications

Finance has reviewed and confirmed that funding is available from the Capital Budget for Vancouver Landfill Western 40 Hectares Closure and Gas Works. The multi-year budget for this project is \$43.3 million.

Legal

The City's Procurement Policy requires that all contracts that have been awarded by Bid Committee plus Council will be signed by the Director of legal Services.

CONCLUSION

In summary, City staff recommends that the City of Vancouver enter into a contract, with King Hoe Excavating Ltd. for a three (3) year term (approximate), for Vancouver Landfill Western 40 Hectares Closure and Gas Works.

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