



COUNCIL REPORT

Report Date: February 8, 2023
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Meeting Date: March 8, 2023
[Submit comments to Council](#)

TO: Standing Committee on City Finance and Services

FROM: General Manager of the Engineering Services Department and Chief Procurement Officer

SUBJECT: Contract Award for Prequalified Contractors for Landfill Gasworks Program

Recommendations

- A. THAT Council authorize City staff to (1) establish a three-year program through which the City will select prequalified contractors to provide gasworks and ancillary services and (2) under the gasworks and ancillary services program, authorize City staff to negotiate agreements worth an estimated total of \$13,000,000, plus applicable taxes, funded through capital project budgets to the satisfaction of the City's General Manager of the Engineering Services Department, the City's Director of Legal Services, and the City's Chief Procurement Officer as and when the work is required;
- B. FURTHER THAT the Director of Legal Services, Chief Procurement Officer and General Manager of the Engineering Services Department be authorized to execute on behalf of the City the agreements described in 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.

Purpose and Executive Summary

The City issued request for Expression of Interest PS20220043-ENG-RFEOI Vancouver Landfill Gasworks - Contractor Prequalification (the RFEOI) on September 28, 2022. The RFEOI was advertised on the City of Vancouver website and the work was called in accordance with the terms and conditions of the City's Procurement Policy ADMIN-008. City staff on the RFEOI evaluation committee and, subsequently, Bid Committee, have considered the responses received, and on that basis recommend that the City offer a Memorandum of Understanding to each of the five (5) recommended vendors who will then be prequalified to bid on two (2) or more ITT packages over the three (3) year term of the program.

Council Authority/Previous Decisions

The City's Procurement Policy ADMIN-008 requires that Council approve contracts with values over \$2 million following review and recommendations by the Bid Committee.

Council's approval of this program per the recommendations above is a deviation from the City's Procurement Policy ADMIN-008. Council's approval of the recommendations would authorize staff to award contracts to prequalified Landfill Gasworks contractors without further individual approval of each contract by Bid Committee or Council.

The Bid Committee has considered and recommended that five (5) vendors be prequalified.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

The Transfer and Landfill Operations Branch of the City's Engineering Department is responsible for installation, management and maintenance of the environmental protection systems for gas and leachate at the Vancouver Landfill (Landfill), located in Delta, British Columbia. Every year, specialized construction services are needed to install gas and leachate works to meet regulatory requirements. Traditionally, procurement of contractors to perform this work has been through an open ITT process, where the lowest cost, compliant bidder is selected to perform the work. However, based on experience, this procurement approach is sub-optimal for this type of work as previous projects have experienced problems with some or all of the following:

- Contractor health and safety incidents
- Utility strikes of gas collection pipes
- Quality issues during construction
- Inability to meet tight construction deadlines
- Issues with supplier and subcontractor management
- Legal disputes
- Lack of competition during procurement resulting in high prices

To better respond to the requirements of this specific Engineering asset class, an RFEOI was initiated to create a three (3) year procurement program where a managed list of qualified vendors will be invited to bid on and, subsequently, perform the work.

The shortlisted contractors will be required to sign a Memorandum of Understanding that will allow the City to send them an ITT along with a City construction contract, specific to each project, as and when the City has a requirement for gas and leachate works. The ITT packages will include bonding where appropriate with final selection based on the lowest priced, compliant bid.

Prior to initiation of the ITT, each specific project will start with an approved purchase requisition (shopping cart), including department and Finance approval, commensurate with the contract value, per the City's procurement policy.

In order to comply with trade agreements, the term of the program will be three (3) years. This report is contemplating the approval of the entire program and, as such, each specific award will be approved via the City's standard Contract Approval Summary (CAS) process, which requires approval from Engineering and Finance leadership, commensurate to value. The team will not be seeking Bid Committee or Council approval for construction contracts awarded under this program for the three (3) year term, all of which will be over \$2M in value.

The purpose of the RFEOI was to identify suppliers with demonstrated capability to meet the City's estimated demand over the term of the contract at competitive pricing and satisfactory service requirements.

Discussion

The RFEOI was issued in accordance with City's Procurement Policy ADMIN-008. The City received responses from:

- M2K Construction Ltd.
- Norland Ltd.
- BD Hall Constructors Corp.
- King Hoe Excavating Ltd.
- JJM Construction Ltd.
- Jacob Bros. Construction Ltd.
- Complete Utility Contractors Ltd.
- Matcon Excavating and Shoring Ltd.

The responses were evaluated through the work of an evaluation team comprised of representatives from the Engineering Services Department under the stewardship of Supply Chain Management to ascertain if the responses offered good overall value to the City; both quantitative and qualitative factors were evaluated.

Some of the Criteria considered in the overall evaluation process included:

- Respondent's depth of experience on projects involving Landfill gasworks replacements, upgrades or repairs
- Qualifications of the applicant's key personnel and their capacity to attend to the City's requirements
- Ability to manage subcontractors and proponent's own personnel to supplement subcontractor's work
- Respondent's safety qualifications
- Respondent's safety management processes
- Compliance with City policy
- Compliance with City insurance, and bonding requirements
- Employment equity and workforce diversity

Based on the overall evaluation, the team concluded that the responses submitted by the following vendors best met the City's requirements and should be prequalified by the City for Landfill gasworks and ancillary services:

- M2K Construction Ltd.

- Norland Ltd.
- BD Hall Constructors Corp.
- King Hoe Excavating Ltd.
- JJM Construction

Financial Implications

Financial Planning & Analysis (FP&A) has reviewed the cost of the goods and/or service and concurs that the projected expenditure for the three-year program is provided for in the 2023-2026 Capital Plan. Funding for 2023 expenditures is approved in the Multi-Year Capital budget and the 2023 Capital Plan approved by Council in December 2022. Funding for subsequent years, while planned, will necessarily be subject to Council approval of future capital budgets.

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