

NO: R139

COUNCIL DATE: July 25, 2011

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 20, 2011**

FROM: **General Manager, Engineering**

PROJECT FILE: **3807-001/11**

SUBJECT: **Extension of Contract 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 the maintenance of roadway electrical systems from August 1, 2011 to July 31, 2012 in the amount of \$4,667,392.00 (including HST); and
2. Set the expenditure authorization limit for Contract M.S. 1220-20-03-07 at \$6,167,392.00 (including HST).

BACKGROUND

Contract M.S. 1220-20-03-07 is for the ongoing maintenance of over 370 traffic control signals and devices and 28,000 street lights across the City. Cobra Electric has been maintaining the City of Surrey's traffic signal and street light systems since the mid 1980's and their performance has been very satisfactory.

The current maintenance contract that was awarded to Cobra Electric Ltd. in 2007 provided for fixed rates over a 3-year term and allowed for two one-year extensions beyond the original 3-year term. The extension that is the subject of this report represents the second "one-year" extension (from August 1, 2011 to July 31, 2012) beyond the original 3-year term. Staff has reviewed the terms of the contract extension and is satisfied that it represents good value to the City. Staff will be seeking competitive bids in the spring of 2012 for the next renewal of this contract which will take effect on August 1, 2012.

DISCUSSION

The Contract extension has been negotiated at the same unit prices as were contained in the previous year's contract extension but with a number of adjustments for electrical inventory and scope of work additions that have occurred and/or become necessary over the past year.

Unit Price Adjustments

Staff has negotiated an agreement with Cobra Electric Ltd. to extend the unit prices from last year's contract to the current year, representing a zero percent unit rate increase. The rates are favourable in comparison to the amounts being paid by neighbouring jurisdictions for the same work.

Increases in Electrical Systems Inventory

Due to continued population growth, the City's electrical control device and street light inventory has increased by 3% in the last year. Accordingly, the 3% increase in inventory requires a budget increase of \$120,000 (including HST) related to this contract.

Additional Scope of Work

The City's on-going asset management program requires the replacement of approximately 20 traffic signal controller cabinets annually. The most efficient method for replacing these traffic signal controller cabinets is to coordinate the replacement of the cabinets with annual traffic signal maintenance work undertaken by Cobra Electric.

The purchase of the traffic signal controller cabinets is being managed by the City. Additional funding of \$50,000 including HST is required for this element.

Wire Theft

As detailed in Corporate Report R098; 2011, wire theft has increased substantially in 2010 and early 2011. Losses totalled \$1.3 million in 2010 and are expected to exceed \$2 million for 2011. The City in conjunction with other agencies is undertaking many steps to combat this theft, including installation of physical deterrents, public education on the issue, labelling all City street light wire, working with RCMP and Crime Stoppers and encouraging provincial legislative changes. These measures are expected to reduce somewhat the funding required to cover the costs of replacing street light wiring due to theft. Additional contract authority in the amount of \$1,500,000 (including HST) for wire replacement due to theft is considered necessary for the current contract year. Funding for this element of the work is available from the City's Self Insurance Reserve.

FUNDING

Funding for the subject contract extension is available in the approved 2011 Engineering Operating Budget and in relation to the wire theft component in the Self Insurance Reserve.

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 the maintenance of roadway electrical systems from August 1, 2011 to July 31, 2012 in the amount of \$4,667,392.00 (including HST); and
- Set the expenditure authorization limit for Contract M.S. 1220-20-03-07 at \$6,167,392.00 (including HST).

Vincent Lalonde, P.Eng.
General Manager, Engineering

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