STAFF REPORT
ACTION REQUIRED

Contract Award for Tender Call 194-2013 and
Amendment to Purchase Order 6025307
Ashbridges Bay Treatment Plant
Aeration Tank 2 Upgrade

Date:	December 10, 2013
To:	Public Works & Infrastructure Committee
From:	Executive Director, Engineering and Construction Services, and the Director, Purchasing and Materials Management
Wards:	Ward 23 – (Beaches – East York)
Reference Number:	P:\2014\Cluster B\TEC\PWI4013 (AFS #17507)

SUMMARY

The purpose of this report is to: (a) advise of the results of Tender Call 194-2013, Aeration Tank No. 2 Upgrade at the Ashbridges Bay Treatment Plant and request the authority to award a contract to Bennett Mechanical Installations (2001) Ltd. in the amount of $10,977,000.00 net of HST ($11,170,195.20 net of HST recoveries); and (b) request authority to amend Purchase Order No. 6025307 with AECOM Canada Ltd. (AECOM), for additional professional services associated with this work, by an additional amount of $642,147.70 net of HST ($653,449.50 net of HST recoveries).

RECOMMENDATIONS

The Executive Director, Engineering and Construction Services, and the Director, Purchasing and Materials Management, recommend that:

1. The Public Works and Infrastructure Committee, in accordance with Section 195-14C of Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to award Contract 13FS-14WP, Tender Call 194-2013 for Aeration Tank No. 2 Upgrade to Bennett Mechanical Installations (2001) Ltd., in the amount of $10,977,000.00 net of HST ($11,170,195.20 net of HST recoveries) having submitted the lowest bid and meeting the specifications in conformance with the Tender requirements.

2. Subject to the approval of Recommendation No. 1, the 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), grant authority to amend Purchase Order No. 6025307 with AECOM Canada Ltd., for the provision of professional services for contract administration and site inspection services during construction of Aeration Tank No. 2 Upgrade by an additional amount of $642,147.70 net of HST ($653,449.50 net of HST recoveries), revising the current contract value from $8,273,700.02 net of HST ($8,419,317.14 net of HST Recoveries) to $8,915,847.72 net of HST ($9,072,766.64 net of HST Recoveries), and extend the delivery date for completion to January 31, 2016.

FINANCIAL IMPACT

The total amount to award Contract 13FS-14WP, Aeration Tank No. 2 Upgrade identified in this report is $12,404,010.00 including HST and all applicable charges. The cost to the City, net of HST recoveries, is $11,170,195.20. The engineering estimate for this project was $18,760,000.00, including HST and all applicable charges.

Amendment of Purchase Order No. 6025307 for an additional $642,147.70 net of HST ($653,449.50 net of HST recoveries) will increase the current contract value funded under account CWW019-21 from $8,273,700.02 net of HST ($8,419,317.14 net of HST Recoveries) to $8,915,847.72 net of HST ($9,072,766.64 net of HST Recoveries), and extend the delivery date for completion to January 31, 2016.

Funding for 2013 is available in Toronto Water's 2013 Approved Capital Budget and 2014-2022 Capital Plan for the Aeration Tank No. 2 Upgrade Project. Funding for 2014-2016 is included in the 2014-2023 Recommended Capital Budget and Plan for the same project, as summarized in the following table (net of HST recoveries):

Acct No.	2013	2014	2015	2016	Total
CWW019-21	1,000.00	200,000.00	400,000.00	52,449.50	653,449.50
CWW040-01	50,000.00	2,450,000.00	7,500,000.00	1,170,195.20	11,170,195.20

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

DECISION HISTORY

On October 26, 27 and 28, 2004 by the authority of City Council, Purchase Orders were awarded to Earth Tech Canada Inc. (now AECOM Canada Ltd.) for the provision of engineering services including design and contract administration during construction for the Ashbridges Bay Treatment Plant Odour Control Facilities. The contract value approved was $7,791,109.72 net of GST, for Contract Administration Services during the

construction phase, which includes project management, site engineering, inspection services, and office support.

A copy of the staff report to City Council can be found at:
http://www.toronto.ca/legdocs/2004/agendas/council/cc041026/pof8rpt/cl015.pdf

Purchase Order No. 6025307 was subsequently amended in accordance with City of Toronto Municipal Code 71, in April, 2013, for additional Contract Administration Services related to the ABTP Odour Control Facilities Program, for an additional amount of $482,590.30, excluding HST, and an extension to the completion date to December 31, 2014. This additional amount increased the total commitment from $7,791,109.72 to $8,273,700.02 excluding HST.

BACKGROUND

Tender Call 194-2013

Tender Call 194-2013 Aeration Tank No. 2 Upgrade was issued by the Purchasing & Materials Management Division and was advertised on the City's Internet Website on September 20, 2013.

The Purchasing & Materials Management Division, at its Public Opening held on October 31, 2013, opened the following Tenders:

Bidders	**Price Complete Including HST**
Bennett Mechanical Installations (2001) Ltd.	$12,404,010.00
Torbear Contracting Inc.	$12,839,415.82*
WCC Construction Canada, ULC	$13,326,651.61*
Asco Construction Ltd.	$14,210,500.32*
A Plus General Contracting Corporation	$14,407,500.00
Bondfield Construction Co. Ltd.	$14,581,520.00
Aecon Buildings GTA	$15,391,441.85*

*Tender Price corrected for mathematical errors. PMMD has verified that the mathematical errors were corrected

COMMENTS

Tender Call 194-2013

The Tender documents submitted for Tender Call 194-2013, Contract No. 13FS-14WP, Ashbridges Bay Treatment Plant Aeration Tank No. 2 Upgrade by the recommended bidder have been reviewed by the Executive Director, Engineering & Construction Services and have been found to be in conformance with the Tender requirements.

Engineering & Construction Services staff have compared the bids to the estimated cost and found the price of the recommended bidder of $10,977,000.00 net of taxes to be lower than the engineering estimate of $16.6 million net of taxes.

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

The scope of work under Contract No. 13FS-14WP, Aeration Tank No. 2 Upgrade, includes:

- Demolition, removal and modifications of the existing equipment, piping, structures, mechanical, electrical, instrumentation and control systems
- Installation of new electrical panels, new mechanical equipment such as mixers and valve actuators
- Installation of new secondary process air headers
- Installation of fine bubble diffusers
- Installation of aluminum checker plates, aluminum covers, handrails and viewing hatches, aluminum grating panels
- Isolation and clean out of Aeration Tank 2 and south settled sewage conduit

Requirements for additional costs for contract administration and inspection services

In 2002, the City completed the ABTP Odour Control Study, which recommended a series of projects to alleviate odour concerns relating to the wastewater treatment process. In 2004, the City issued an RFP with a scope based on the study, for engineering design and construction administration to implement the Odour Control Facilities project. The RFP included a *Base Scope for Construction Contract Administration*, which included five anticipated construction contracts to be carried out over a six year period between January 2007 and December 2012. The contract for the design and contract administration of the Odour Control Facilities project was awarded to Earth Tech Canada Inc. (now AECOM). During the design phase, the *Base Scope of Work for Construction Contract Administration* was subsequently restructured to suit the most current project information and recommendations as developed through the design phase.

Accordingly, the modified contract administration scope allowed for 48 months of construction management covering four (4) construction contracts to be carried out over a

four-year period between August 2010 and July 2014; all associated with AECOM's Odour Control Facilities assignment.

The first three (3) contracts which included both odour control and process improvements as mandated by the Ministry of the Environment (MOE) have either been completed or will be substantially completed by December 31, 2013. This fourth and final contract, Aeration Tank No.2 Upgrade, will improve energy efficiency and allow Toronto Water to evaluate the need for process upgrades to meet present as well as future regulatory requirements. In addition, the tank upgrades provide an improved cover design to facilitate operations and maintenance (O&M) requirements, while retaining odourous air for conveyance and discharge in accordance with MOE requirements.

The four contracts being administered under this assignment represent $140M in capital improvements at the ABTP Facility, spanning a period of six years in total.

The amendment to Purchase Order No. 6025307 for Contract Administration Services during construction is required for the following reasons:

1. Additional Contract Administration (CA) Services Due to Extended Contract Duration

   As noted above, the existing Purchase Order to AECOM provided for contract administration services during construction through to July 2014, with part-time services being provided for Aeration Tank 2 for a period of 32 weeks. It was anticipated that part time site supervision would be sufficient for the Aeration Tank 2 contract as work would proceed concurrently with other contracts and it would be overseen by a senior site administrator.

   For reasons beyond AECOM's control, the tender of Aeration Tank 2 has been delayed by approximately two years. Delays are primarily a result of Toronto Water budget shortfalls in 2010, but were also exacerbated by constructor issues onsite, as well as regulatory approvals delays. As a result, this contract will no longer run concurrently with other related contracts under the AECOM assignment, and therefore shared inspection services will not be realized

   The bid from Bennett Mechanical Installations (2001) Ltd for Contract 13FS-14WP, Tender Call 194-2013, includes Bennett's agreement to complete the works within a timeframe of 78 weeks from the date of the written order to commence work. It was anticipated that the contract duration would be 46 weeks and as such, the tendered completion time of 78 weeks represents an additional 32 weeks of contract administration engineering services to be provided by AECOM above their current contract requirements. The extended contract duration is in part a result of recently determined operational challenges associated with the isolation of Aeration Tank 2 and the settled sewage conduit due to the age and condition of the infrastructure (built in late 1950s).

   Based on the above, full time site supervision by a resident engineer will be required, as well as additional project management and controls. This represents a fee impact of $447,391.36 including disbursements and excluding HST.

2. Contract Rate Escalation

In compliance with the Engineering Agreement, AECOM is eligible for hourly labour rate escalation adjustment, effective January 1, 2013, due to the extension of the contract beyond December 2012. The additional funding required due to rate escalation effective January 1, 2013, based on the revised contract duration is $154,756.34 including disbursements and excluding HST, based on a rate adjustment of the current consumer price index (CPI) plus 2% per year.

Further, if the construction duration extends beyond 78 weeks as stated by the contractor, AECOM's maximum weekly rate for professional services provided by the contract administration team will be $12,607.07 (net of HST) for two persons full time inclusive of general office administration and, including all disbursements, for services during construction.

A Contingency Allowance of $40,000.00 (net of HST Recoveries) is also being requested to accommodate any additional professional engineering services that could arise during construction.

In summary, the total additional professional services fees for contract administration and site inspection services during construction for the Aeration Tank No. 2 Upgrade contract is $642,147.70 including disbursement and excluding HST.

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