



Staff Report Request for Decision

TO: Committee of the Whole – June 26, 2025

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SUBJECT: **Sechelt Landfill Contact Water Pond Relocation – Budget Amendment**

OVERVIEW

Purpose of Report:

The purpose of this report is to provide the Board with options to consider regarding additional budget and contract amendments for the completion of the Sechelt Landfill Contact Water Pond Relocation Project based on additional work due to unforeseen expenses. This report requests Board decision to accept, reject, or provide alternate direction with respect to staff's recommendations as presented below.

Recommendation(s):

- (1) **THAT the Sechelt Landfill Contact Water Pond Relocation Project Budget be increased by \$365,566 to a total budget of \$1,306,578, funded through Landfill Operating Reserves;**
 - (2) **AND THAT Contract 2435204 for construction services with Saxon Contracting Ltd. be increased by \$142,655 up to a maximum value of \$1,030,000 (excluding GST);**
 - (3) **AND THAT Contract 2135003 for construction engineering services with Trace Associates Inc. be increased by \$162,345 to a total value of \$681,613 (excluding GST);**
 - (4) **AND THAT Contract 2435205 for landfill operations services with Sicotte Bulldozing Ltd. be increased by \$60,566 to a total value of \$2,810,566 (excluding GST);**
 - (5) **AND THAT the delegated authorities be authorized to execute the amended contracts;**
 - (6) **AND FURTHER THAT the 2025-2029 Financial Plan be amended accordingly.**
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BACKGROUND

The purpose of the Sechelt Landfill Contact Water Pond Relocation Project is to relocate the existing contact water pond from the active landfill footprint to the decommissioned public drop off area in the southwest corner of the landfill property. Relocating the contact pond will optimize landfill capacity and increase contact water storage to meet the 200-year design storm.

The construction phase of the project started in March of 2025 with a contract for construction services awarded to Saxon Contracting Ltd. (Saxon) in the amount of \$887,345. A contract for engineering and construction administration services had been awarded to Trace Associates Ltd. (Trace) in 2021, and an amendment in 2024 with \$37,655 of the contract designated to the Sechelt Landfill Contact Water Pond Relocation Project.

At the December 12, 2024, Regular Board Meeting a budget of \$941,012 was approved.

347/24 **Recommendation No. 8** *Request for Proposal 2435204 Contract Award for Sechelt Landfill Contact Water Pond Relocation Construction*

THAT the report titled Request for Proposal 2435204 Contract Award for Sechelt Landfill Contact Water Pond Relocation Construction be received for information;

AND THAT a contract be awarded to Saxon Contracting Ltd. in the amount of up to \$887,345 (excluding GST);

AND THAT the delegated authorities be authorized to execute the contract;

AND THAT the Sechelt Landfill Extending Useful Life Project budget be increased by \$421,012 to \$941,012 funded from Landfill Operating Reserves;

AND FURTHER THAT the 2024 - 2028 Financial Plan be amended accordingly.

In 2024, a contract was awarded to Sicotte Bulldozing Ltd. (Sicotte) for landfill operation services. The work that Sicotte performed on the Sechelt Landfill Contact Water Pond Relocation Project was in addition to their existing contract.

DISCUSSION AND ANALYSIS OF OPTIONS

Substantial construction was completed on May 28, 2025. During the course of the project, several unforeseen site conditions and underestimated design components led to additional costs. These cost overages resulted from the following key factors:

1. **Underestimated Material Volumes:**

The original design underestimated the required excavation and backfill volumes, resulting in significant increases to material handling and procurement costs.

2. Higher Proportions of Asbestos-Containing Material (ACM):

The actual volume of ACM encountered during excavation was 2.8 times higher than the initial estimate. This had a major impact on cost, as ACM requires specialized handling and disposal.

3. ACM Found Outside Anticipated Areas:

ACM was unexpectedly discovered beyond the areas identified in the original assessment. This required:

- Excavation and disposal of substantially more contaminated material compared to clean structural fill or typical municipal waste.
- Procurement of additional structural material to rebuild over-excavated areas and maintain road integrity.

4. Expanded Scope for Landfill Operations Contractor (Sicotte):

The landfilling of ACM was carried out by Sicotte, the contractor already under agreement for landfill operations at the Sechelt Landfill. The actual scope of their work exceeded expectations and required more labour and equipment hours.

- Their existing agreement allowed this work to proceed without initiating a new procurement process, helping avoid project delays.

5. Extended Project Timeline:

The additional excavation efforts lengthened the construction schedule, leading to increased costs for construction and engineering administration.

6. Additional Work on Drainage Infrastructure:

Excavation revealed deeper-than-anticipated grades, requiring additional work on ditches and culverts to manage surface water.

7. Regulatory Compliance and Engineering Updates:

Due to the unforeseen volume of ACM and delays in project initiation, more engineering work is required to update the Design, Operations, and Closure Plan, Environmental Monitoring Plan, and detailed fill plans.

- These updates are necessary to remain in compliance with the current Operational Certificate.
- A post-construction report is also required within 90 days of substantial completion.

When these additional costs and work requirements became clear, staff made the decision to proceed rather than delay construction. This ensured the long-term functionality of the Sechelt Landfill while avoiding further schedule disruptions or contractual claims. The following mitigation steps were taken:

1. **Scope Review and Adjustments:**

Project staff proactively reviewed the contract and reduced or deferred non-essential work, ensuring no loss of core functionality.

2. **Force Account Billing for Unforeseen Work:**

Due to the increased material volumes, staff and the contractor agreed to use **Force Account billing**, which allows costs to be tracked based on actual labour, equipment, and material use.

- This billing method is permitted under the **Master Municipal Construction Documents (MMCD)** contract—a standardized construction contract framework widely used in B.C. for municipal infrastructure projects.
- MMCD provides clear procedures for handling unexpected site conditions and ensures fair compensation while maintaining project momentum.

3. **Avoidance of Contractual Claims and Delays:**

Under MMCD, if necessary work is not authorized in a timely manner, the contractor is entitled to make delay and cost claims. Staff's prompt direction prevented these claims and kept the project on the critical path.

While proceeding with the additional work prior to formal Board approval was contrary to established Policy and Financial Bylaw, staff made this decision in order to avoid project delays, contractual claims, and potential service disruptions. This budget amendment is being brought forward to align with the actual work completed and to ensure transparency and compliance moving forward.

OPTION 1 – Amend Project Budget for Additional Work from Landfill Operating Reserves

This option would have the contracts with Saxon, Trace, and Sicotte amended to allow for the payment of the costs incurred due to the additional work that arose throughout the duration of the Sechelt Landfill Contact Water Pond Relocation Project.

Staff Recommendation

Staff recommend this option. Should the Committee choose to go with Option 1, a recommendation could be considered, as provided in the Overview section on page one of this report.

OPTION 2 – Amend Project Budget for Additional Work through Debt Financing

This option would involve debt financing with a five-year loan for the additional \$365,566 in project funding required and the authorized amount to be borrowed from the Municipal Finance Authority Short-Term Loan (Capital Costs). This would result in \$0.36 in additional taxation per \$100K assessment.

Staff Recommendation

Staff do not recommend this option. Should the Committee choose to go with Option 2, a recommendation could be considered, as follows:

- (1) THAT the Sechelt Landfill Contact Water Pond budget be increased by \$365,566 fund funded from short-term debt;
- (2) AND THAT the Sunshine Coast Regional District authorize up to \$365,566 to be borrowed, under Section 403 of the *Local Government Act*, from the Municipal Finance Authority for the purpose of the Sechelt Landfill Contact Water Pond Project;
- (3) AND THAT the loan be repaid within five-years with no rights of renewal;
- (4) AND FURTHER THAT the 2025-2029 Financial Plan be amended accordingly.

FINANCIAL IMPLICATIONS

The proposed revised project budget request of \$365,566 with a contingency included in the Construction Contract and Construction Engineering estimate, would be sufficient to cover all the additional costs of the project.

Item Description	Approved Budget	Estimated Total Cost to Complete	Variance
Construction Contract	\$887,345	\$1,030,000	(\$142,655)
Construction Engineering	\$37,655	\$200,000	(\$162,345)
Landfill Operations Services		\$60,566	(\$60,566)
Staff Time	\$16,012	\$16,012	\$0
Total	\$941,012	\$1,306,578	(\$365,566)

Originally the relocation of the contact pond was estimated to increase the life span of the Sechelt Landfill by four-years. A preliminary assessment conducted by the Engineer post completion of the project now estimates the remaining lifespan to be potentially six-years. A final analysis of impact will be conducted as part of the annual landfill closure, including financial considerations.

Staff have also identified potential operating costs savings from stockpiled soil/material for the landfill that would otherwise be purchased for cover material over the next 2 years. Staff will do further analysis in preparation of the 2026 Budget deliberations.

STRATEGIC PLAN IMPLICATIONS

This staff report is aligned with the Board’s Service Delivery Focus Area of Solid Waste Solutions: Optimize use of Sechelt Landfill site to bridge to future long-term waste disposal solutions.

SUMMARY AND CONCLUSION

During construction of the Sechelt Landfill Contact Water Pond Relocation Project several unforeseen expenses resulted in additional work for a longer duration of time.

To avoid project delays and contractor claims, staff authorized the work prior to formal Board approval, contrary to Policy and Financial Bylaw. This report brings forward the necessary budget and contract amendments to reconcile final costs and ensure compliance.

Staff recommend increasing the project budget by \$365,566 funded from Landfill Operating Reserves and amending the Construction Contract with Saxon Contracting Ltd., the Construction Engineering Contract with Trace Associates Inc., and the Landfill Operations Contract with Sicotte Bulldozing Ltd.

The benefit of the relocation of the contact water pond could potentially result in up to six-years of additional airspace to the Landfill.

Reviewed by:			
Manager		Finance	X - A. Taylor
Acting GM	X - J. Waldorf	Legislative	
CAO	X - T. Perreault	Purchasing and Risk	X - V. Cropp