

Corporate Report

NO: R077

COUNCIL DATE: April 5, 2004



REGULAR COUNCIL

TO: **Mayor &
Council** DATE: **March 30,
2004**

FROM: **General Manager,
Engineering** PROJECT **4801-404-21**
FILE:

SUBJECT: **Contract Increase - M.S. 4898-420-21, Delta
Aggregates Ltd.**

RECOMMENDATIONS

1. That the contract limit of M.S. 4801-404-21 be increased by \$250,000 to \$1,083,623.51 from \$833,623.51, including GST.
2. That the increased work be staged as Phase II (2004), and that the work from the original contract be staged as Phase I (2003) to meet the Builders' Lien Act holdback release requirements.

BACKGROUND

For the last two years, Delta Aggregates Ltd. has been the low bidder and contractor upgrading dykes at Northview Golf Course (Northview).

Northview is a first-class golf course that holds many tournaments, and it is important that construction work at the property is not affecting its business. By working between events with a well-executed schedule, Delta has been able to accomplish the work without major interruption to Northview. Delta's performance has been excellent and Northview has been extremely satisfied with the work.

DISCUSSION

We are proposing to continue the engagement of Delta Aggregates Ltd. for the 2004 Northview dyke upgrading. The engagement will be as extra work under the existing Contract M.S. 4801-404-21 for the following reasons:

- Delta has been able to minimize the disturbance to Northview Golf Course, protecting the City from potential claims for loss of business. Northview is very satisfied with Delta's work and would like to see Delta continue with the dyke upgrading work on their property.
- If engaged, Delta is willing to do the new work under the existing contract and complete it at the 2003 tendered prices.

- The value of the 2004 work at Northview is too small (\$250,000) to achieve a competitive price if the work were to be put out for public tender, based on the current market conditions. Awarding the work to Delta, under the present contract, will demonstrate that the City rewards contractors that perform well and at the same time, provides consistency of workmanship in building dykes at a very competitive price.
- Delta has been working on this project throughout the winter months and this new extension provides the City with an opportunity to minimize mobilization costs and delays, and take advantage of last year's tender prices.

To meet the Builders' Lien Act requirements, we are staging the original 2003 work as Phase I and the 2004 increased work as Phase II. In doing so, the City will be able to release the 10% holdback amount of the 2003 work, 55 days after its completion, rather than incurring additional cost to pay Delta Aggregates Ltd. the interest to carry 10% holdback on the 2003 work to 2004.

FUNDING

The total funding requirement of \$250,000 for this project is available from Project 4801 404.

Paul Ham, P. Eng.
General Manager, Engineering

VL/TH/RD:brb

g:\wp-docs\2004\utilities\drainage & env\03081312th.doc
KJJ 4/5/04 11:28 AM