



RE: REMOVAL OF PEAT FROM RIVERWAY GOLF COURSE SITE

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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TO: MUNICIPAL MANAGER

1987 July 23

FROM: DIRECTOR FINANCE

RE: REMOVAL OF PEAT FROM RIVERWAY GOLF COURSE SITE

RECOMMENDATION

1. THAT a five year contract be awarded to Marmax Holdings Ltd. for the removal of peat from and the subsequent filling of the Riverway Golf Course site.

REPORT

Summary

This report recommends entering into a contract with Marmax Holdings Ltd. for the removal of peat from and the subsequent filling of the Riverway Golf Course site. The contract is to be for a five year period commencing 1988 August. Proposals were called now to ensure continuity of the work at the golf course site. The estimated revenue is expected to be about \$2,775,000 and is based on estimated quantities and current market conditions for the sale of peat and topsoil. Approximately \$1,000,000 of the expected revenue will take the form of topsoil supplied to Burnaby.

Background

The current contract for peat removal is with Marmax Holdings Ltd. and expires 1988 August 05. Earlier this year we were approached by Marmax Holdings Ltd. with a request to extend their contract for an additional five year term. The reason for this request given by Marmax was to protect their current market for peat and provide them an opportunity to enter into a long term agreement for the sale of peat to a large U.S. customer. Marmax also indicated that market conditions were improving and offered us a substantial increase if we agreed to extend their contract.

Rather than extend the existing contract it was decided to issue a Request for Proposal and advertise to ensure the Corporation would receive the highest return. The call for proposals was issued one year before the current contract expires to ensure continuity at the Golf Course site and to enable the current contractor to plan his future work.

Tendering Process

Sealed proposals were accepted by the Purchasing Agent up to 3:00 p.m. Tuesday 1987 June 30.

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The Request for Proposals (see copy attached - Attachment A) asked for detailed proposals for the excavation and removal of peat and the filling and grading of approximately fifty-four (54) acres of the Riverway Golf Course site west of Nelson Creek. Although the existing contract included the 54 acres west of Nelson Creek, Marmax Holdings Ltd. agreed that, at the present rate of peat removal and subsequent filling, it would be virtually impossible for them to extend their operations west of Nelson Creek before their existing contract expired in 1988 August. Marmax therefore agreed to change the current contract to limit work to the east side of Nelson Creek only and to allow the Corporation to call for proposals for peat removal from the portion west of Nelson Creek.

Eight (8) proposals were received and opened by Municipal staff. After reviewing all proposals it became apparent that only three (3) stood out as offering the best return to the Municipality.

The three (3) proposals which were evaluated in more detail were submitted by:

1. Ratanda Construction Ltd.
2. Marmax Holdings Ltd.
3. Dayross Developments Ltd.

A selection committee was formed comprised of four (4) senior staff members from Engineering, Parks and Finance. Each member reviewed the three proposals in detail, sat in on the interviews with each company and individually rated each company. The selection criteria used included the following:

1. Total cost/revenue implication
 - method of payment
 - basis for payment
 - guarantee to Corporation
 - estimated quantities used
 - total revenue to Corporation
2. Project understanding and proposed methodology
 - proposal for removal of timber
 - site access and security
 - market for products
 - anticipated operation
 - equipment proposed for use
 - ability to meet all conditions of the request for proposal.
3. Company expertise and experience
 - list of similar work performed
 - how long in business
 - references
 - list of staff proposed
 - proven ability based on work history in Burnaby or Lower Mainland
4. Time schedule
 - anticipated schedule
 - what happens if rate of fill exceed peat removal
5. Innovation
 - any innovative ideas that would be beneficial to the Corporation and/or Burnaby citizens

Based on the above criteria, each member of the selection committee rated Marmax Holdings Ltd. substantially higher than the other two. The recommendation to award the contract to Marmax Holdings Ltd. is therefore unanimous.

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A summary of the three (3) proposals which were evaluated in detail is attached (Attachment B).

To arrive at the projected revenue, several assumptions had to be made. However, to ensure a fair comparison of proposals evaluated, the same quantities and numbers were used for each proposal. The basis for estimating was 6000 cubic yards of peat removed per acre sold at current market price of \$15.00 per cubic yard. For the fill we used a fee of \$10.00 per load and for the sale of topsoil we used \$10.00 per cubic yard. All of these numbers are based on current conditions and although the market could change over the next five years, it is felt that the numbers used are conservative and that little change is anticipated in market conditions.

The percentage spread between the two highest proposals is 9% on the peat, which is the only item that would result in a significant change if the quantity changed. A substantial change in quantity would be required before there would be a change in the ranking of the proposals.

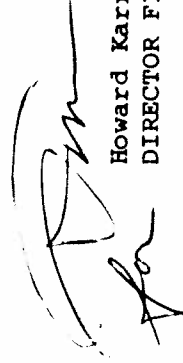
The offer by Marmax Holdings Ltd. is expected to net the Corporation about 75% more than the terms of the current contract would have. Overall when compared to Ratanda and Dayross, the Marmax proposal is about 5% greater in value. Another prime reason for recommending Marmax is the fact that they have an established market for peat and are negotiating a long term contract for the sale of peat with another firm. Neither of the other two companies being considered had explored the market and they could not satisfy us that they could develop a market. Since payment from these two companies was based in part on the sale of peat, we felt there was a much greater risk of lower revenue to the Corporation if we selected one of them.

The estimated revenue of \$2,775,000 anticipated over the life of the contract is based on a percentage of the value of peat and topsoil processed and a percentage of the dump fees received. Approximately \$1,000,000 of the expected revenue will take the form of topsoil supplied to Burnaby. Most of this topsoil will be used to build the Riverway Golf Course which, under normal circumstances, would have to be purchased.

It is recommended that a five year contract be awarded to Marmax Holdings Ltd. for the removal of peat from and the subsequent filling of the Riverway Golf Course site.

Parks Commission Approval

The Parks Commission has not formally approved the recommendation contained in this report. However, the Director Recreation and Cultural Services has conducted a telephone poll with the Commission resulting in verbal approval. A copy of this report will be forwarded to the Commission.



Howard Karras
DIRECTOR FINANCE

JV:ah

cc. Director Engineering
Director Recreation and Cultural Services

1987 June 04

REQUEST FOR PROPOSALS FOR
REMOVAL OF PEAT AND SUBSEQUENT FILLING OF
FROM RIVERWAY GOLF COURSE SLIF

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You are invited to submit your detailed proposal for the excavation and removal of peat and the filling and grading of the Riverway site west of Nelson Creek as per the attached drawing. The proposals should be based on the work commencing the last half of 1988 for a period of up to five (5) years maximum.

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Sealed proposals clearly marked "Riverway Peat Removal" will be received in duplicate by the undersigned up to 3:00 p.m. Tuesday, 1987 June 30.

Arrangements for viewing the site can be made by contacting Mr. Wray Jones, Superintendent - Parks Operations at 294-7247.

The Corporation will consider all proposals received and reserves the right to accept or reject any proposal at any time.

Each proposal will be considered on its own merit with special consideration given to experience, track record, equipment, proposed duration and benefits to the Corporation. The successful bidder will be required to enter into an agreement with the Corporation.

The following items may form part of the agreement and are to be considered when preparing your proposals:

1. All digging and filling will be carried out under the strictest control of the Superintendent - Parks Operations, using the expertise of a Geotechnical Engineer, and within the guidelines and controls as demanded by the Provincial Waste Management and Fisheries Department. Only suitable fill to be used, absolutely no demolition or household garbage.
2. All processing will be carried out as per Municipal Zoning bylaw.
3. All processing will be carried out on site - no off site hauling of raw peat.
4. A tight system of bookkeeping will be in place with occasional unscheduled audits called for by the Corporation.
5. The amount of available fill will determine the rate at which the peat can be dug.
6. The Corporation reserves the right to deposit fill at the work site without payment of any fee and also the right to deposit and spread topsoil on filled land concurrently with filling operations.
7. All filled areas will be left in a clean graded condition to the contours as required by the Superintendent - Parks Operations.
8. The successful contractor will be responsible for providing access to the site from west of Nelson Creek.

9. It is expected that work will not commence until the last half of 1988. The successful contractor must be prepared to commence work any time after June 1988 upon thirty (30) days written notice by the Corporation.
10. The successful contractor shall maintain a record of the amount of peat removed, fill dumped on the site and the fees received. The records shall be available to the Corporation auditors at all times.
11. The contractor shall be responsible for clearing the land and no trees shall be cut without the approval of the Superintendent - Parks Operations. Sale of standing timber to be negotiated with Burnaby.
12. No large signs shall be erected at the site and no sales shall be conducted at the site.
13. The successful contractor shall be responsible for site security and shall install and maintain a gate with a lock to prevent unauthorized access. Keys to be provided to Burnaby.
14. The successful contractor shall insure and keep insured while the agreement is in force, with such companies and on such forms as are acceptable to the Corporation, at the Contractor's expense, comprehensive general liability insurance coverage covering premises and operations liability; and automobile liability insurance (owned and non-owned or hired units).

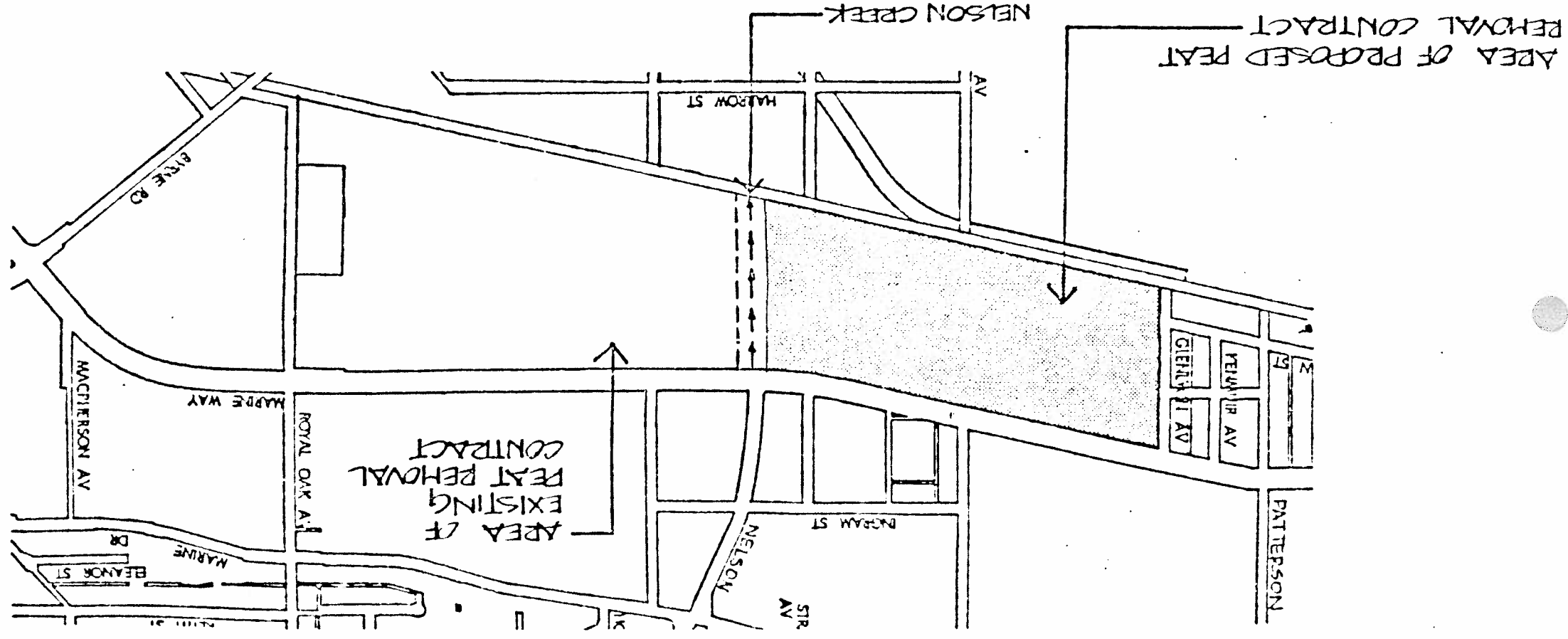
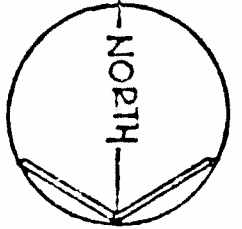
The limits of liability shall be not less than the following:

Bodily Injury Liability	\$1,000,000 each occurrence aggregate products and/or completed operations.
Damage Liability	\$1,000,000 each occurrence aggregate products and/or completed operations.
Owned and Non-Owned Automobile Liability Insurance. Bodily Injury and Property Damage Liability.	\$1,000,000 any one accident.

The Corporation shall be added as an additional named insured under the Comprehensive General Liability and Non-Owned Automobile Liability Insurance.

A cross liability clause shall be made part of the Comprehensive General Liability Insurance.

All policies shall provide that they cannot be cancelled, lapsed or materially changed without at least thirty (30) days notice to the Corporation by registered mail.



BURNABY
parks & recreation
department

DRAWING NO. 07-23-3-123
REV.

DESIGNED BY
DRAWN BY LW
CHECKED BY
DATE 07/06
SCALE NTS

PROJECT
RIVERWAY
GOLF COURSE
SITE

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BIDDER	PEAT	FILL	TOPSOIL	TIMBER	OTHER	TOTAL			
	\$	\$	\$	\$					
1. Marmax	22	1,023,000	30	1,033,200	25	155,000	3,000	560,864**	2,775,064
2. Dayross	30	1,395,000	30	1,033,200	30	186,000	3,000	0	2,617,200
3. Ratanda	31	1,441,500	36	1,033,200*	31	192,200	3,000	0	2,669,900

PEAT REMOVAL AND SUBSEQUENT FILLING OF RIVERWAY GOLF COURSE SITE
 SUMMARY OF BENEFITS TO CORPORATION FROM PROPOSALS RECEIVED

PEAT
 Quantity estimated at 6,000 yards/acre - 53 acres x 6,000 = 318,000 yards
 Lose approx. 2% during processing - processed peat = 310,000 yards
 Market value estimated at \$15/yard - projected revenue 15 x 310,000 = \$4,650,000

FILL
 Quantity required estimated at 10 x amount of peat - 10 x 310,000 = 3,100,000 yards
 at 9 yards per load is 344,400 loads - at \$10 fee per load = \$3,444,000

TOPSOIL
 Quantity estimated 2% of fill material - 2% of 3,100,000 yards = 62,000 yards
 Market value estimated at \$10 yard - \$10 x 62,000 = \$620,000

* Based on \$3.00 minimum per load (fee not expected to exceed \$10/load).
 ** This amount represents additional benefits offered by Marmax. The major portion of this amount includes (1) the new terms offered being retroactive for the remaining year of the existing contract, (2) payment for peat made in the form of topsoil, (3) use of contractor's loader & operator to load corporation trucks as required.



