STAFF REPORT
ACTION REQUIRED

Amendment to Contracts, 47019304, 47019305, 47019306 for the Installation of New Residential Water and Sewer Connections and Associated Works within Etobicoke York and North York Districts

<table>
<thead>
<tr>
<th>Date:</th>
<th>February 10, 2016</th>
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<tbody>
<tr>
<td>To:</td>
<td>Public Works &amp; Infrastructure Committee</td>
</tr>
<tr>
<td>From:</td>
<td>General Manager, Toronto Water Director, Purchasing and Materials Management Division</td>
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<tr>
<td>Wards:</td>
<td>All Wards</td>
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<tr>
<td>Reference Number:</td>
<td>P:\2016\Cluster B\TW\PW116004</td>
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SUMMARY

The purpose of this report is to request authority to amend Contract 47019304 for the Installation of New Residential Water and Sewer Connections and Associated Works within the Etobicoke York District; Contract 47019305 for the Installation of New Residential Water and Sewer Connections and Associated Works within the North York District (North 401) and; Contract 47019306 the Installation of New Residential Water and Sewer Connections and Associated Works within the North York District (South 401) as a result of increased work volumes related to new water and sewer service connection applications received from homeowners within the respective districts: Etobicoke York and North York Community Council areas.

The three (3) contract amendment requests included in this report will increase the total contract values for all contracts combined by $3,300,000 net of all taxes ($3,358,080 net of HST Recoveries). There has been a corresponding increase in total user fee revenue collected by Toronto Water that fully offsets the cost to install the requested services.

RECOMMENDATIONS

The General Manager of Toronto Water and the Director of Purchasing and Materials Management recommend that:
1. 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 Contract 47019304 with Co-X-Co Construction Ltd., for the Installation of New Residential Water and Sewer Connections and Associated Works within the Etobicoke York District, Tender Call No. 39-2015, by an additional amount of $850,000 net of all taxes ($864,960 net of HST recoveries) revising the current value from $2,742,650 to $3,592,650 net of all taxes ($3,655,881 net of HST recoveries).

2. 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 Contract 47019305 with Rabcon Contractors Ltd., for the Installation of New Residential Water and Sewer Connections and Associated Works within the North York District (North 401), Tender Call No. 39-2015, by an additional amount of $1,600,000 net of all taxes ($1,628,160 net of HST recoveries) revising the current value from $4,280,670 to $5,880,670 net of all taxes ($5,984,170 net of HST recoveries).

3. 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 Contract 47019306 with Rabcon Contractors Ltd., for the Installation of New Residential Water and Sewer Connections and Associated Works within the North York District (South 401), Tender Call No. 40-2015, by an additional amount of $850,000 net of all taxes ($864,960 net of HST recoveries) revising the current value from $4,614,095 to $5,464,095 net of all taxes ($5,560,263 net of HST recoveries).

Financial Impact

The three (3) contract amendment requests included in this report will increase the total contract values for all contracts combined by $3,300,000 net of all taxes ($3,358,080 net of HST Recoveries). There has been a corresponding increase in total user fee revenue collected by Toronto Water that fully offsets the cost to install the requested services. These user fees are established in Toronto Municipal Code Chapter 441, Fees and Charges.

The following table illustrates the account allocations for the distribution of requested amendments.

<table>
<thead>
<tr>
<th>Contract 47019304</th>
<th>Contract 47019305</th>
<th>Contract 47019306</th>
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</thead>
<tbody>
<tr>
<td>Awarded Value (a)</td>
<td>$2,790,921</td>
<td>$4,356,010</td>
</tr>
<tr>
<td>Amendment 1 CPW600-02 (b)</td>
<td>$864,960</td>
<td>$1,628,160</td>
</tr>
<tr>
<td>Revised Target Value (a+b)</td>
<td>$3,655,881</td>
<td>$5,984,170</td>
</tr>
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Note: above figures are Net of HST Recoveries.

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

On April 29, 2015, by authority of Bid Committee, Tenders 38-2015, 39-2015 and 40-2015 respectively were awarded for the Installation of New Residential Water and Sewer Connections and Associated. Each contract was issued to cover the period from May 1, 2015 to April 30, 2016, with one (1) additional option year.

The following are the links to the Bid Committee approvals for the three affected contracts:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.BD24.4

ISSUE BACKGROUND

Toronto Water, District Operations issue contracts for the installation of water and sewer connections to support single family dwelling land infill type development. These contracts are used by Toronto Water to provide service connections (new water; sanitary and storm services) for builders, developers and homeowners when redeveloping an infill property or any homeowner wishing to upgrade water services that are not subject to other City programs. This work is fully funded by user fees as established in Toronto Municipal Code Chapter 441, Fees and Charges.

Toronto Water issues tenders based on historic annual averages across the service districts. The number of homeowners submitting an application to have new services installed on their properties over the 2015-2016 contract period exceeded originally tendered estimates, thus requiring amendments to three of the five contracts issued for this work.

The five contracts were tendered for competitive bids with a start date of May 1, 2015. The initial term of these contracts is for one (1) year expiring on April 30, 2016. The City has the discretion to extend the contract for one (1) option year - May 1, 2016 to April 30, 2017.

Staff are recommending these contracts be amended at this time as homeowners will receive the benefit of the existing flat rates as tendered in early 2015 and not experience any service delays that would result if the City retendered for new contracts. Toronto Water is considering the merits of exercising its option to renew for an additional year which would set a new price of the existing unit rate increased by only the Consumer Price Index (CPI). If the option year is exercised, the contracts will be retendered for competitive bids in January 2017 likely for another term length of one (1) year plus another one (1) year option to be exercised at the City's discretion.

COMMENTS

Toronto Water issues these contracts with estimates generated based on the number of flat rate service application generated in prior years. Below is a summary of the estimated and actual application volumes processed and applications projected to the contract end April 30, 2016:
<table>
<thead>
<tr>
<th>Contract</th>
<th>(a) Estimated Site Servicing Applications in Tenders</th>
<th>(b) Actual Site Servicing Applications Processed to date</th>
<th>(c) Actual Site Servicing Applications Constructed</th>
<th>(d) Site Servicing Applications to be completed to Contract End</th>
<th>(e) Total Site Servicing Applications to be completed under Contract (c)+(d)</th>
<th>(f) Additional Site Servicing Installations under Current Contract (e)-(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>47019304 Etobicoke</td>
<td>280</td>
<td>320</td>
<td>245</td>
<td>125</td>
<td>370</td>
<td>90 (32% increase)</td>
</tr>
<tr>
<td>47019305 North York (north 401)</td>
<td>325</td>
<td>430</td>
<td>355</td>
<td>130</td>
<td>485</td>
<td>160 (38% increase)</td>
</tr>
<tr>
<td>47019306 North York (south 401)</td>
<td>350</td>
<td>365</td>
<td>270</td>
<td>150</td>
<td>420</td>
<td>70 (20% increase)</td>
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As the number of new service applications received by Toronto Water is largely dependent on the infill development market, it is very difficult to predict the actual number of new services that will have to be installed on an annual basis. During the 2015-2016 contract period there has been a significant increase (33%) in the number of applications within the Etobicoke York and North York Communities for new water and sewer service connections. The work generated from these applications is requiring amendments to the existing contracts which are in place until April 30, 2016.

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**SIGNATURE**

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