

ITEM	12
MANAGER'S REPORT #	35
COUNCIL MEETING	95/07/24

TO: CITY MANAGER

DATE: 1995 07 17

FROM: DIRECTOR ENGINEERING

FILE: 50-06-22

SUBJECT: 1995 ROAD LOCAL IMPROVEMENT PROGRAM - PHASE 2

PURPOSE: To provide Council with information on the financial requirements for Phase 2 of the 1995 Road Local Improvement Program and to seek Council's approval to defer the construction until 1996.

RECOMMENDATIONS:

1. **THAT** staff be authorized to defer Phase 2 construction of the 1995 Road Local Improvement Program and re-tender the project in early Spring 1996, and
2. **THAT** staff be authorized to notify the affected property owners of the construction delay as outlined in this report.

REPORT

1.0 BACKGROUND

Council at its regular meeting of 1995 February 26 approved the 1995 Road Local Improvement Program. The program comprising of 14 streets was endorsed by abutting property owners last Fall through the petition procedures. The total estimated cost of the program was approximately \$2.3M and the requisite Construction Bylaws have been put in place.

1.1 Current Status

To facilitate the engineering design and construction schedule, the program was divided into two phases. Tenders for Phase 1 including 9 projects closed on 1995 June 19 and the contract was subsequently awarded to Jack Cewe Ltd. The projected cost for Phase 1 works is approximately \$1.17M including engineering services and tree planting by City forces.

Tenders for Phase 2 closed on 1995 July 05. Five bids were received with a low bid of \$1.56M. Based on the tender result, the projected cost of Phase 2 including engineering and tree planting is approximately \$1.76M which would bring the total cost of the overall program to \$2.93M, which is an increase of \$0.63M over the approved budget.

During the final design and tender period, staff were made aware of the active construction market and the trend of increased contract prices in the Greater Vancouver area. The current state of the construction economy may be attributed to the additional construction programs approved under the Federal/Provincial Infrastructure Program and the fact that the summer months are always the busiest season in road construction activity. A comparison of tender prices for Phases 1 and 2 contracts also revealed that the average price for Phase 2 is approximately 10% higher than that of Phase 1. This 10% increase which occurred over a two week period is indicative of high activity within the road construction industry.

2.0 CONSIDERATION OF ALTERNATIVES

To address the financial issue, several alternatives were examined to determine if the City should proceed with the full or part of the program or defer the construction of Phase 2 for a more favourable price at a later date. The alternatives are:

1. Reduce scope of program
2. Proceed with the program and re-allocate additional funds
3. Defer Phase 2 and re-tender in 1996.

The alternatives examined are further discussed as follows:

2.1 Reduce Scope of Program

One of the options that may be considered is to modify the work scope to reduce the impact on the 1995 capital expenditure. This can be achieved by deleting some of the work activities in the current contract and defer them for construction in 1996.

In considering the option of modifying the LIP work scope in 1995, we have identified 2 items that may be deferred to 1996 for construction. These items are:

- Defer the City tree program - Phases 1 & 2 Cost: \$175,000
Under the road improvement program, street trees will be planted by City forces as part of the streetscaping plan. The tree planting program may be deferred to 1996 after the final paving and landscaping work is completed.
- Defer the Victory Street construction - Phase 2 Cost: \$225,000
The GVWD intends to construct a transmission watermain through south Burnaby on the alignment of Victory Street. A section of this main will conflict with the planned LIP on Victory between Dow Avenue and Gray Avenue. The GVWD is seeking Board approval to pre-build this section in August which will allow the roadworks to proceed immediately thereafter. With the pending GVWD watermain construction, it may be appropriate to

defer the Victory Street project to 1996 and provide the GVWD more lead time in completing the watermain installation.

In order to proceed with this alternative, an agreement would have to be reached with the low bidder of Phase 2 contract in reducing the scope of the contract and further, a construction bylaw in the amount of \$230,000 would need to be brought down to cover the additional funds required for the remaining projects. Based on the time required to secure the required bylaw readings and contract award, construction start would be delayed to August. Paving and surface restoration would take place in October which although may be acceptable, would be subject to weather conditions.

2.2 Proceed with the Program and Re-allocate Additional Funds

To proceed with the program as planned, an additional construction bylaw in the amount of \$630,000 would be needed. As outlined in Alternative 1 above, the delay in construction start due to additional time required to secure the required funding and subsequent contract award would push the paving schedule into October.

2.3 Defer and Re-tender Phase 2 Construction Program in 1996

This option would involve cancelling the tenders for the Phase 2 contract and re-tendering the construction program in early 1996. Historically, the road construction industry is generally less active and prices are more competitive in spring than in summer. The re-tendering of the Phase 2 contract would provide the City an opportunity of obtaining a more competitive contract price and allow more time for the GVWD to coordinate and construct the required watermain on Victory Street.

The construction of the Phase 1 contract is currently underway. It is expected that the contract will be completed below the approved contract funding and any unused funds from the contract will be applied to the Phase 2 contract in 1996 thus reducing the total budget requirement for the program.


Deferral until 1996 will require the City to notify all affected property owners and the GVWD of the schedule change. It is expected that some property owners will be disappointed by the delay however the re-tendering in spring 1996 may provide an appreciable economic benefit.

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3. CONCLUSION

With the higher tender prices received from recent LIP contracts, several alternatives were examined to determine the most appropriate course of action. Although the options of reducing work scope and allocating additional funds would allow the City to proceed with the work or part of the work as planned, it is preferable to defer the LIP Phase 2 construction until early 1996 in order to gain the price advantage of a less active construction market.

Therefore, we recommend that Phase 2 construction of the 1995 Road LIP be deferred to 1996 and the affected property owners and the GVWD be notified accordingly.


DIRECTOR ENGINEERING

LSC/WCS:ma

cc: Director Finance
Purchasing Agent