

**DATE:** October 30, 2014 **FILE:** 5360-20/CV

**TO:** Chair and Directors  
Comox Valley Regional District (Comox Strathcona waste management) board

**FROM:** Debra Oakman, CMA  
Chief Administrative Officer

**RE:** Tetra Tech EBA contract award for construction management for the Comox Valley Phase 1 closure contract

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### **Purpose**

To request board approval for the direct award of a contract to Tetra Tech EBA for tender assistance and construction contract oversight for the phase 1 existing landfill closure construction project at the Comox Valley waste management centre(CVWMC).

### **Policy analysis**

The 2012 solid waste management plan (SWMP) was approved by the Ministry of Environment (MoE) on May 23, 2013 and the Comox Strathcona waste management (CSWM) strategic plan and objectives support the design and closure work included in this report.

Bylaw No. 284, being the “Comox Valley Regional District Delegation of Purchasing Authority, Bylaw No. 284, 2013” delegates authority for all regional district purchases and requires that the board approve all contracts in excess of \$100,000.

### **Executive summary**

The CVWMC closure project is included in the SWMP capital project listing and has been a part of the CSWM strategic plan since 2012. Tetra Tech EBA has previously been competitively selected as the successful consultant for this long term complex design project and awarded the closure design contract by the CSWM board in 2012.

The next phase of the engineering work required for this project includes tender assistance and oversight of the construction contract representing approximately seventy percent of the final existing landfill closure.

The updated landfill closure plan and operational updates, as well as phase 1 closure design documents prepared by EBA have been accepted by the MoE and the construction tender is scheduled to be prepared and issued by the end of 2014. Construction work and construction oversight is currently scheduled for 2015.

EBA continues to perform well on this complex engineering project and has added project value during the design process. In addition, EBA has reduced risk to the CSWM service by assessing project alternatives. EBA has also been instrumental in assisting staff in gaining acceptance of all permit documents by the MoE.

The Comox Valley Landfill closure project must meet the schedule requirements included in the SWMP as well as the environmental compliance requirement to maintain the CVWMC disposal permit. In consideration of direct awarding this additional engineering work to Tetra Tech EBA, the

potential loss of momentum, knowledge and local expertise should be considered in light of the critical project timelines related to diminishing capacity, financial and legal risks.

**Recommendations from the chief administrative officer:**

THAT a contract for tender assistance and construction contract oversight of the phase 1 Comox Valley waste management centre closure project be direct awarded to Tetra Tech EBA at a cost of \$669,681.87 excluding GST.

AND FURTHER THAT the corporate legislative officer and chair be authorized to sign the contract.

Respectfully:

***D. Oakman***

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Debra Oakman, CMA  
Chief Administrative Officer

**History/background factors**

Work was initiated in 2011 on the three major SWMP capital projects including:

1. Campbell River landfill closure;
2. Comox Valley landfill closure; and
3. Comox Valley new landfill expansion.

CSWM projects listed above are referenced in the solid waste strategic plan from 2012 through 2014.

CSWM service staff manage these large complex projects using principals of management and technical programs including:

1. Quality based selection (QBS) – consultant selection and management;
2. Budget guidelines for consulting engineers – project estimates and consultant fees; and
3. Project management institute – project management framework for oversight.

Starting in 2011, the CSWM service approached the selection of consultants for the SWMP capital projects with the use of QBS process. For these complicated, complex and long term projects, consultants with proven experience on in depth environmental landfill closures and construction as well as provincial approval abilities were needed. To provide for qualified consultants the CSWM selected two sequential competitive processes including:

1. Request for qualifications (RFQu) – evaluation of seven submissions resulted in shortlist of top three qualified consultants, completed in 2011; and
2. Request for proposals (RFP) – top three RFQu consultants compete for each project resulting in three contracts awarded between 2012 and 2013.

The QBS best practice methodology when applied to large complex and long term projects is a transparent process that encourages viewing of consultants as “trusted advisors” who share their objectives and who are evaluated throughout the project by their performance including risk reduction and value added factors. For acceptably performing consultants, future contract awards for phased construction tender documents and contract oversight is planned and makes sense as the tender documents are between 30 and 50 percent completed for all phases of the projects within the first months of contract award.

The three high value projects described above have been unfolding over a long term with relatively complex scopes. The scope of these projects were not readily definable when the RFQu was issued in 2011 and has continued to provide challenges to staff and the CSWM board as the projects have evolved. Project scopes have been adjusted over time through component assessment and option selection. From the beginning, the major constraint with managing these projects has been the compressed project timeline as a result of limited system capacity. Capacity is the permitted landfill airspace available for municipal solid waste. For all three projects, the financial and legal risks are proportional to the existing landfill capacity. In other words, the closer we are to running out of landfill space the larger the risks on not completing scheduled work and the fewer the disposal options for municipal solid waste exist.

Current estimated capacity, or landfill space available in terms of time includes:

1. Campbell River (CR) landfill– January 2018
2. Comox Valley (CV) landfill – October 2017

The above estimates are conservative and due to expected variance in tonnages and an ongoing post retaining wall construction survey at the Campbell River facility may be adjusted from time to time. At this time there appears to be enough airspace available to not have to amend the SWMP to provide for alternative disposal of regional municipal solid waste before completion of the new expanded landfill scheduled for construction in 2017.

In 2012, as a result of a RFP process, the board awarded a contract to Tetra Tech EBA for the updated landfill closure plan and phase 1 detailed design contract for the CVWMC. The scope of work in the original contract allows for a further contract award for tendering assistance and construction contract oversight.

The scope of work for the contract for tender assistance and construction oversight of the Comox Valley closure project includes:

1. Construction tender assistance including contractor mandatory tender site meeting, assessment of contractor tender questions, contract amendments and evaluation of contractor tenders and
2. Oversight of construction contract including assistance in project management, contract quality assurance and contractor quality control (construction oversight).

Table 1. Summary of Tetra Tech EBA contract for Comox Valley closure project– Phase 1

<b>Contract Description<sup>1</sup></b>	<b>Cost</b>
Original CV closure plan and phase 1 detailed design contract w/o GST	\$407,157.12
Sum of scope changes to date w/o GST	\$244,701.13
Proposed contract for tendering assistance and construction oversight for phase 1 CV facility closure including 20% contingency w/o GST	\$669,681.44
Total	\$1,321,539.69

Note 1–CVWMC engineering services – updated landfill closure plan and phase 1 detailed design, September 2012

Phase 1 CVWMC closure construction is scheduled to be completed in 2015 to remain in compliance with MoE landfill criteria and the CVWMC regulatory operational certificate and will provide a gas system and site drainage improvements for the new engineered expanded landfill.

Tetra Tech EBA has performed very well to this time adding value and reduced risk to the CSWM as well as providing approval for CSWM applications to the MoE needed to commence construction.

Examples include:

1. Risk assessment/management study – Comox Valley landfill closure, April 2013 which provides geotechnical, subsidence and seismic risk evaluation to the MoE of the existing and new landfill pertaining to the presence of several on-site geologic faults; and
2. Gas system design modifications related to the on-site geologic fault and, extension of contract by CSWM by one year at no additional project cost – no design scope changes.

The schedule of this project is a critical part of the SWMP Comox Valley facility environmental compliance requirement to maintain the Comox Valley landfill disposal permit. This construction needs to be completed in 2015 in order to meet provincial landfill gas regulatory requirements in 2016. The landfill gas disposal system to be constructed in this project will be available for operational certificate update, a provincial requirement before MoE approval of the new engineered landfill could be obtained.

The major constraint for this project is the timeline related to the limited amount of capacity available in our regional landfills. Tetra Tech EBA has completed the project design and it would be counterproductive at this time to break the Comox Valley facility landfill closure project into smaller pieces of study and design with new consultants. The potential loss of momentum, knowledge and local expertise should be considered in light of the critical project timeline.

### **Options**

CSWM board options include:

1. Approval of direct award contract to Tetra Tech EBA for tender assistance and construction contract oversight for phase 1 CV closure project or
2. To not approve the award of the contract to Tetra Tech EBA and direct staff otherwise.

Staff recommends option no. 1, approval of the direct award in order to:

1. Meet SWMP schedule and MoE criteria for operation of the Comox Valley landfill; and
2. Reduce the risk of significant increases in municipal solid waste disposal costs for the CSWM service.

### **Financial factors**

The value of the contract for the identified CV closure scope of work by Tetra Tech EBA is \$669,681.44 excluding GST. The 2014 capital financial plan for the solid waste service, function 391, includes an allowance of \$100,000 for this project and the 2015-2019 preliminary financial plan has an allowance of \$8,050,000 in 2015 for the overall phase 1 CV closure project which includes engineering as well as construction contracts.

Financial risks of not proceeding with the project include significant expenditures to amend the SWMP, increases to project costs in the future and potential significant increases in municipal solid waste disposal costs for the CSWM service.

Funding for this project is budgeted to be provided by long term debt through the Municipal Finance Authority.

### **Legal factors**

Legal risks of not proceeding with the recommendations could include a possible SWMP amendment which requires at least two years to complete, Minister of Environment approval and, includes significant public outreach assent requirements.

The CVRD delegation of purchasing authority bylaw no. 284 provides for circumstances where direct award procurement is permissible. Section 9 indicates that a direct award is justified “where the competitive process is impractical because of the need to obtain unique third party skills, there is a requirement for contractor continuity, or there is a strong case for the cost effectiveness of maintaining or retaining an existing contractor for a specific task.”

As described in this report these circumstances are met due to the unique expertise and knowledge Tetra Tech EBA has attained throughout their design of the project, as well as by the financial risks imposed by the required timeline – any delay of which will likely result in decreased cost effectiveness.

The bylaw requires that a notice of intent to direct award be published on the CVRD website for a period of five business days.

### **Sustainability implications**

The closure of the existing CSWM landfills and the construction of a new engineered landfill at the Comox Valley facility is a part of the capital projects included in the SWMP. Existing landfill closures and the new landfill represent a major improvements in municipal solid waste disposal in the region reducing environmental impacts and providing major sustainability improvements. The SWMP supports the Comox Valley sustainability strategy including the following goals:

Goal 3.2: Establish a diverse network of clean and renewable local energy supply systems; energy is harnessed from the waste sources in the community;

Establish a diverse network of clean and renewable local energy supply systems; energy is harnessed from the waste sources in the community;

Goal 3.3: Waste diversion and recycling programs approach “zero-waste” targets including:  
Objective 3.3.1. Develop a regional “zero-waste” strategy, including promotion of recycling that is aimed at waste reduction and diversion from landfill disposal;

Goal 3.4: The waste stream associated with construction, demolition and land clearing waste is reduced; Objective 3.4.1. Develop and implement a regional waste management program.

### **Interdepartmental involvement**

A number of regional district branches will support the work recommended in this report including but not limited to engineering services, financial services, public affairs and information systems (PAIS) and legislative services. Most of the work will be undertaken by the CSWM staff of the engineering services branch.

### **Citizen/public relations**

The public affairs and information systems branch is consulted regularly as to communications plans for the CSWM services and this work could include all updates to the SWMP communication plan. However, no additional public communication is planned at this time for this project.

Prepared by:

Concurrence:

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