



## COUNCIL REPORT

Report Date: October 15, 2024  
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Meeting Date: November 13, 2024  
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TO: Standing Committee on City Finance and Services

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

SUBJECT: Contract Award for Pre-qualified Contractors for Construction Services for Sewer and Other Utility Works

### Recommendations

- A. THAT Council authorize City staff to establish the Sewer and Other Utilities Program No. 1 (SOUP), in which the City will prequalify certain contractors and have them competitively bid on an estimated \$95,000,000, plus applicable taxes, of sewer and other utility works, over a three-year term, funded through capital project budgets, as and when the work is required, in accordance with the terms generally described in this report.
- B. THAT Council authorize the City's Chief Procurement Officer to execute non-binding memoranda of understanding with each of the following pre-qualified contractors: B&B Heavy Civil Construction Ltd., BD Hall Constructors Corp., Jacob Bros. Construction Inc., Oscar Renda Contracting of Canada Inc., NorLand Limited, Clearway Construction Inc., and Complete Utility Contractors to participate in the SOUP, in accordance with the terms generally described in this report.
- C. THAT Council delegate its authority to the General Manager of Engineering, the Chief Procurement Officer, and the Director of Legal Services to execute construction agreements with the contractor who submits the lowest price bid for each sewer or other utility construction project that City staff tenders to the pre-qualified contractors under the SOUP.
- D. THAT no legal rights or obligations will be created by Council's approval of Recommendations A through C above unless and until the parties execute and deliver the legal agreements described in the Recommendations.

## **Purpose and Executive Summary**

Per the City's *Procurement Policy ADMIN-008*, all programs with values over \$3 million must be approved by Council following review and recommendations by the Bid Committee. City staff are seeking Council's approval to vary the contract award authority under the Procurement Policy for the City's proposed Sewer and Other Utilities Program No. 1 (SOUP).

The purpose of the SOUP is to enable City staff to execute construction agreements more quickly with pre-qualified contractors, ultimately saving time and effort on critical work. This program will result in a timeline reduction of approximately six weeks per project, which is significant, at a time where construction costs escalation in Vancouver are approximately 1-2% per month. Expediting the timelines also helps ensure that external funding deadlines are met for each project. The SOUP will also ensure that the contractors bidding on the sewers and other utility works projects, which can be challenging to implement, have relevant experience to perform the work. All agreements executed under the SOUP will still be competitively tendered and awarded to contractors from the pre-qualified list based on the lowest cost compliant bids.

As with other contracts awarded pursuant to other pre-qualification programs approved by Council, contracts awarded under this program will be reported to Council and publicly posted in the City of Vancouver's website on a quarterly basis.

The City issued a Request for Applications PS20240711-ENG-RFA Construction Services for Sewer and Other Utility Work - Contractor Pre-Qualification (the RFA) on June 20, 2024. The RFA was advertised on the City of Vancouver's website and BC Bid, and the work was called in accordance with the terms and condition of the City's *Procurement Policy ADMIN-008*. City staff on the RFA 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 seven (7) recommended vendors. The vendors will then be pre-qualified to bid on approximately five (5) Invitation to Tenders (ITT) packages over the three-year term of the SOUP.

## **Council Authority/Previous Decisions**

The City's *Procurement Policy ADMIN-008* requires that contracts valued over \$3 million must be approved by Council, following review and recommendations by the Bid Committee.

Council's approval of the SOUP, per the recommendations above, would vary the City's *Procurement Policy ADMIN-008*, but consistent with several similar pre-qualification programs approved in the past. Council's approval of the recommendations would authorize staff to award contracts over \$3 million to pre-qualified contractors through a Contract Approval Summary process without further individual approval of each contract by Bid Committee and Council.

The Bid Committee has considered and recommended that seven (7) vendors be pre-qualified.

## **City Manager's Comments**

The City Manager concurs with the foregoing recommendations.

## Context and Background

The City of Vancouver's sewer system provides essential and reliable sewer and drainage services that protect public health, the environment, and property through the collection, conveyance, management, and treatment of wastewater and storm water.

The City's sewer system consists of 2,140 km of sewer mains, 93,000 service connections, 40,000+ catch basins and 24 pump stations, which work together to convey sanitary flow (wastewater from homes and businesses) and storm water (surface run-off from private and public property and groundwater) to regional treatment facilities operated by Metro Vancouver.

Over 20% of the City's sewer mains are in poor or very poor condition. These aging assets, many over 100 years old, are combined sewers that are slated for renewal and in need of upsizing to provide the capacity needed to support growth and mitigate the impacts of climate change. The 2023-2026 Capital Plan allocates \$226M to the Sewer Renewal Program. A combination of internal and external delivery is needed to support the program as the overall program exceeds the capacity of internal construction crews.

Construction of new sewers in a highly urbanized environment with many stakeholders and users (commuters, buses, pedestrians, cyclists, etc.) is challenging work. Good contractors are therefore essential to the successful delivery of the projects by ensuring public safety during construction, managing challenging traffic control requirements, and delivering of high-quality construction services.

Historically, procurement of contractors to perform this work has been through Invitation to Tenders (ITT), where the lowest cost, compliant bidder is automatically selected to perform the work with few tools to evaluate the qualifications of the compliant bidder. Staff are recommending a long-term program procurement approach for the SOUP program to foster strong relationships with qualified contractors and reduce procurement timelines of approximately six weeks per contract, enabling the following benefits:

- Accelerated capital delivery to address infrastructure condition and support population growth.
- Increased value for money by minimizing construction costs escalation (1-2% per month) and addressing the infrastructure deficit.

To create this program, staff posted the RFA in 2024 to create the SOUP, where a managed list of qualified vendors will be invited to bid on and, subsequently, perform the work. The purpose of the RFA was to identify vendors with demonstrated capability to meet the City's estimated demand over the term of the contract at competitive pricing and satisfactory service requirements. To comply with trade agreements, the term of the SOUP is limited to three (3) years. Looking ahead, approximately five (5) sewer and other utility work construction projects are planned to be tendered under the SOUP.

The shortlisted contractors will be requested to sign Memoranda of Understanding that will allow the City to send them ITTs along with a City construction contract, specific to each project. The ITT packages will request bid, performance, labour and material, and other bonds, as appropriate, according to the Canadian construction industry standards. The final vendor selection will be based on the lowest priced, compliant bid. Prior to the initiation of the ITT, each

specific project will require commencement of the procurement process with departmental and Finance approval, commensurate with the contract value as per the City's delegated expenditure authority levels.

This report contemplates approval of the entire program and as such, each specific contract award will be approved via the City's standard Contract Approval Summary (CAS) process, which requires both approval from the Engineering and Finance and Supply Chain leadership, commensurate with value. The team will not seek Bid Committee or Council approval for construction contracts awarded under this program for the three-year term, all of which are anticipated to be over \$3 million in value.

### **Sustainable and Ethical Procurement**

The City continues to use procurement as a tool to advance equity, diversity and inclusion expectations and efforts from proponents. The seven (7) selected vendors all scored well and are aligned with City values. All seven (7) selected vendors signed the City's Supplier Code of Conduct to ensure they meet the City's ethical purchasing standards.

### **Discussion**

The RFA was issued in accordance with the City's Procurement Policy (ADMIN-008). The City received responses from:

- B&B Heavy Civil Construction Ltd.
- BD Hall Constructors Corp.
- Jacob Bros. Construction Inc.
- Oscar Renda Contracting of Canada Inc.
- NorLand Limited
- Clearway Construction Inc.
- Complete Utility Contractors
- PW Trenchless Construction Inc.
- RTR Terra Contracting Ltd.
- Matcon Underground Utilities Ltd.
- Michels Canada Co.
- Pedre Contractors Ltd.
- GPM Civil Contracting Inc.

The responses were evaluated, by a team comprised of representatives from the Engineering Department, under the stewardship of Supply Chain Management, to assess each response's overall value.

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

- Health and Safety Certification (Ethical Purchasing)
- Health and Safety Management (Ethical Purchasing)
- Respondent Overview and Experience
- Key Personnel
- Quality Management
- Contractors Equipment
- Employment Equity and Workforce Diversity and Indigenous Participation

Based on the results of the overall evaluation, the team concluded that the applications submitted by the following vendors best met the City's requirements and should be prequalified for the SOUP:

- B&B Heavy Civil Construction Ltd.
- BD Hall Constructors Corp.
- Jacob Bros. Construction Inc.
- Oscar Renda Contracting of Canada Inc.
- NorLand Limited
- Clearway Construction Inc.
- Complete Utility Contractors

### **Financial Implications**

Funding is available from 2023-2026 Capital Plan for Sewer Main Renewal and Targeted Separation Programs and future capital plans for the program. Actual funding for each specific project will be concurred on by FP&A prior to initiating the procurement process as and when the work is required.

### **Legal Implications**

The City's Procurement Policy requires that all contracts that have been awarded by Bid Committee and Council be signed by the Director of Legal Services. The recommendation of this report is that Council delegate its authority to the General Manager of Engineering and the Chief Procurement Officer, and the Director of Legal Services to execute construction agreements with the contractor who submits the lowest bid for each Sewer and Other Utilities Program construction project that staff tenders to the pre-qualified contractors under the SOUP.

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