Contract Award - Contract No. 12FS–17WP, Tender Call 281-2012 and Amendment to Purchase Order 6020162 Ashbridges Bay Treatment Plant – M & T Building Equipment Upgrades

Date: May 01, 2013
To: Public Works & Infrastructure Committee
From: Acting Executive Director, Engineering and Construction Services
Director, Purchasing and Materials Management Division
Wards: Ward 32 – Beaches – East York
Reference Number: P:\2013\Cluster B\TEC\PW13033

SUMMARY

The purpose of this report is to: (a) advise on the results of the Tender Call 281-2012 issued for the M & T Building Equipment Upgrades at the Ashbridges Bay Treatment Plant, in accordance with specifications as required by Engineering and Construction Services and to request authority to award a contract to Gowing Contractors Ltd., and (b) amend Purchase Order 6020162 for professional services with Associated Engineering (Ont) Ltd. for M & T Pump Station Upgrades. The total amendment being requested is $350,000.00 net of HST ($356,160.00 net of HST recoveries).

This Purchase Order was initially amended by $343,924.00 net of HST from $258,331.38 net of HST ($262,878.01 net of HST Recoveries) in accordance with the City’s Financial Control By-Law, item 71.11.

Although Bid Committee has authority to award this tender, the award has been included in this report, as the consultant purchase order amendment requested herein is required in order to support the construction of these works.
RECOMMENDATIONS

The Acting Executive Director of Engineering and Construction Services and the Director of Purchasing and Materials Managements recommend that:

1. Public Works & Infrastructure Committee, in accordance with Section 195-14C of Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to award Contract 12FS-17WP, Tender Call 281-2012 for the M & T Building Equipment Upgrades at the Ashbridges Bay Treatment Plant to Gowing Contractors Ltd. in the total amount of $3,915,000.00 net of HST ($3,983,904.00 net of HST recoveries), having submitted the lowest bid and meeting specifications in conformance with the tender requirements.

2. Subject to the approval of Recommendation 1 above, Public Works and Infrastructure Committee in accordance with Section 71-11.1.C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-Law), amend Purchase Order 6020162, as well as the corresponding agreement between Associated Engineering (Ont) Ltd. and the City, for the provision of professional services for the Ashbridges Bay Treatment Plant M & T Pump Station Upgrades to provide contract administration and site inspection services during construction for an additional amount of $350,000.00 net of HST ($356,160.00 net of HST recoveries), revising the current contract value from $602,255.38 net of HST ($612,855.07 net of HST recoveries) to $952,255.38 net of HST ($969,015.07 net of HST recoveries) and extending the delivery date for completion to December 31, 2014.

FINANCIAL IMPACT

The total amount to award the construction contract is $4,423,950.00 including all applicable taxes, charges and contingency allowances. The total cost to the City is $3,983,904.00 net of HST recoveries. The engineering estimate for this project is $3,800,000.00 net of HST recoveries.

The total amount required to amend the Purchase Order 6020162 to Associated Engineering (Ont) Ltd. for contract administration and site inspection services is $356,160.00 net of HST recoveries.

Sufficient funds are available in the 2013 Approved Toronto Water Capital Budget and 2014-2022 Capital Plan in accounts CWW029-04 (ABTP M & T Retrofit Equipment) and CWW041-01(Miscellaneous Mechanical Rehabilitation).
The following table summarizes the cash flow requirements net of HST Recoveries, for the contract award and Purchase Order amendment identified in this report, by year:

<table>
<thead>
<tr>
<th>Account No.</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWW029-04</td>
<td>$300,000.00</td>
<td>$2,681,004.16</td>
<td>$20,000.00</td>
<td>$3,001,004.16</td>
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<tr>
<td>CWW041-01</td>
<td>$300,000.00</td>
<td>$1,039,059.84</td>
<td>$0.00</td>
<td>$1,339,059.84</td>
</tr>
</tbody>
</table>

The cashflow for this project as part of the 2013 Approved Toronto Water Capital Budget is available in 2013; the cashflow alteration based on the award of this contract will be revised in the 2014 Toronto Water Capital Budget submission reflecting the delay in the delivery of this project.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

**DECISION HISTORY**

On January 25, 2006, by authority of Bid Committee, Purchase Orders were awarded to Associated Engineering (Ont) Ltd. for the provision of professional services for M & T Pump Station upgrades to the Ashbridges Bay Treatment Plant as a result of Request for Proposal No. 9117-05-7299 for a total awarded value of $769,974.38, including provisional items, disbursements, contingencies and GST.

The following is the link to the Bid Committee approval:

**BACKGROUND**

Tender Call 281-2012 was issued by the Purchasing and Materials Management Division and was advertised on the City's Internet Website on December 28, 2012.

The Purchasing and Material Management Division (PMMD), at its Public Opening held on February 20, 2013, opened the following bids for Contract 12FS-17WP, Tender Call 281-2012, for the M & T Building Equipment Upgrades at the Ashbridges Bay Treatment Plant:
<table>
<thead>
<tr>
<th>Bidders</th>
<th>Price Complete Including All Charges and HST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gowling Contractors Ltd.</td>
<td>$4,423,950.00</td>
</tr>
<tr>
<td>Torbear Contracting Inc.</td>
<td>$4,922,897.00</td>
</tr>
<tr>
<td>A Plus General Contractors Corp</td>
<td>$6,014,651.00</td>
</tr>
<tr>
<td>W.A. Stephenson Mechanical Contractors</td>
<td>$6,168,000.00</td>
</tr>
<tr>
<td>LCD Mechanical Inc.</td>
<td>$6,840,003.00</td>
</tr>
<tr>
<td>Superior Boiler</td>
<td>$7,276,523.00</td>
</tr>
</tbody>
</table>

**COMMENTS**

The Tender documents submitted by the recommended bidder have been reviewed by the Acting Executive Director of Engineering and Construction Services and was found to be in conformance with the Tender requirements.

Engineering and Construction Services staff have compared the bid to the estimated cost and found the price of the recommended bidder to be reasonable given the tender prices of all bidders, and the pre-tender construction cost estimate.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

The work being done under this tender includes upgrades to the sump pump system to mitigate the risk of pump station flooding; replacement of five (5) sluice gates, actuators and associated electrical and control system to maintain reliable operation of pump station; ventilation upgrades to the sluice gates operating room and the MCC room to comply with the current requirements of the electrical code as well as structural modification to the chambers of the yard gates located between the M and T pump station to improve flow control to the primary treatment process.

**Requirements for Additional Cost for Professional Services for Associated Engineering (Ont) Ltd.**

Associated Engineering (Ont) Ltd. (AE) was retained competitively through Request for Proposal (RFP) No. 9117-05-7299 for the provision of engineering services for the M & T Pump Station Upgrades at the Ashbridges Bay Treatment Plant. Based on the approved Bid Committee Report dated January 12, 2006, the City entered into three agreements with AE dated May 26, 2006.

- The first agreement was to provide professional consulting and engineering services in connection with the M and T Pump Station Upgrades Study. Purchase Order (PO) 6020164 was issued in the amount of $217,672.99 (net of HST) to AE for these services.
- The second agreement was to provide professional consulting and engineering services in connection with the design of the M Building Bar Screen Room. Purchase Order (PO) 6020163 was issued in the amount of $535,163.26 (net of HST) including amendments totalling $307,037.28 (net of HST) to AE for these services.
The third agreement was to provide professional consulting and engineering services in connection with the contract administration and inspection services during the construction of the M Building Bar Screen Room. Purchase Order (PO) 6020162 was issued in the amount of $602,255.38 (net of HST) including an amendment in the amount of $343,924.00 (net of HST) to AE for these services.

The City has and continues to experience numerous challenges in the operations of M and T Pump Stations due to problems with ageing and obsolete equipment which is over 40 years old. Therefore, in 2006, the City retained AE to undertake the M&T Pump Station Upgrades Study. These pump stations are an integral component of the City's wastewater infrastructure and must operate 24 hours a day, 7 days a week, on a reliable basis. Failure of any equipment of the pump stations increases the risk of plant bypasses and sewer surcharges and also significantly increases the risks to public health, risk of property damages and non-compliance charges under federal and provincial legislation. Pumps in the pump stations are located approximately 20 meter below ground level and are very difficult to access for maintenance purposes. The primary objective of the study was to establish the long term strategy for the upgrades of these facilities. While completing the study, the City was experiencing an increasing rate of failure of equipment in both pump stations related to pumps, valves and electrical equipment. An urgent resolution was needed to address this increased frequency of equipment failure and avoid the loss of plant process treatment and the risks associated with public health and property damages. Accordingly, urgent repairs were identified by AE for immediate design and construction in order to keep the stations in continuous reliable operation. The urgent repairs included upgrades to the sump pump system, crane, pump intake valves, sluice gates, baffles for sluice gates and a detail investigation of the T building wet well. In order to address these critical repairs to the T Pump Station, the City increased the design scope under the M Building Bar Screen Room project amending the design PO 6020163 by an additional amount of $228,125.98, net of GST, in accordance with the City's Financial Control By-law 71, to cover these additional design efforts.

Consequently, the contract administration and inspection services PO 6020162 for the M Building Bar Screen Room project was also amended for an additional amount of $343,924.00, net of GST, in accordance with the City's Financial Control By-law 71, to cover the contract administration and inspection services for the critical repairs noted above. Furthermore, additional site inspection services were required for the M Building Bar Screen contract as it was significantly delayed due to unexpected gate failures and flooding. The amendment also covered the additional site inspection efforts associated with the Bar Screen contract. At that time it was expected that all the above noted critical repairs at T Pump Station would be completed under one construction contract and the additional fees were estimated as such.

However, all the critical repairs could not be completed as planned under one construction contract due to the emergency work necessitated by the failure of pump intake valves which caused flooding in the T building basement. This emergency situation led to prioritization of the intake valves and crane work over the sump pump system upgrades, sluice gates and baffles work. The replacement of intake valves and crane work were added to an existing construction contract (M & T HVAC and Odour...
Control) through Council approved purchase order amendment to the contractor and AE continued to provide the contract administration and site inspection services under the existing PO. The sump pump system and baffles work were therefore competitively tendered under a separate contract that is being recommended for award in this Report.

The original approved contract administration and inspection budget was over spent due to delays in construction resulting from additional equipment failures while the construction work was ongoing. These delays led to additional contract administration and inspection services required, which has used up the originally allotted budget plus the contingency allowed for in previous amendment of PO 6020162. Therefore, additional contract administration and inspection budget is now required for services during construction of the sump pump system and baffles work.

This report requests an amendment to the original authority for the provision of consulting and engineering services in connection with additional construction contract and associated services during construction including office services and site services, an amount not to exceed $308,144.00 exclusive of all taxes, for a construction period of up to 77 weeks, and including contingency allowance of $41,856.00 exclusive of all taxes for additional services if required beyond a period of 77 weeks, at a rate not to exceed $3,944.00 per week including disbursements and exclusive of all taxes. The new rates are equivalent to 3.8% escalation per year. There was no escalation rate included in the original RFP. The escalation rate of 3.8% is fair and reasonable.

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