

NO: R152

COUNCIL DATE: July 12, 2010

---

## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **July 8, 2010**

FROM: **General Manager, Engineering** FILE: **3807-001/11**

SUBJECT: **Extension of Contract No. M.S. 1220-20-03-07 – Cobra Electric Ltd.  
Maintenance of Roadway Electrical Systems**

---

## RECOMMENDATION

The Engineering Department recommends that Council:

1. Approve the extension of Contract M.S. 1220-20-03-07 with Cobra Electric Ltd. for maintenance of roadway electrical systems from August 1, 2010 to July 31, 2011 in the amount of \$4,497,392.00 (including HST); and
2. Set the expenditure authorization limit for Contract M.S. 1220-20-03-07 at \$4,947,131.20 including HST.

## BACKGROUND

Contract M.S. 1220-20-03-07 is for the ongoing maintenance of over 360 electrical traffic control devices and 27,000 street lights across the City. Cobra Electric has been maintaining the City of Surrey's roadway electrical systems since the mid-1980's and their performance has been satisfactory.

The current electrical maintenance contract that was awarded in 2007 with Cobra Electric Ltd. was tendered with fixed rates over a 3-year term and allowed for an extension of up to 2 additional years on a negotiated basis and mutual agreement. The extension referenced in this report represents the first option year beyond the original 3-year period. Staff has reviewed the terms of the contract and is satisfied that it represents good value to the City. As such, it is recommended that the contract be extended for an additional year, from August 1, 2010 to July 31, 2011. The City will retain the option to extend the contract for an additional one (1) year period in 2011 to July 31, 2012.

## DISCUSSION

The Contract extension includes a number of adjustments to reflect:

- unit rate price adjustments; and
- electrical systems inventory and scope of work additions that have occurred and/or become necessary over the last year.

## **Unit Rate Increases**

The negotiated Contract extension would result in an overall unit rate increase of 5.37%. The revised unit rates reflect increased contractor's labour and equipment operating costs (e.g., fuel prices) since the original contract period.

Despite the proposed increases to the contract extension, the negotiated unit rates are the lowest labour and equipment unit rates in the Lower Mainland in comparison to similar electrical maintenance contracts with Cobra Electric held by neighbouring jurisdictions.

Based on lower commodity prices, staff has negotiated lower unit rates for steel poles, plastic conduit and copper wire.

The annual budget increase to Contract M.S. 1220-20-03-07 for the unit rate adjustments referenced above in comparison to these contract costs in the year just past is \$187,000.00 (including HST).

## **Increases in Electrical Systems Inventory**

The current Contract M.S. 1220-20-03-07 includes a listing of the inventory of electrical traffic control devices and street lights as of early 2007. Since early 2007, the City's inventory of electrical traffic control devices and street lights has increased by 12% (4% annually for three years). The 12% increase in inventory represents a required annual budget increase of \$400,000.00 (including HST).

## **Scope of Work Revisions**

Since 2007, the City has been actively installing traffic signal battery back-up systems, closed circuit television cameras and video vehicle detection systems at major intersections in the City. The maintenance required for these items is not currently covered in Contract M.S. 1220-20-03-07. The maintenance of these devices will be included in the contract and represents a required annual budget increase of \$20,000 including HST.

## **Traffic Signal LED Replacement Program**

Starting in 2002, the City replaced incandescent traffic signal displays with LED displays as part of BC Hydro's Powersmart Program. Initially, it was expected that the LED signal displays would last 7 to 8 years. The LEDs have exceeded their predicted lifespan by 2 years, reduced electricity consumption, and have performed more reliably than incandescent displays. Some of these displays need replacement to ensure reliable performance. The displays will be replaced over a three-year period commencing in 2010. The most efficient way of replacing the existing LEDs is to coordinate their replacement with annual traffic signal maintenance work undertaken by Cobra Electric.

The purchase of the LED devices is being managed by the City. Additional funding will be required in the subject contract for the installation component of the LED replacement program. The annual funding required to install the LEDs as part of Contract M.S. 1220-20-03-07 is approximately \$180,000 including HST.

## FUNDING

Funding for the Contract extension is available in the approved 2010 Engineering Operating Budget.

## CONCLUSION

Based on the above discussion, the Engineering Department recommends that Council:

- Approve the extension of Contract M.S. 1220-20-03-07 with Cobra Electric Ltd. for maintenance of roadway electrical systems from August 1, 2010 to July 31, 2011 in the amount of \$4,497,392.00 (including HST); and
- Set the expenditure authorization limit for Contract M.S. 1220-20-03-07 at \$4,947,131.20 including HST.

Vincent Lalonde, P.Eng.  
General Manager, Engineering

JB/SP/brb