



Corporate Report

NO: R302

COUNCIL DATE: December 13,

2004

REGULAR COUNCIL

TO: Mayor & Council

DATE: December 8, 2004

FROM: General Manager, Engineering

FILE: 3802-001/11

SUBJECT: Contract Extension M.S. 10-03-01, Cobra Electric Ltd.

RECOMMENDATIONS

1. That Contract M.S. 10.03.01 be extended for two additional one-year terms with the low bidder, Cobra Electric Ltd., in the annual amount of \$1,786,188.00 plus:
 - Goods and Services Tax;
 - Annual increases to the number of traffic signals (2005 & 2006); and
 - Annual increases to the number of street lights (2005 & 2006).
2. That Council authorize staff to add up to \$380,000 to this contract for ICBC recoverable works and additional traffic signal works from the Roads Capital Program where it is cost effective to do so.

SCOPE OF WORK

Contract M.S. 10.03.01 involves the ongoing maintenance of traffic signals and street lights within the City. There are currently 262 traffic signals and over 35,000 street lights under the City's jurisdiction. The contract term is one year with an option to extend the term for one additional year.

BACKGROUND

The signal and street light maintenance tenders were received on January 18, 2002, with Cobra Electric Ltd. being the successful bidder. A report was sent to Council on February 14, 2002 recommending award of the contract to Cobra Electric for the years 2002, 2003 and 2004. It is now time to extend the contract for two additional one-year terms.

DISCUSSION

The Signal and Street Light Maintenance contract is a "Unit Price" contract as opposed to a "Lump Sum" contract. A lump sum contract is typically used when the scope of work is clearly defined and the quantity of work known. A unit price contract is used to set out the unit price for a discrete quantity of work but where the scope of the work is not well defined in advance.

In the case of traffic signal and street light maintenance in Surrey, the quantity of signals and street lights continues to increase each year. Over the past two years, the number of traffic signals has increased approximately 3% per year (246 in 2002, 262 in 2004). With the continued rapid development of Surrey, the number of additional street lights increases by between 3% and 5% per year.

Despite a thorough annual maintenance program for traffic signals, given the nature of the electronic equipment contained therein, problems do occur that must be rectified in a timely manner in the interest of public safety. Based on historical patterns, the quantity of the work associated with rectifying the problems is estimated but the actual work can vary significantly.

ADJUSTED CONTRACT VALUE

The Bid Price for 2005, based on the original inventory at the start of 2002 and schedule of quantities, is \$1,724,187.80 (plus GST) but based on the above discussion, it is recommended that the contract value be \$1,786,188 plus GST. The funding requirements are summarized as follows:

Base Bid Price (2005)	\$1,724,188
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Plus Inventory Increase (2002-04) \$ 62,000

Net Contract Value (exc. GST)	\$1,786,188
Gross Contract Value (incl. GST)	\$1,911,221

There is sufficient funding in the 2005 Engineering Department operating budget to accommodate this contract value less the recoveries from ICBC.

OTHER POTENTIAL CONTRACT SCOPE INCREASES

Periodically capital additions to signals are required. It has been determined that such capital work for signal modifications are most cost-effective if included in this contract (i.e., it avoids separate bonding and insurance as it is already covered in the contract). For traffic signals, this work typically includes the addition of left-turn arrows and rehabilitation of signal control equipment. Any such additions to the contract for capital works will be made in accordance to the signing authority levels of the General Manager, Engineering or the City Manager, and Recommendation 2 of this report.

Third party cost recoveries have increased significantly since the original contract award. The cost recoveries in 2002 were estimated at \$150,000 per year which included White Rock, Delta (\$80,000) and ICBC (\$70,000). For 2004, the ICBC recoveries are projected at \$250,000, an increase of \$180,000 and the municipal recoveries, \$80,000 (no change) for a total of approximately \$330,000 per year. The municipal recoveries have not changed as they have not had a growth in inventory. Any such additions to the contract for ICBC recoverable works will be made in accordance to the signing authority levels of the General Manager, Engineering or the City Manager, and Recommendation 2 of this report.

SUMMARY

The low bidder for Contract M.S. 10.03.01, traffic signal and street light maintenance, tendered in 2002 was Cobra Electric Ltd. Their performance over the past three years of the existing contract has been very good. It is recommended that Contract M.S. 10.03.01 be extended to Cobra Electric Ltd., for two additional one-year terms for 2005 and 2006, with the 2006 Contract amount allowing for the increase in inventory that occurs in 2005/2006.

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General Manager, Engineering

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

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