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COUNCIL DATE: 0-hu-U"-k

REGULAR COUNCIL

TO: Mayor & Council

DATE: September 24, 2014

FROM: Deputy City Engineer

FILE: 1708-057/H

SUBJECT: Roberts Bank Rail Corridor Program - Increase in Payment for BC Hydro
Transmission Tower Modifications

RECOMMENDATION

The Engineering Department recommends that Council authorize payment, up to a maximum amount, of an additional \$1,346,070.34 including HST to BC Hydro for modifications that were made to BC Hydro transmission towers in the vicinity of the 192 Street railway grade separation; an element of the Roberts Bank Rail Corridor Program in Surrey.

BACKGROUND

The Roberts Bank Rail Corridor Program in Surrey consists of the construction of road/rail grade separations at 152 Street, 192 Street, 196 Street and 54 Avenue and related road works to reduce congestion at rail crossings. The Program also includes at-grade crossing improvements and closures along Colebrook Road to allow for the cessation of train whistling along the majority of the B.C. Railway corridor through Surrey.

At its regular meeting on September 12, 2011, Council approved Corporate Report No. R169; 2011 attached as Appendix I, allocating payment to BC Hydro of up to \$2,300,000 including HST for modifications to BC Hydro transmission towers in the vicinity of the 192 Street railway grade separation, following which an advanced payment in this amount was made to BC Hydro as per their requirements. BC Hydro was clear at the time that this was an estimate only, and that final costs would result in either additional charges, or a refund. Following completion of the work BC Hydro have now advised that their cost of transmission tower modifications has actually totalled \$3,425,971.75 including HST; an increase of \$1,346,070.34 over their original estimate and initial payment by Surrey.

DISCUSSION

BC Hydro have provided a number of reasons why they exceeded their original estimated cost by this amount:

- In their original estimate they failed to include payroll overheads on internal labour and carrying costs on materials, which totalled \$1,107,086;
- In spite of receiving Surrey's advance payment in September 2011 they were unable to complete their design until September 2012, thus missing the summer 2012 construction season. In order not to delay the grade separation project by one year and risk the potential loss of Transport Canada funding contribution, BC Hydro completed the tower construction during the fall/winter season, requiring construction of a by-pass circuit and additional construction costs for site access;
- Hydro's original estimate planned for construction by outside contractors. Because of timing issues caused by late design completion, BC Hydro decided to utilize in-house forces in lieu of outside contractors; and
- In spite of Surrey having made arrangements for double-shift railway flagging, BC Hydro claims that they had no knowledge of this arrangement and effectively doubled their construction crew time on the project through the inefficiency imposed by the single-shift flagging that they arranged.

In spite of acknowledging errors in the management of this project, BC Hydro is requiring full payment of their costs as per the terms of their original commitment to undertake the relocation work. For the past 9 months, the City has been disputing a significant portion of these additional costs, however the October 31, 2014 funding deadline is approaching. Should the City continue to dispute, or delay, payment beyond October 31, 2014, the total amount paid beyond this date will not be eligible for reimbursement through the Funding Partnership Agreement (87.9% of the project costs from the Partners) resulting in the City of Surrey being responsible for the full amount.

The City has prepared a letter to the chairman of BC Hydro from the City Manager protesting the performance of BC Hydro relating to this project and the handling of the work and subsequent invoicing. The letter requests a total review and seeks reimbursement of part or all of these additional costs. Any such reimbursements will be shared back to the funding partners.

FUNDING

The Roberts Bank Rail Corridor, Combo Project, of which the 192 Street Overpass is a component, is being funded by way of contributions from Transport Canada, Port Metro Vancouver, BC Ministry of Transportation & Infrastructure, City of Langley, Township of Langley, and City of Surrey. Contributions from the funding partners other than Surrey will amount to 87.7% of the project costs with the City of Surrey being responsible for the remaining 12.3% of costs. Therefore the additional funding commitment from the City is \$165,566.65 (12.3% of \$1,346,070.34).

All outstanding claims and costs must be settled prior to the completion of the master funding agreement before October 31, 2014. Failure to do so will result in the City being responsible for payment of any outstanding amount.

Funding to cover the City's share of the additional costs described in this report is available in the Council-approved Capital Budget.

CONCLUSION

Based on the above discussion, the Engineering Department recommends that Council authorize payment, up to a maximum amount, of an additional \$1,346,070.34 including HST to BC Hydro for modifications that were made to BC Hydro transmission towers in the vicinity of the 192 Street railway grade separation; an element of the Roberts Bank Rail Corridor Program in Surrey.

Gerry McKinnon
Deputy City Engineer

VL/GMC/KDZ/ras

Appendix I - Corporate Report R169; 2011.

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NO: R169

COUNCIL DATE: September 12, 2011

REGULAR COUNCIL

TO: Mayor & Council

DATE: September 7, 2011

FROM: General Manager, Engineering

PROJECT FILE: 1708-057/H

SUBJECT: Roberts Bank Rail Corridor Program -
Payment for BC Hydro Transmission Tower Modifications

RECOMMENDATION

The Engineering Department recommends that Council authorize a payment of up to \$2,300,000 including HST to BC Hydro for modifications that need to be made to BC Hydro transmission towers in the vicinity of the 192 Street railway grade separation, an element of the Roberts Bank Rail Corridor Program in Surrey.

BACKGROUND

The Roberts Bank Rail Corridor Program in Surrey includes the construction of road/rail grade separations at 152 Street, 192 Street, 196 Street and 54 Avenue and road works and at-grade rail crossing improvements and closures to allow for the cessation of train whistling along the majority of the B.C. Railway corridor through Surrey. The Program is being funded by way of contributions from Transport Canada, Port Metro Vancouver, BC Ministry of Transportation & Infrastructure, BC Railway Company, CP Rail, Canadian National Railway, BNSF Railway, City of Langley, Township of Langley and the City of Surrey. Contributions from the funding partners other than Surrey will amount to 87.7% of the Project costs in Surrey with the City of Surrey being responsible for the remaining 12.3% of the costs. The City of Surrey is the delivery agent for the elements of the Program that are located in Surrey.

The grade separations and other works will reduce delays to motorists caused by rail traffic at crossings with major roads and will allow for an enhanced environment for Surrey residents by allowing for the elimination of train whistling at railway crossings along the majority of the B.C. Railway corridor in Surrey.

DISCUSSION

BC Hydro high voltage electrical transmission lines are located in close proximity to the planned overpass of 192 Street near 52 Avenue as illustrated in the plan attached as Appendix I. Minimum vertical clearance requirements between the transmission cables and the elevated 192 Street dictate the need to relocate and increase the height of some cable support towers. BC Hydro will undertake this work on a cost recovery basis and require that the estimated cost of the work be paid in advance. BC Hydro will reconcile with the City the payment in comparison to the actual cost of the work once the work is completed. BC Hydro has estimated the cost of carrying out the

relocation and modifications, including contingency and HST, to be \$2,300,000. This expense will be a shared between the partners as referenced above.

CONCLUSION

To facilitate the construction of a railway grade separation of 192 Street over the BC Railway track, which is an element of the Roberts Bank Rail Corridor Program, it will be necessary to modify and relocate BC Hydro high voltage transmission towers. It is recommended that Council authorize staff to forward a payment to BC Hydro for the costs associated with these Hydro-related works that will allow BC Hydro to proceed with such construction.



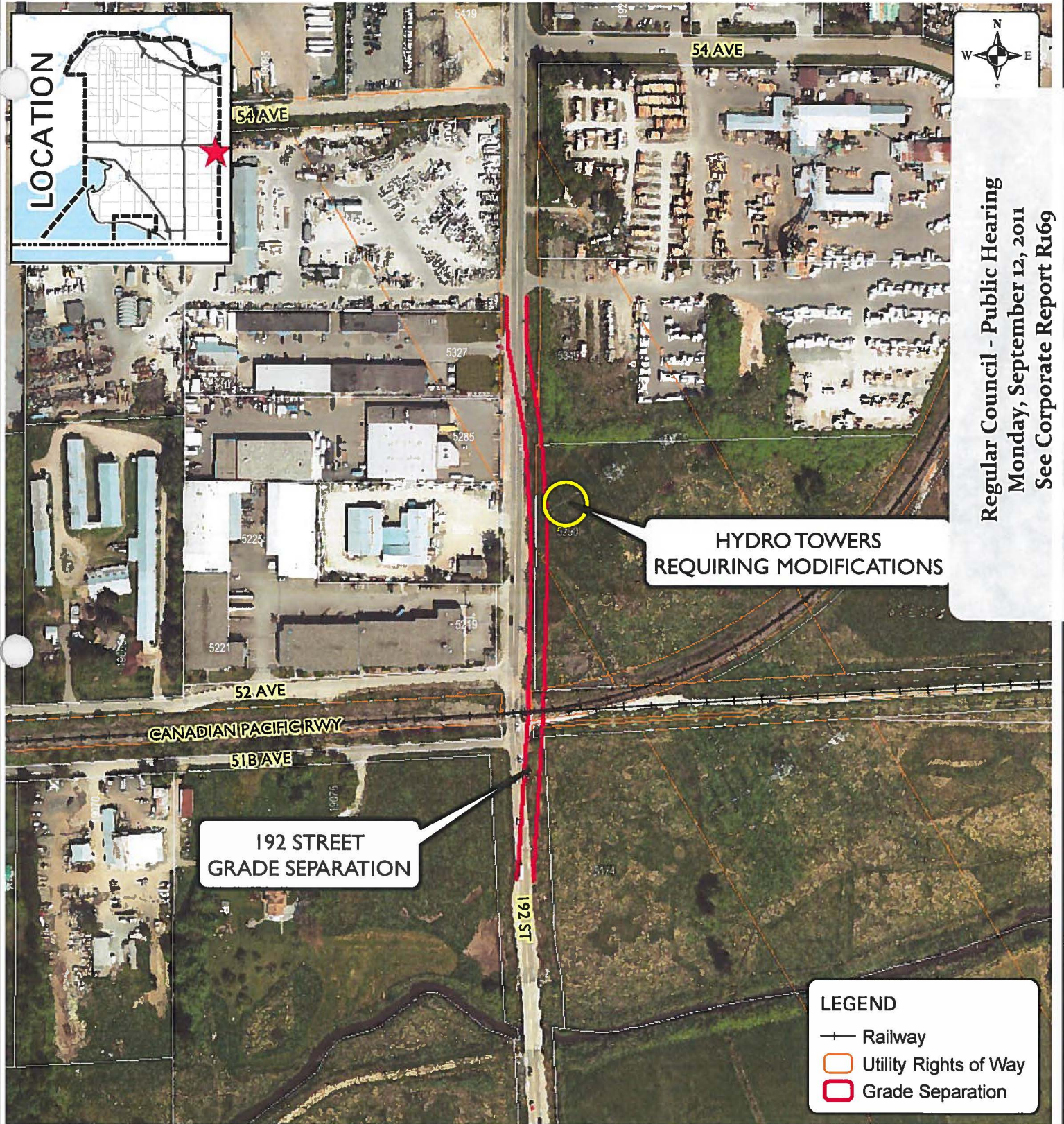
Vincent Lalonde, P.Eng.
General Manager, Engineering

VL/KZ/brb

Appendix I – Map of Roberts Bank Rail Corridor Program - BC Hydro Transmission Tower Modifications

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APPENDIX I



Regular Council - Public Hearing
 Monday, September 12, 2011
 See Corporate Report R169

Produced by GIS Section: August 24, 2011, AW8

Date of Aerial Photography: May 2009



ROBERTS BANK RAIL CORRIDOR PROGRAM BC HYDRO TRANSMISSION TOWER MODIFICATIONS

ENGINEERING DEPARTMENT

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey. This information is provided for information and convenience purposes only. Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.