

NO: R060

COUNCIL DATE: April 1, 2019

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## REGULAR COUNCIL

**TO: Mayor & Council** **DATE: March 28, 2019**

**FROM: President & CEO, Surrey City Development Corporation** **FILE: 2480-20 (Campbell Heights)**

**SUBJECT: Consent to Award Contract  
Campbell Heights East Land Servicing**

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## RECOMMENDATIONS

Surrey City Development Corporation (“SCDC”) recommends that Council, in accordance with the Company’s Articles section 11.1(d):

1. Provide consent for the Company to enter into a contract with B&B Contracting Group in the amount of \$11,409,930, including GST, for land servicing of Phase 1 of the Company’s development located at Campbell Heights East 19475 26<sup>th</sup> Avenue and 19500 26<sup>th</sup> Avenue.
2. The expenditure authorization limit for the awarded contract be set at \$12,550,923 (including GST and contingency); and
3. Authorize the City Clerk to forward a copy of this report and the related Council consent to SCDC.

## INTENT

The purpose of this report is to obtain Council consent to enter into a Land Servicing Contract for Campbell Heights East (“CHE”) Phase 1 Lands at 19475 26<sup>th</sup> Avenue and 19500 26<sup>th</sup> Avenue. This scope of work for the construction package will include road and site works, storm, sanitary, water, hydro/telephone and landscape works.

Initiating this servicing contract in April 2019 will allow SCDC to meet their obligations for servicing the Phase 1 Lands and produce a site available for Wal-Mart to commence construction in late 2019.

## BACKGROUND/SCOPE OF WORK

Surrey is the second largest industrial market in Metro Vancouver. It currently has 32 million square feet of industrial space, which is approximately 17% of total inventory in the Metro region. Among Surrey’s eight business parks, Campbell Heights is the largest and one of the newest. Lack

of industrial supply continues to drive the market in an upward trend and in other business parks in the City and region land sale pricing and lease rates have continued to escalate.

On July 9, 2018 Council gave approval for SCDC to enter into a long-term lease agreement with Wal-Mart on SCDC property located at 19500 26 Avenue. Requirements for this agreement included that SCDC rezone the property and prepare it sufficiently for Wal-Mart to begin construction in late 2019.

SCDC submitted the related rezoning application for Campbell Heights East (“CHE”) development to Council in 2017 and it was approved on February 11, 2019. Site clearing and earthworks are presently underway and SCDC must now ensure that services are provided to the site (as illustrated in Appendix “I”) no later than October 31, 2019.

SCDC has received approval from the SCDC Board of Directors (as attached in Appendix “II”) subject to Council consent, to enter into a land servicing contract for the CHE Phase 1 Lands 19475 26<sup>th</sup> Avenue and 19500 26<sup>th</sup> Avenue. The scope of work will include road and site works, storm, sanitary, water, hydro/telephone and landscape works for the Phase 1 Lands.

In accordance with the Company’s Articles of Incorporation, section 11.1(d) approval from the City as shareholder is required prior to *‘the entering into, execution, acknowledgement, amendment, supplement, cancellation or termination of any Material Contract on behalf to the Company of any of its subsidiaries, and, for this purpose, “Material Contract” means any contract, agreement or other instrument to be entered into by the Company or any of its subsidiaries which may in the aggregate over the term of the contract, agreement or instrument involve an obligation of the Company, or any of its subsidiaries, to pay in excess of \$5,000,000.’*

The Contract work is expected to start in April 2019 and be completed by October 31, 2019. The Contractor shall comply with the requirements of the appropriate authority concerned with the closure of streets or highways and shall post proper notices and/or signals, and provide necessary barriers, guards, lights, flagmen or watchmen as may be necessary for proper maintenance of traffic and protection of persons and property from injury or damage. As a result, there are no prolonged impacts to any residences or businesses resulting from any of the Contract work.

## TENDER RESULTS

Tenders for the subject Contract were opened on February 26, 2019 with the following results:

<b>Contractor</b>	<b>Tendered Submission</b>	<b>Corrected Amount</b>
1. B&B Contracting Group	\$11,409,930	No Change
2. Mainland Group	\$12,265,155	No Change
3. RDM Enterprises	\$14,913,351	\$14,913,352
4. Tybo Contracting	\$ 15,052,275	\$14,995,575
5. Matcon Civil Constructors	Declined Response	
6. Gemco Construction	Declined Response	
7. Tag Construction	Declined Response	

SCDC's Consultant's pre-tender estimate was \$11.8 million.

## **EVALUATION**

SCDC's consultant reviewed the tender submissions for accuracy and completeness. All submissions included the required 10% bid bond, were signed on the Tender Form, and were initialed on the Summary Sheet of the Schedule of Quantities and Prices.

The tender submissions were based on construction being permitted between 7:00 a.m. and 7:00 p.m. on Collector and Arterial roads in order to provide the best balance between traffic volumes and residential density while completing the works within the shortest duration possible.

This tender submission did not include an option for contractors to work 24-hours a day, 7-days a week as there are no financial savings or time savings expected. Notwithstanding the above, in the continued effort to explore opportunities to reduce the cost of construction projects and to reduce the duration of construction and its associated impact on road users, Engineering Department staff are preparing to bring forward a Corporate Report to Council in the near future identifying further opportunities toward accelerating the delivery and reducing the cost of capital construction projects once the research, consultation and market soundings are completed.

The low bidder, B&B Contracting Group, has provided a Consent of Surety for a Performance Bond and a Labour & Materials Bond, and agreed to complete the essential works by October 31, 2019, as stipulated in the Contract. The form of contract being utilized is the Canadian Construction Document Committee (CCDC 2) Stipulated Price Contract. B&B Contracting Group has agreed to guarantee the completion date and will be subject to damages in the amount of \$5,000 per day for any delay beyond the completion date. They have no outstanding legal claims against the City and have worked successfully with SCDC in the past. It is recommended that SCDC enter into a contract with B&B Contracting Group.

## **FUNDING**

Funding for this Contract is available within the Campbell Heights East Phase 1 project budget approved by SCDC Board of Directors and Council in 2017. These servicing costs will be offset by ongoing rental revenue from Wal-Mart including prepayment of the first ten years of their lease in 2020.

## **SUSTAINABILITY CONSIDERATIONS**

The CHE Phase 1 project as supported by the work of this Contract, which supports the objectives of the City's Sustainability Charter 2.0. In particular, this work relates to the Sustainability Charter 2.0 theme of Economic Prosperity and Livelihoods, and Ecosystems. Specifically, this Contract supports the following Desired Outcomes ("DO") and Strategic Directions ("SD"):

1. Economic Prosperity and Livelihoods
  - Economy DO4: Surrey's economy is diversity with a mix of service, industrial, agricultural an innovation-based business;
  - Economy DO5: Locally owned companies are thriving, creating a robust local economy and retaining wealth and jobs in the community;

- Economy DO8: The City's strong revenue base includes a balance of commercial and residential property taxes;
- Economy SD5: Ensure infrastructure is in place to support businesses as neighbourhoods develop; and
- Economy SD6: Facilitate connections between business to support sourcing of local services, expertise and products.

## 2. Ecosystems

- Natural Areas, Biodiversity and Urban Forest DO2: Surrey actively protects, enhances and restores its natural environment; and
- Natural Areas, Biodiversity and Urban Forest SD4: Develop, apply, monitor and enforce standards and strategies to minimize the impacts of development on the natural environment, ecosystem, and urban forest.

## CONCLUSION

The SCDC Board of Directors, at its meeting on March 26, 2019, approved Management to enter into a contract, subject to Council consent, with B&B Contracting Group to provide land servicing for Phase 1 of the Company's development located at 19475 26<sup>th</sup> Avenue and 19500 26<sup>th</sup> Avenue, Surrey British Columbia. The SCDC Board Resolution providing approval to enter into a contract and the SCDC Board Report are attached as Appendix "II" and Appendix "III" respectively.

Michael Heeney, Architect AIBC, FRAIC, RI (BC)  
President & CEO, SCDC

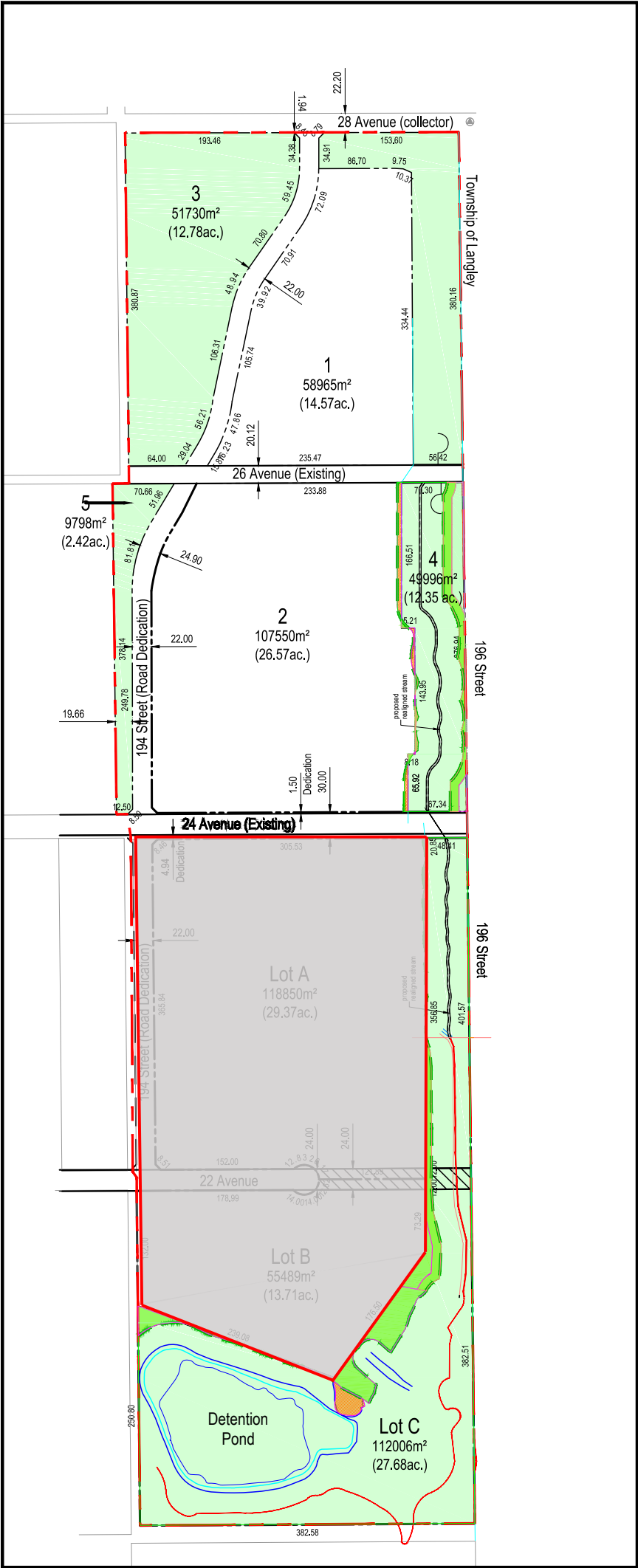
Appendix "I" – Map of Land Servicing Area  
Appendix "II" – SCDC Board Resolution  
Appendix "III" – SCDC Board Report

# APPENDIX "I"



## Legend

- Lot Boundary
- Open Space
- Proposed Realigned Stream (Channelized Class A)
- Top of Bank
- Bylaw Setback
- Habitat Loss (as determined by QEP)
- Habitat Gain (as determined by QEP)
- Proposed Road Cancellation



## Land Areas

Site area land use	Area (m <sup>2</sup> )	Hectares	Acres	% of Phase
				Area
<b>Phase One</b>				
Developable Area	166,515	16.65	41.15	54%
Open Space	111,524	11.15	27.56	36%
Road Area	30,029	3.00	7.42	10%
<b>Total Phase One</b>	<b>308,068</b>	<b>30.81</b>	<b>76.12</b>	<b>100%</b>
<b>Phase Two</b>				
Developable Area	174,339	17.43	43.08	57%
Open Space	23,621	2.36	5.84	8%
Environmental Area / Pond	88,385	8.84	21.84	29%
Road Area	19,402	1.94	4.79	6%
<b>Total Phase Two</b>	<b>305,747</b>	<b>30.57</b>	<b>75.55</b>	<b>100%</b>
<b>Cumulative (Phase One + Phase Two)</b>				
Developable Area	340,854	34.09	84.23	56%
Open Space / Environmental Area	223,530	22.35	55.23	36%
Road Area	49,431	4.94	12.21	8%
<b>Total Area</b>	<b>613,815</b>	<b>61.38</b>	<b>151.67</b>	<b>100%</b>

## NOTES:

- THIS DRAWING IS FOR PRELIMINARY LAYOUT ONLY, AND SUBJECT TO MUNICIPAL APPROVAL
- THE AREAS AND DIMENSIONS SHOWN ON THE DRAWINGS ARE SUBJECT TO DETAILED SURVEY AND CALCULATIONS, AND MAY VARY.
- THIS DRAWING IS NOT TO BE USED FOR LEGAL TRANSACTIONS
- WIDTH OF 194 ST CONFIRMED BY CITY OF SURREY ENGINEERING DEPARTMENT, TRANSPORTATION

THIS DRAWING AND DESIGN IS THE PROPERTY OF McELHANNNEY CONSULTING SERVICES LTD. (McELHANNNEY) AND SHALL NOT BE USED, REPRODUCED OR REPRODUCED WITHOUT THE CONSENT OF McELHANNNEY. McELHANNNEY WILL NOT BE HELD RESPONSIBLE FOR THE MARRIAGE OR UNAUTHORIZED USE OF THIS DRAWING AND DESIGN. THIS DRAWING AND DESIGN HAS BEEN PREPARED FOR THE CLIENT IDENTIFIED, TO MEET THE STANDARDS AND REQUIREMENTS OF THE APPLICABLE PUBLIC AGENCIES AT THE TIME OF PREPARATION. McELHANNNEY, ITS EMPLOYEES, SUBCONSULTANTS AND AGENTS WILL NOT BE LIABLE FOR ANY LOSSES OR OTHER CONSEQUENCES RESULTING FROM THE USE OR RELIANCE UPON, OR ANY CHANGES MADE TO, THIS DRAWING, BY ANY THIRD PARTY, INCLUDING CONTRACTORS, SUPPLIERS, CONSULTANTS AND STAKEHOLDERS, OR THEIR EMPLOYEES OR AGENTS, WITHOUT McELHANNNEY'S PRIOR WRITTEN CONSENT.

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1250-102 Ave  
Suite 3000  
Surrey BC  
Canada V3T 5K6  
Tel 604 595 0001

Prepared for: SCDC

Proposed Subdivision Plan  
19475 and 19500 26 Ave  
City of Surrey  
December 11, 2018

Drawing No.

Sketch 37

Project Number  
2111-03747-00

Rev.  
0



**CERTIFIED COPY OF AN EXTRACT FROM THE  
MINUTES OF A DIRECTORS' MEETING OF  
SURREY CITY DEVELOPMENT CORPORATION  
(the "Company")**

Held on March 26<sup>th</sup> 2019 at 11:00 a.m.  
at 1870 – 13450 102 Avenue, Surrey, British Columbia

**Directors Present:**

Kam Grewal, Chair  
Bruce Joyce (via conference bridge)  
Vincent Lalonde (via conference bridge)  
Christine Lundvall (via conference bridge)  
Howard Nemtin (via conference bridge)  
Suki Sekhon (via conference bridge)

**Directors Absent**

Scott Dutchak

**Others Present**

Michael Heeney, President & CEO  
Barry Gilbert, Managing Director Real Estate & Investments  
Ross Yamaguchi, SCDC  
Tako van Popta, Corporate Secretary

being a quorum of the Directors of the Company.

Kam Grewal acted as the Chair of the Meeting.

Tako van Popta acted as the Secretary of the Meeting.

**CALL TO ORDER:**

The Chair called the Meeting to order at 11:00 a.m.

Land Servicing Agreement for Campbell Heights East  
It was moved and seconded that:

1. Subject to receiving consent from the City pursuant to section 11.1(d) of the Company's Articles, the Company be authorized to enter into a Land Servicing Contract with B&B Contracting Group in the amount of \$11,409,930 (inclusive of GST) for servicing Phase 1 of the Company's development located at Campbell Heights East 19475 26th Avenue and 19500 26th Avenue (the "Contract"); and
2. The expenditure authorization limit for the awarded contract be set at \$12,550,923 (including GST and contingency); and
3. Management be authorized to submit a request to the City of Surrey for consent to enter into the said Contract.

*(SCDC Special Board Meeting March 26<sup>th</sup> 2019, Item 3.1)*

Carried.

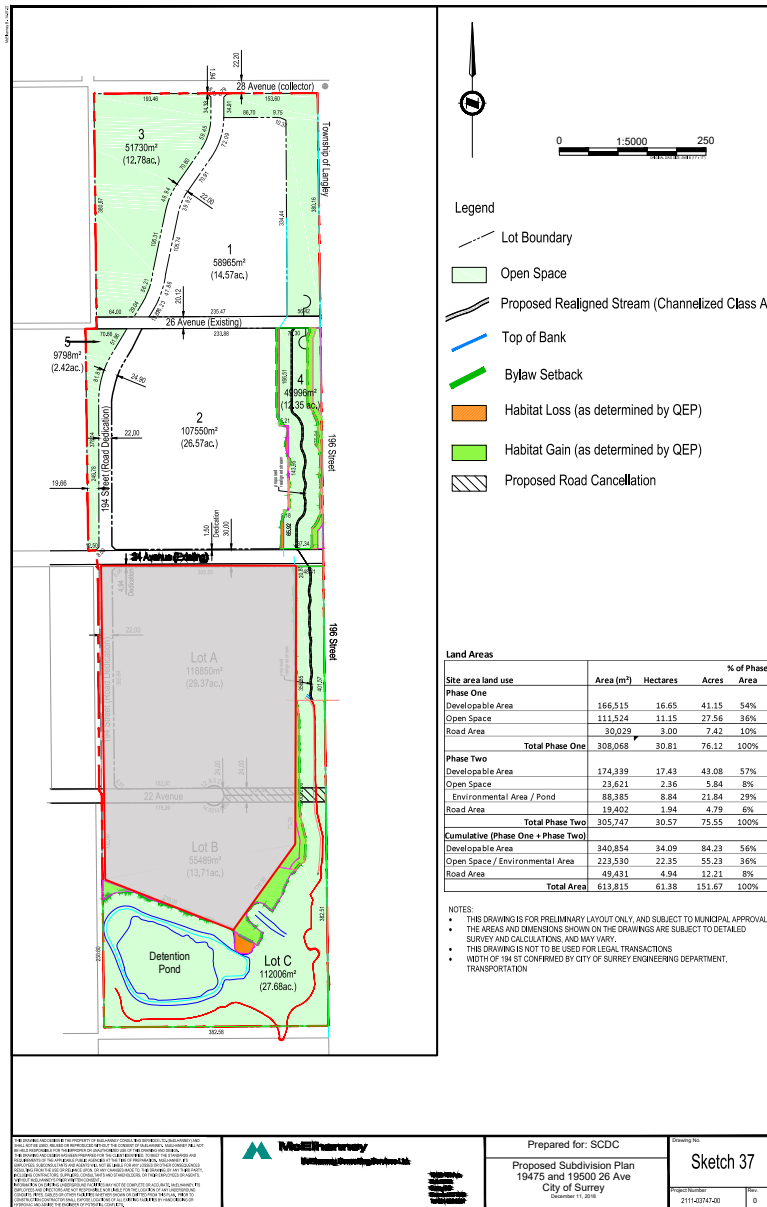
Kam Grewal, Chair

Tako van Popta, Corporate Secretary



# 3.1 Campbell Heights East – Recommendation

Prepared for: Special Board Meeting – March 26<sup>th</sup> 2019



1. The information contained in this drawing is the property of the City of Surrey and is not to be used for any other purpose without the written consent of the City of Surrey. 2. This drawing is for preliminary layout only and is subject to municipal approval. 3. The areas and dimensions shown on this drawing are subject to detailed survey and calculations, and may vary. 4. This drawing is not to be used for legal transactions. 5. Width of 194 St confirmed by City of Surrey Engineering Department, Transportation.

**M&E** **McEwen Engineering**  
 19475 and 19500 26 Ave  
 City of Surrey  
 December 11, 2018

Prepared for: SCDC  
 Proposed Subdivision Plan  
 19475 and 19500 26 Ave  
 City of Surrey  
 December 11, 2018

Sheet No: **Sketch 37**  
 211523747-0  
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## Recommendation

1. Subject to receiving consent from the City pursuant to section 11.1(d) of the Company's Articles, the Company be authorized to enter into a Land Servicing Contract with B&B Contracting Group in the amount of \$11,409,930 (inclusive of GST) for servicing Phase 1 of the Company's development located at Campbell Heights East 19475 26th Avenue and 19500 26th Avenue (the "Contract"); and
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*(SCDC Special Board Meeting March 26<sup>th</sup> 2019, Item 3.1)*

## Purpose

The purpose of this report is to obtain Board approval to enter into a Land Servicing Contract for Campbell Heights East (CHE) Phase 1 Lands, 19475 26th Avenue and 19500 26th Avenue. This scope of work for the construction package will include road and site works, storm, sanitary, water, hydro/telephone and landscape works.

Initiating this servicing contract in April will allow SCDC to meet their obligations for servicing the Phase 1 Lands and produce a site available for Wal-Mart to commence construction in late 2019.

## Tender Results and Evaluation

SCDC utilized a competitive bid process, with B&B Contracting Group being the low bidder of the seven tendered. B&B Contracting Group has worked successfully with SCDC in the past. Tender results (including GST) are as follows:

<u>Contractor</u>	<u>Tendered Submission</u>	<u>Corrected Amount</u>
B&B Contracting Group	\$11,409,930	No Change
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The form of contract being utilized is the Canadian Construction Document Committee (CCDC 2) Stipulated Price Contract. B&B Contracting Group has agreed to guarantee the completion date and will be subject to damages in the amount of \$5,000 per day for any delay beyond the completion date plus the potential for additional damages if warranted.

### Development Budget

Management anticipates working within the existing approved overall project development budget which included a contingency. The budget for the land servicing component, without contingency, but inclusive of GST is as follows:

<u>Original Land Servicing Budget approved by Board and Council in 2017</u>	<u>McElhaney Cost Estimate</u>	<u>Tender Award</u>
\$11,039,280	\$11,800,000	\$11,409,930

Although the tender award value is slightly above the original land servicing budget, the overage is well within the overall project contingency.