

NO: **R064** COUNCIL DATE: **April 20, 2020**

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **April 14, 2020**
 FROM: **General Manager, Engineering** FILE: **5518-004/11**
 SUBJECT: **Award of Contract No. 5518-004-11**
District Energy Distribution Piping System Expansion

RECOMMENDATION

The Engineering Department recommends that Council:

1. Award Contract No. 5518-004-11 to B. Cusano Contracting (2007) Inc. in the amount of \$1,987,650.00 (including GST) for the District Energy Distribution Piping System Expansion project;
2. Set the expenditure authorization limit for Contract No. 5518-004-11 at \$2,186,415.00 (including GST and contingency); and
3. Authorize the General Manager, Engineering to execute Contract No. 5518-004-11.

SCOPE OF WORK

The construction package related to this Contract consists of the installation of approximately 850 lineal metres of District Energy (“DE”) insulated steel pipe, leak detection system and communication network conduit at the locations listed in the following table, which are also illustrated on the map attached to this report as Appendix “I”:

Map Reference Number	Project #	Project Description	Location
1	E-17265	DE System Extension at 137A Street	137A Street: 9639 - 137A Street to 96 Avenue
2	E-16733	DE System Extension - PCI	Fraser Highway: Whalley Boulevard to 13615 Fraser Highway
3	E-17543	DE System Extension - Concord Park Place	9887 Whalley Boulevard
4	E-17545	DE System Extension - RIZE Linea	133 Street: 10378 - 133 Street to 10388 - 133 Street
5	E-18315	DE System Bosa Leak Repair	10300 Block of 133A Street

The Contract permits construction from 7:00 a.m. to 10:00 p.m., Monday through Friday, in compliance with the *Surrey Noise Control Bylaw, 1982, No. 7044*. In an effort to explore opportunities to reduce the cost and duration of construction projects, and associated impact on road users, the Tender Submissions required contractors to indicate the cost or savings to the City and a savings in the total working days if the City were to permit contractors to work 24-hours a day, 7-days a week. This option was provided for Project E-16733, as it is located along Fraser Highway between King George Boulevard to Whalley Boulevard and is outside a residential area.

Furthermore, in order to facilitate safe construction and accelerate the delivery of Project E-16733, a westbound road closure will be permitted along Fraser Highway between King George Boulevard and Whalley Boulevard from June 1, 2020 to July 31, 2020. The road closure is necessary to accommodate the installation of the DE insulated piping. Minimal impacts are anticipated as a result of the temporary road closure, given these works will occur during the summer when traffic volumes are typically lower.

The Contract work is expected to start in May 2020 and be completed by January 2021.

TENDER RESULTS

Tenders for the subject Contract were opened on April 2, 2020 with the following results:

<i>Contractor</i>	<i>Tendered Amount with GST</i>	<i>Corrected Amount</i>
1. B. Cusano Contracting (2007) Inc.	\$1,987,650.00	No Change
2. McDonald & Ross Const. Ltd.	\$2,023,455.00	No Change

The Engineer's (FVB Engineering Inc.) pre-tender estimate was \$2,011,747.00, including GST. The number of tender submissions received is reasonable given the specialized nature of the work.

EVALUATION

The City's consultant reviewed the tender submissions for accuracy and completeness. One tender was found to be non-compliant and, as such, was rejected. Of the two remaining compliant tenders, no errors were found. All submissions included the required 10% bid bond and were signed on the Tender Form.

B. Cusano Contracting (2007) Inc. was the lower bidder based on construction being permitted from 7:00 a.m. to 10:00 p.m., Monday through Friday. B. Cusano Contracting (2007) Inc. also offered the greatest time savings of 15 working days, or 13% less than the permitted 120 working days allowed for in the Contract. However, the Contractor indicated there would be a financial cost increase of \$82,000.00 for the Contractor to work 24-hours a day, 7-days a week.

There are a few possible factors for cost increase which include:

- Longer work hours, and therefore higher premiums for labour;
- Lack of labour in order to allow for the scheduling of crews 24-hours a day, 7-days a week;
- Challenges in securing the supply and deliver of materials after regular working hours; and
- Additional equipment rental for night-time works.

As there are no financial savings expected from the Contractor working 24-hours a day, 7-days a week, and marginal time savings, the City will not move forward with this option for the Contractor to work 24-hours a day, 7 days a week. Furthermore, in an effort to reduce the duration of this project, it is expected that the planned westbound road closure of Fraser Highway will benefit the community through a reduction in the construction duration and traffic delays along Fraser Highway.

B. Cusona Contracting (2007) Inc. has provided a Consent of Surety for a Performance Bond and a Labour & Materials Bond and agreed to complete the work within 120 working days. B. Cusano Contracting (2007) Inc.'s past performance on similar work has been satisfactory. They have no outstanding legal claims against the City. It is recommended that B. Cusano Contracting (2007) Inc. be awarded Contract No. 5518-004-11.

SUSTAINABILITY CONSIDERATIONS

The work of this contract supports the objectives of the City's Sustainability Charter 2.0. In particular, the project supports the Sustainability Charter 2.0 themes of Built Environment and Neighbourhoods, and Infrastructure. Specifically, this project supports the following Desired Outcome ("DO") and Strategic Directions ("SD"):

- Building and Sites SD13: Continue to support low-carbon district energy networks;
- Energy and Climate DO8: Neighborhood-scale district energy systems provide low-carbon energy in dense urban neighborhoods; and
- Energy and Climate SD8: Identify areas (residential, commercial, and industrial) where low-carbon district energy is viable and support development of new systems.

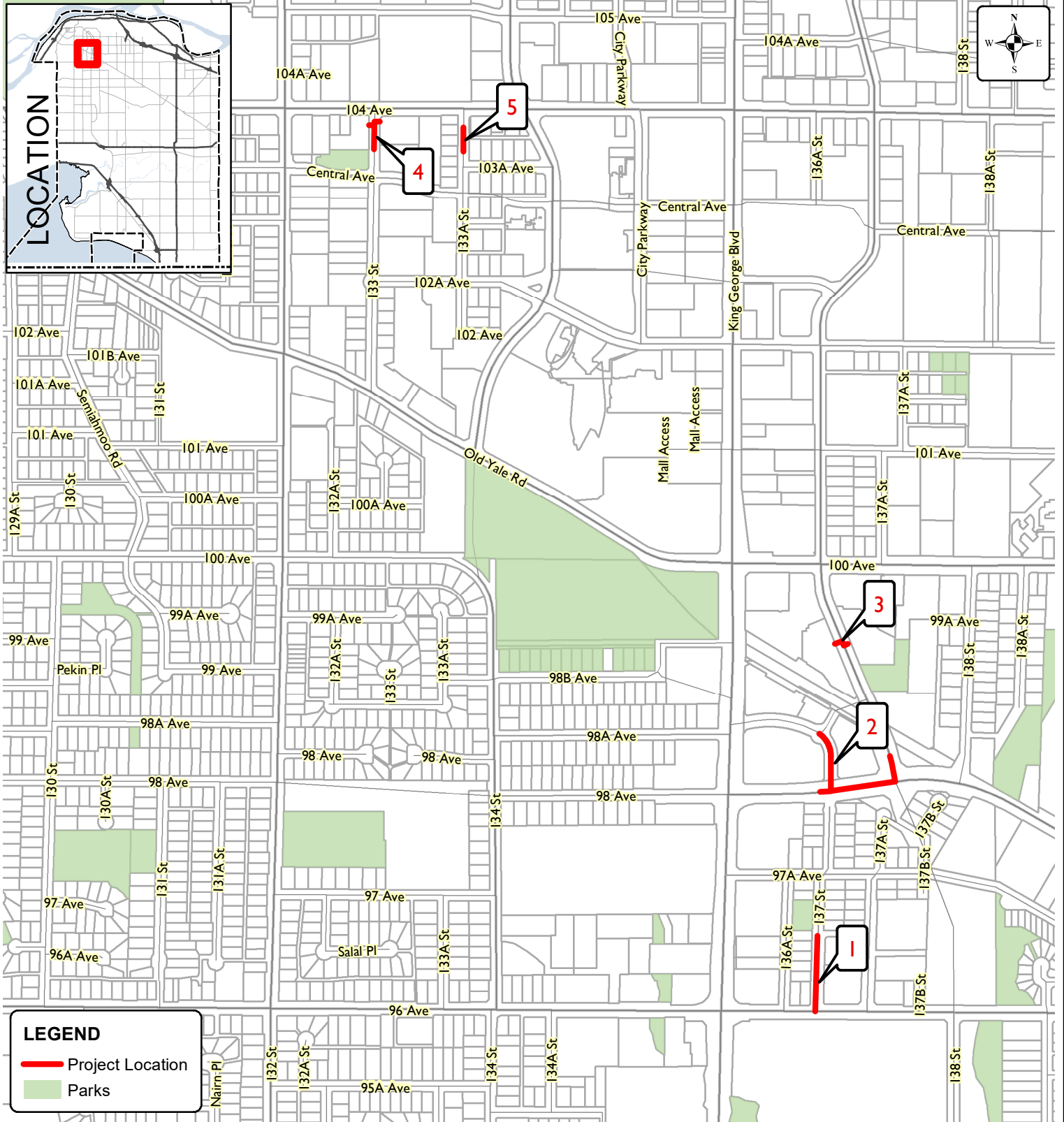
FUNDING

Funding for this Contract is available in the approved 2020 District Energy Budget.

Scott Neuman, P.Eng.
General Manager, Engineering

VJ/NC/cc

Appendix "I" – Map of Locations – Contract No. 5518-004-11



CONTRACT No. 5518-004-11 District Energy Distribution Piping and System Expansion

ENGINEERING
DEPARTMENT