

ITEM
MANAGER'S REPORT NO. 23
COUNCIL MEETING 89/09/05 55

RE: CONTRACT NO. 8914 - LOCAL IMPROVEMENT PROGRAM
- ORNAMENTAL STREET LIGHTING

MUNICIPAL MANAGER'S RECOMMENDATION:

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

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TO: MUNICIPAL MANAGER 1989 August 30
FROM: DIRECTOR FINANCE
SUBJECT: CONTRACT NO. 8914 - LOCAL IMPROVEMENT PROGRAM
- ORNAMENTAL STREET LIGHTING

PURPOSE: To obtain approval to award a contract for the supply and installation of ornamental street lighting systems, and to recommend the appropriation of funds to finance the work.

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RECOMMENDATIONS

1. THAT a contract be awarded to the lowest bidder, Cobra Electric Ltd., for the supply and installation of ornamental street lighting systems for a total cost of \$687,270.00, with final payment based on actual quantities and unit prices tendered; and
2. THAT a Local Improvement Fund appropriation bylaw of \$700,000 be brought forward to fund the subject street lighting program.

TENDERING PROCESS

REPORT

Four tenders for this work were received by closing time on Wednesday, 1989 August 02, and were opened by municipal staff at a public opening. A tabulation of the tenders received is attached.

The work of this contract consists of the supply and installation of materials, including all labour, equipment, plant and tools necessary for complete and operative ornamental street lighting systems in various locations throughout Burnaby.

The recommended bidder, Cobra Electric Ltd., for the past five years has performed the repair and maintenance services for Burnaby's ornamental street lighting and traffic signal systems. The Acting Director Engineering is completely satisfied with their performance to date and is confident that Cobra Electric Ltd. has the required experience and resources to perform the work of the subject contract.

COST ANALYSIS

The Acting Director Engineering reports as follows:

The original estimate for this work was \$583,625, which is the gross amount of construction bylaws 9182 and 9225 applicable to this work. The low tender of \$687,270 exceeds this estimate by \$103,645, or 18%.

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The estimates contained within the construction bylaws were predicated on the actual cost of the 1987 street lighting program - constructed during the five month period 1988 February to June - plus an additional 10% allowance for inflation and contingency. Notwithstanding this allowance, the low bidder is an additional 18% higher for a total increase of 28% over 1988 construction prices. Staff have researched the possible reasons for this anomaly.

Our design and construction standards for street lighting are consistent with other Lower Mainland municipalities and no new features have been added to this street lighting program other than to specify high pressure sodium (HPS) luminaires, rather than the historical mercury vapour (MV) system. HPS lamps are more energy efficient and are a generally accepted standard. Comparison of tenders between 1988 and 1989 shows that the HPS lamps are some \$20/light cheaper than MV. Thus this design change does not account for the price increase.

Prior to tendering, staff were aware that there had been an upswing in construction activity during 1989. It was apparent that the timing of tendering would be an influencing factor in the prices received. Street lighting, when constructed in isolation from other roadworks, is not particularly weather sensitive. Staff delayed the tender call until after the peak summer construction period in order to take advantage of "off peak" pricing. Further, the contract completion date was extended to allow for price optimization. Staff feel that all reasonable steps have been taken to maximize competitive bidding.

Staff have canvassed surrounding municipalities to determine their experience in street lighting costs. The results are summarized below:

| | <u>Burnaby</u> | <u>Richmond</u> | <u>Vancouver</u> | <u>Surrey</u> |
|------------------------|----------------|-----------------|------------------|---------------|
| | <u>1988</u> | <u>1989</u> | <u>1989</u> | <u>1989</u> |
| Average cost (\$/pole) | \$1,848 | \$2,378 | \$2,400 | \$2,750 |
| | | | | \$2,036 |

It is possible only to draw general indications from these figures because street lighting is site specific and costs are dependent on variable factors such as ground conditions, amount of asphalt cutting, number of driveway crossings, degree of restoration, etc. However, it would appear that the current prices which we received are "average".

When Council awarded the street lighting contract for the previous program in 1988 it was reported that although the contract was awarded for \$495,000, the Director Engineering's estimate was \$676,000. Prior to 1988, a smaller program had been initiated in 1985; however, no significant volume of street lighting had been constructed in Burnaby since 1980. The Acting Director Engineering is therefore of the opinion that we were fortunate to obtain low prices in 1988 but these prices cannot be used as an accurate base for developing current market conditions. The Acting Director Engineering is of the further opinion that the current tenders are a true reflection of current costs and recommends that the work proceed as tendered.

It is anticipated that final program costs will be \$700,000, allowing for ancillary works and a small contingency.

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FINANCING

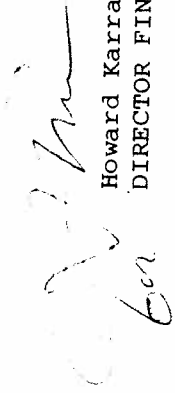
On 1989 August 08, Council approved the funding of local improvements from existing reserves (Local Improvement Fund), as permitted by Section 666 of the Municipal Act. This street lighting program of \$700,000 is the first project to be internally funded.

The Local Improvement Fund has a balance of approximately \$5 million. It is proposed to appropriate \$700,000 from this fund with repayment over 10 years, the same as previous street lighting borrowings, at the prevailing internal borrowing interest rate, currently 8% per annum. Funds repaid go back into the Local Improvement Fund. Funds will be drawn on a cash requirement basis, and any appropriation not utilized will remain in the source fund.

SUMMARY

It is recommended that a contract be awarded to the lowest bidder, Cobra Electric Ltd., for the supply and installation of ornamental street lighting systems, for a total cost of \$687,270.00, with final payment based on actual quantities and unit prices tendered.

It is also recommended that a Local Improvement Fund appropriation bylaw of \$700,000 be brought forward to fund the subject street lighting program.



Howard Karras
DIRECTOR FINANCE

JV:gw
Attach.

cc: Acting Director Engineering

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1989 August 10
 TENDER TABULATION
 CONTRACT NO. 8914
 1988 LOCAL IMPROVEMENT PROGRAM - ORNAMENTAL STREET LIGHTING

| NAME | TENDER TOTAL |
|----------------------------------|----------------|
| 1. Ricketts-Sewell Electric Ltd. | \$ 727,326.09 |
| 2. Bay Hill Contracting Ltd. | \$1,355,467.00 |
| 3. Cobra Electric Ltd. | \$ 687,270.00 |
| 4. Trans-Western Electric Ltd. | \$ 792,151.00 |

