



ADMINISTRATIVE REPORT

Report Date: June 17, 2014
Contact: Nick Kassam
Contact No.: 604.829.2097
RTS No.: 10605
VanRIMS No.: 08-2000-20
Meeting Date: July 9, 2014

TO: Standing Committee on City Finance and Services

FROM: General Manager of Engineering Services and Director of Supply Chain Management

SUBJECT: Contract Award for Phase 3 East Landfill Gas and Leachate System Upgrades at the Vancouver Landfill

RECOMMENDATION

- A. THAT subject to the conditions set out in Recommendations B, C, and D, Council award a contract to BD Hall Constructors Corp. for construction services for the 2014 Phase 3 East Landfill Gas and Leachate System Upgrades Project at an estimated cost of \$3,476,705.60 (excluding GST) for the base bid work to a maximum of \$4,189,840 including provisional items, subject to a contract satisfactory to the General Manager of Engineering Services, Director of Legal Services, Director of Finance, and the Chief Purchasing Official; source of funds to be the previously approved capital project budget for 2012-14 Landfill Closure and Gas Collection.
- B. THAT all legal documentation is to be in a form which is satisfactory to the General Manager of Engineering Services, Director of Legal Services, Director of Finance and Chief Purchasing Official.
- C. THAT upon approval of the legal documentation, the Director of Legal Services, the General Manager of Engineering Services, the Director of Finance and the Chief Purchasing Official be authorized to execute and deliver the necessary agreement on behalf of City Council.
- D. THAT no legal rights or obligations shall arise hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties.

REPORT SUMMARY

The Vancouver Landfill's Operational Certificate (as defined below) issued by the BC Ministry of Environment requires that final cover be constructed no later than 1 year after final placement of garbage. In addition, the City has set a target to achieve 75% landfill gas collection efficiency ahead of the BC *Landfill Gas Management Regulation* requirement in effect on January 1, 2016.

The 2012-2014 Capital Plan contains closure and landfill gas works at the Vancouver Landfill of \$38.6 million. As detailed in this report, closure and landfill gas works are planned for 2014 and ongoing work will be necessary over the life of the Vancouver Landfill to maintain the 75% landfill gas collection efficiency.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy requires that contracts with values over \$2 million must be approved by Council following review and recommendation by the Bid Committee. Bid Committee has considered and approve BD Hall Constructors Corp. as the successful proponent.

In 2001, Council set the minimum balance of the Solid Waste Capital Reserve at \$30,000,000.

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* (the "Operational Certificate") 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 1 year after final placement of garbage. Construction of the Phase 3 East Landfill Gas and Leachate System Upgrades is scheduled to begin in July 2014 to coordinate with active filling. Progressive installation of landfill gas and leachate collection systems in advance of closure, together with final closure, minimizes the environmental impact of the Landfill by maximizing landfill gas capture and minimizing leachate generation.

Timely construction of these and other works is also required to meet the Provincial regulatory target of 75% collection efficiency by January 1, 2016 set by the BC *Landfill Gas Management Regulation*. Ongoing closure activities and landfill gas works will be necessary over the life of the Vancouver Landfill to maintain the regulatory target of 75% past 2016.

In Administrative Report RTS No. 10190 Council approved the recommendation to proceed with the Phase 3 West Closure and Gas System Upgrades. Previous recommendations included: RTS No. 09154, dated May 17, 2011, for the initial portion of the Phase 2 Closure and Landfill Gas Collection Works Project with a budget of \$4.678 million and; RTS No. 09642, dated May 18, 2012, for the Phase 2 Closure Construction & Gas System Upgrades project with a contract price of \$13,686,469.78.

Strategic Analysis

In May 2014, Invitation to Tender (ITT) (PS20140369) was issued in accordance with the City's Procurement Policy for the Phase 3 East Landfill Gas and Leachate System Upgrades at the Vancouver Landfill. Twelve (12) contractors and several subcontractors attended the site visit and four (4) firms submitted bids.

The bid review, compliance and supplier evaluations were performed by Engineering Services Staff and Supply Chain Management, and reviewed by 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 BD Hall Constructors Corp. is compliant with the ITT specifications and provides best overall value to the City. BD Hall Constructors Corp. submitted the lowest, qualified base bid of \$3,476,705.60 and total bid including provisional items of \$4,189,840.00 (excluding GST).

BD Hall Constructors Corp. is qualified to perform the work required for the Project as set out in the tender package based on satisfactory completion of the 2013 Vancouver Landfill gas and closure works as well as large civil construction projects and references provided and checked. References were checked by the City's Consultant and Supply Chain Management.

Financial

The source of funds for the proposed contract for the Phase 3 East Landfill Gas and Leachate Collection System Upgrades project is from the approved capital project budget for 2012-14 Landfill Closure and Gas Collection.

The capital project budget includes a funding component for Metro Vancouver. Metro Vancouver pays a portion of closure works based on Metro Vancouver and Vancouver/Delta waste proportions, and will be invoiced for their portion of costs on an annual basis.

Environmental

This Project mitigates the environmental risk of landfill gas emissions. Landfill gas is a key greenhouse gas (GHG) with at least 20 times the impact of carbon dioxide. The construction schedule is designed to minimize the amount of disruption to the landfill gas collection system due to closure works and new gas connections. The contract contains significant financial penalties for not meeting the construction schedule. Construction is to begin in July 2014 and total completion is scheduled for February 2015.

Legal

Work under this contract is a regulatory requirement under the Landfill's Operational Certificate, and must be completed under the schedule dictated by the Operational Certificate. In addition, this work will assist in meeting the landfill gas collection efficiency target of 75% set in advance of regulatory requirements coming in 2016.

CONCLUSION

In summary, City staff recommends that the City of Vancouver award a contract to BD Hall Constructors Corp. for construction services on the Phase 3 East Landfill Gas and Leachate System Upgrades Project at an estimated cost of \$3,476,705 (excluding GST) for the base bid work to a maximum of \$4,189,840 including provisional items (excluding GST).

* * * * *