



Corporate Report

NO: R121

COUNCIL DATE: June 9, 2003

REGULAR COUNCIL

TO: **Mayor &
Council** DATE: **May 14,
2003**

FROM: **General
Manager,
Engineering** FILE: **4800-
404/00
4800-
404/31**

SUBJECT: **Contract Award M.S. 4800-404-21**
**Lower Serpentine Dykes – Surrey Dyking
District**

RECOMMENDATION

That the City award Contract M.S. 4800-404-21 for the 2003 Lower Serpentine dyke upgrading works to Surrey Dyking District (SDD) in the amount of \$275,973.33, including GST.

INTENT

To carry on the momentum of previous year's SDD construction and the good relationship established by the District with the farmers, we are recommending engaging the SDD to carry out the 2003 upgrading of Lower Serpentine Dykes.

SCOPE OF WORK

Project 4800-404 consists of widening and raising existing dykes, extending along Serpentine River from Highway 10 to King George Highway, as shown on the attached map. The upgrades are integral components of the Serpentine-Nicomel Flood Control Project.

BACKGROUND

Prior to 2002, the City engaged the Surrey Dyking District to upgrade dykes in the Lower Serpentine Area as part of their yearly grant. Last year we entered into a contract with SDD involving a larger scope of work. The work was carried out according to the design prepared by the City. The contract was a success and SDD was able to complete works within budget. SDD construction budget was \$181,793.

JUSTIFICATION

Surrey Dyking District's performance on the dyke project has been excellent. The SDD's crew have been maintaining

dykes in these areas and were able to carry out work in close proximity to the extensively farmed areas with minimum impact to the crops. Their involvement enabled the City to upgrade dykes in a manner that would have been very expensive, if not impossible, by regular contractors. Their involvement with the project helped convince farmers to sign over rights-of-way for the dyke works based on the trust they have built up with the farmers and their ability to upgrade dykes. Involving the SDD in the construction of some of the dyke upgrades is in the City's best interest since the SDD will be maintaining the dykes after their completion.

QUOTATION RESULTS AND EVALUATION

In accordance with the City's purchasing policy, a contract to upgrade the Lower Serpentine Dykes was negotiated with the SDD on a discretionary basis. In doing this, City Policy Q7(1)(4) was used. Since the SDD is a self-liquidating, non-profit and regulated body, they did not wish to actively compete with regular for-profit contractors in public tenders.

In order to take advantage of the SDD's expertise and ensure that the City obtains maximum value, the negotiated unit prices for the different quantities were compared to 2003 average tender unit prices of similar work. SDD unit prices for the main quantity items were lower than the average award prices as shown:

	<i>Surrey Dyking District</i>		<i>2003 Average Award Prices of Similar Work</i>	
	<i>Quantities</i>	<i>Prices</i>	<i>Quantities</i>	<i>Prices</i>
Haul and place fill	13,800 m ³	\$7.50	26,000 m ³	\$7.65
Stockpile	14,000 m ³	\$2.50	30,000 m ³	\$2.65

In addition to being smaller quantities, the type of work required by the SDD is more difficult and time-consuming. This would undoubtedly lead to higher prices from our regular contractors.

FUNDING

There is sufficient funding in Project 4800-404 for this contract.

Paul Ham, P.Eng.
General Manager, Engineering

VL/RD/TH:brb
Attachment

c.c. - General Manager, Finance, Technology & HR Dept.