



STAFF REPORT ACTION REQUIRED

Contract Awards for Tender Call Nos. 52-2016 and 85-2016, Construction of Watermains, Sewers and Roadways at Various Locations across the City of Toronto

Date:	March 29, 2016
To:	Public Works & Infrastructure Committee
From:	Executive Director, Engineering & Construction Services Director, Purchasing and Materials Management Division
Wards:	Ward 3 – Etobicoke Centre Ward 5 – Etobicoke Lakeshore Ward 6 – Etobicoke Lakeshore Ward 10 – York Centre Ward 11 – York South Weston Ward 12 – York South Weston Ward 13 – Parkdale High Park Ward 15 – Eglinton-Lawrence Ward 16 – Eglinton-Lawrence Ward 19 – Trinity Spadina Ward 25 – Don Valley West Ward 28 – Toronto Centre-Rosedale Ward 34 – Don Valley East Ward 37 – Scarborough Centre
Reference Number:	P:\2016\Cluster B\TEC\PW16009 (AFS# 22713)

SUMMARY

The purpose of this report is to: advise on the results of Tender Calls No. 52-2016 and No. 85-2016 for the construction of watermain, sewers and roadways at various locations across the City of Toronto; request authority to award Contract No. 16ECS-LU-05SU to 2489960 Ontario Inc. in the amount of \$21,384,609 net of HST and all applicable charges (\$21,760,978 net of HST recoveries); and, request authority to award Contract No. 16ECS-LU-06SU to Sanscon Construction Ltd. in the amount of \$22,636,486 net of HST and all applicable charges (\$23,034,888 net of HST recoveries).

RECOMMENDATIONS

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

1. The Public Works & Infrastructure Committee, in accordance with Section 195-14C of the Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to award Tender Call No. 52-2016, Contract No. 16ECS-LU-05SU, General Contractors for the Construction of Watermain, Sewer and Roadways at Various Locations across the City of Toronto – Large Contract No. 1, to 2489960 Ontario Inc., in the amount of \$21,384,609 net of HST and all applicable charges (\$21,760,978 net of HST recoveries) having submitted the lowest compliant bid and meeting the specifications in conformance with the tender requirements and in conformance with the associated Request to Pre-Qualify; and
2. The Public Works & Infrastructure Committee, in accordance with Section 195-14C of the Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to award Tender Call No. 85-2016, Contract No. 16ECS-LU-06SU, Construction of Watermain, Sewer and Roadways at Various Locations across the City of Toronto – Large Contract No. 2, to Sanscon Construction Ltd., in the amount of \$22,636,486 net of HST and all applicable charges (\$23,034,888 net of HST recoveries) having submitted the lowest compliant bid and meeting the specifications in conformance with the tender requirements and in conformance with the associated Request to Pre-Qualify.

Financial Impact

Tender Call No. 52-2016:

The total amount of award is \$21,384,609 net of HST (\$21,760,978 net of HST recoveries), and \$24,164,608 including HST. The engineering estimate for this project was \$23,461,096 including HST (\$21,127,444 net of HST recoveries).

Funding is included in the respective Toronto Water and Transportation Services 2016 Approved Capital Budgets and 2017-2025 Approved Capital Plans, and in the 2016 Approved Operating Budget for Transportation Services. Funding details are provided below (net of HST recoveries):

Tender Call No. 52-2016, Contract No. 16ECS-LU-05SU

Account Code	Description	2016	2017	2018	Total (Net HST Recoveries)
CPW542-19	Watermain Replc - 2016	\$4,634,090	\$3,243,863	\$1,390,227	\$9,268,180
CPW542-20	Watermain Upgrades – 2016	\$559,171	\$391,420	\$167,751	\$1,118,342
CWW472-17	Sewer Replc – 2016	\$3,580,812	\$2,506,568	\$1,074,244	\$7,161,624
CPW544-14	Water Service Replc – 2016	\$1,794,945	\$1,256,461	\$538,483	\$3,589,889
	Sub-total: TW Capital	\$10,569,018	\$7,398,312	\$3,170,705	\$21,138,035
CTP315-07-150	Local Road Rehabilitation	\$450,508	\$0	\$0	\$450,508
CTP315-09-114	Major SOGR Pooled Contingency	\$32,563	\$0	\$32,563	\$65,126
	Sub-total: Transp. Capital	\$483,071	\$0	\$32,563	\$515,634
TP0163	Roadway Cut Repair	\$60,000	\$0	\$0	\$60,000
TP0358	Roadside Cut Repair	\$41,325	\$0	\$0	\$41,325
TP0191	Roadway Cut Repair	\$5,984	\$0	\$0	\$5,984
	Sub-total: Transp. Operating	\$107,309	\$0	\$0	\$107,309
Total					\$21,760,978

Tender Call No. 85-2016:

The total amount of award is \$22,636,486 net of HST (\$23,034,888 net of HST recoveries), and \$25,579,229 including HST. The engineering estimate for this project was \$29,107,878 including HST (\$26,212,555 net of HST recoveries).

Funding is included in the respective Toronto Water and Transportation Services 2016 Approved Capital Budgets and 2017-2025 Approved Capital Plans, and in the 2016 Approved Operating Budget for Transportation Services. For the remainder of the contract period, appropriate funding will be requested in the 2017 annual Operating Budget Submission for Transportation Services. Funding details are provided below (net of HST recoveries):

Tender Call No. 85-2016, 16ECS-LU-06SU

Account Code	Description	2016	2017	2018	Total (Net HST Recoveries)
CPW542-19	Watermain Replc - 2016	\$7,988,297	\$5,591,808	\$2,396,489	\$15,976,594
CPW544-14	Water Service Replc – 2016	\$1,964,798	\$1,375,359	\$589,439	\$3,929,596
CWW472-17	Sewer Replc – 2016	\$1,071,829	\$750,280	\$321,549	\$2,143,658
	<i>Sub-total: TW Capital</i>	<i>\$11,024,924</i>	<i>\$7,717,447</i>	<i>\$3,307,477</i>	<i>\$22,049,848</i>
CTP315-07-151	Local Road Rehabilitation	\$116,170	\$503,401	\$154,892	\$774,463
CTP315-09-117	Major SOGR Pooled Contingency	\$0	\$40,177	\$40,177	\$80,354
	<i>Sub-total: Transp. Capital</i>	<i>\$116,170</i>	<i>\$543,578</i>	<i>\$195,069</i>	<i>\$854,817</i>
TP0191	Roadway Cut Repair	\$15,468	\$87,651	\$0	\$103,119
TP0372	Roadside Cut Repair	\$4,066	\$23,038	\$0	\$27,104
	<i>Sub-total: Transp. Operating</i>	<i>\$19,534</i>	<i>\$110,689</i>	<i>\$0</i>	<i>\$130,223</i>
Total					\$23,034,888

The combined total award for Tender Call No. 52-2016 and Tender Call No. 85-2016 is \$49,743,837 including HST. The combined total cost to the City for Tender Call No. 52-2016 and Tender Call No. 85-2016 is \$44,795,866 net of HST recoveries.

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

ISSUE BACKGROUND

Engineering & Construction Services (ECS) issues over 100 construction tenders annually (113 construction tenders issued in 2015) for work within the municipal right of way. The typical watermain, sewer and road construction contract is valued at less than \$5,000,000 with a construction duration of between three (3) and twelve (12) months.

As a means to increase the capacity to deliver Toronto Water’s and Transportation Services' Capital Programs, ECS, Toronto Water (TW) and Transportation Services (TS) worked jointly to develop a strategy centred on:

- a) The pre-qualification of contractors to verify they have demonstrated management and financial capabilities, access to equipment and labour sufficient to deliver a specific volume of work, and experience in successfully executing projects of similar size and complexity to those planned to be tendered by ECS;
- b) The release of tenders of larger-than-typical value to attract larger contractors who might not have normally bid on this type of work in the past, and thus increase competition. To preserve access to all contractors, smaller contractors were encouraged to form joint ventures to meet the requirements of the Request to Pre-Qualify; and,
- c) Longer-duration contracts with the aim of increasing cost competitiveness. Contractors who have a guaranteed quantity of work for multiple years are provided a level of work certainty to be able to maintain a given level of equipment and labour with less risk. Therefore, they may be enticed to reduce bid prices to reflect this risk reduction.

Staff of ECS, TW and TS developed three (3) large tenders (Large Tenders), each valued at approximately \$20 million and to be delivered over two (2) consecutive construction seasons. The two tenders covered in this report, Contract Nos. 16ECS-LU-05SU and 16ECS-LU-06SU, both involve watermain, sewer and/or road rehabilitation at 22 and 17 project sites respectively. Further details of the locations and proposed works at these project sites are provided in Attachment A to this report. The third tender is being awarded by Bid Committee because the lowest compliant bid was less than \$20,000,000.

In late 2015, PMMD issued a Request to Pre-Qualify (RTP) No. 3907-15-5075, to pre-qualify contractors for the Large Tenders. In response to this RTP, seventeen (17) responses were received. Twelve (12) responses met the experience and qualifications requirements outlined in the RTP and were deemed to be pre-qualified. Only firms from the pre-qualified list were eligible to bid on the Large Tenders that were subsequently issued.

Below is the list of the successful pre-qualified bidders:

1. 2489960 Ontario Inc.
2. 614128 Ontario Ltd. o/a Trisan Construction
3. Amico Infrastructures Inc.
4. Avertex Utility Solutions
5. Clearway Construction Inc.
6. Four Seasons Site Development Ltd.
7. Gazzola Paving Limited
8. Memme Excavation Company Ltd.
9. Pachino Construction Co. Ltd.
10. Pave-Al Limited
11. Sanscon Construction Ltd.
12. Varcon Construction Corporation

The RTP evaluation included an assessment of the Respondents' demonstrated capacity based on their average annual construction activity over the years 2012, 2013 and 2014. The rationale for this assessment was that a minimum level of demonstrated capacity is required to complete the volume of annual construction included in one or more of the Large Tenders. The RTP included the following criteria that would be applied prior to the award of each Tender:

Average Annual Construction Activity	Prequalified for Award of Contracts
Less than \$40,000,000	May be awarded one tender
\$40,000,000 to \$59,999,999	May be awarded up to two tenders
Greater than \$60,000,000	May be awarded up to three tenders

Tender Call No. 52-2016, Contract No. 16ECS-LU-05SU - General Contractors for the Construction of Watermain, Sewer and Roadways at Various Locations across the City of Toronto - Large Contract No. 1, was issued by Purchasing & Materials Management Division (PMMD) and was advertised on the City's Website on February 8, 2016.

PMMD, at its Public Opening held on February 29, 2016, opened the following bids received in response to the tender:

Bidders for Tender Call No. 52-2016	Price including HST and all applicable charges
2489960 Ontario Inc.	\$24,164,608*
614128 Ontario Ltd. o/a Trisan Construction	\$24,501,272*
Sanscon Construction Ltd/Tito Construction Ltd.	\$26,382,054
Four Seasons Site Development Ltd.	\$27,496,889*
Avertex Utility Solutions	\$29,808,559
Amico Infrastructures Inc.	\$32,049,783
Gazzola Paving Limited	\$35,416,511*
Pave-All Limited	\$40,426,382

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

Tender Call No. 85-2016, Contract No. 16ECS-LU-06SU - Construction of Watermain, Sewer and Roadways at Various Locations across the City of Toronto - Large Contract No. 2, was issued by Purchasing & Materials Management Division (PMMD) and was advertised on the City's Website on February 15, 2016.

PMMD, at its Public Opening held on March 4, 2016, opened the following bids received in response to the tender:

Bidders for Tender Call No. 85-2016	Price including HST and all applicable charges
2489960 Ontario Inc.	\$24,531,919*+
Sanscon Construction Ltd.	\$25,579,229
Gazzola Paving Limited	\$29,337,609
Avertex Utility Solutions	\$31,957,819
Four Seasons Site Development Ltd.	\$32,849,428
614128 Ontario Ltd. o/a Trisan Construction	\$43,769,028

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

+ Deemed ineligible per RTP criteria.

COMMENTS

The tender documents submitted by the recommended bidders for Tender Call No. 52-2016, Contract No. 16ECS-LU-05SU and Tender Call No. 85-2016, Contract No. 16ECS-LU-06SU were reviewed by the Executive Director, Engineering & Construction Services and were found to be in conformance with the tender requirements.

Tender Call No. 52-2016, Contract No. 16ECS-LU-05SU

In accordance with the terms of RTP No. 3907-15-5075, 2489960 Ontario Inc. is recommended for the award of Tender Call No. 52-2016, Contract No. 16ECS-LU-05SU.

ECS staff found the price of the recommended bidder of \$24,164,608 including HST and all applicable charges to be 2.9% higher than the pre-tender engineering estimate of \$23,470,362 including HST and all applicable charges.

Tender Call No. 85-2016, Contract No. 16ECS-LU-06SU

Because 2489960 Ontario Inc. was only eligible to be awarded one tender under the terms of RTP No. 3907-15-5075, and are herein recommended for award of Tender Call No. 52-2016, Sanscon Construction Ltd. was the lowest compliant bidder and is recommended for the award of Tender Call No. 85-2016, Contract No. 16ECS-LU-06SU.

ECS staff found the price of the recommended bidder of \$25,579,229 including HST and all applicable charges to be 12.1% lower than the pre-tender engineering estimate of \$29,107,878 including HST and all applicable charges.

The Fair Wage Office has reported that the recommended bidders have indicated they have each reviewed and understand the Fair Wage Policy and Labour Trades requirements and both recommended bidders have agreed to comply fully.

This report was prepared in consultation with staff from Toronto Water and Transportation Services.

CONTACT

John P. Kelly, P.Eng.
Director, Design & Construction
Linear Underground Infrastructure
Engineering & Construction Services
Tel: 416-392-0867
Email: jkelly@toronto.ca

Joanne Kehoe
Manager, Construction Services
Purchasing & Materials Management
Tel: 416-392-7323
Email: jkehoe@toronto.ca

SIGNATURES

Michael D'Andrea, M.E.Sc., P.Eng.
Executive Director
Engineering & Construction Services

Michael Pacholok
Director
Purchasing & Materials Management

Attachment A – Listing of Project Sites, Limits and Work Types for Tender Call 52-2016, Contract 16ECS-LU-05SU and Tender Call 85-2016, Contract 16ECS-LU-06SU

Attachment A

Listing of Project Sites, Limits and Work Types for Tender Call 52- 2016, Contract 16ECS-LU-05SU and Tender Call 85- 2016, Contract 16ECS-LU-06SU

Legend:

WMR: Watermain Replacement
SAN: Sanitary Sewer Replacement
LRRS: Local Road Resurfacing
CSR: Combined Sewer Replacement

Listing of Project Sites Tender Call No. 52-2016, Contract No. 16ECS-LU-05SU

Street	Limits	Ward	Work Type	Length (m)
Erie Street	Falstaff Ave. to Maple Leaf Dr.	12	WMR	660
Danby Avenue	Bathurst St. to Harlock Blvd.	10	LRRS	520
			WMR	550
Harlock Boulevard	Almore Ave. to Danby Ave.	10	WMR	100
			LRRS	100
Burnt Log Crescent	Silverthorne Bush Dr. to Silverthorne Bush Dr.	3	WMR	370
Cowley Avenue	Martin Grove Rd. to Warwood Rd.	3	WMR	500
Fieldway Road	Kenway Rd. to Munster Ave.	5	WMR	680
Shaver Avenue S	Bloor St. W. to Dundas Wilmar Laneway	5	WMR	680
Van Dusen Boulevard	Islington Ave. to Shires Lane	5	WMR	520
Bradbrook Road	Islington Ave. to Ramsbury Rd.	5	WMR	170
Uno Drive	60m South of Edgcroft Rd. to Bentley Dr.	5	SAN	300
Stafford Street	Richmond St. W. to King St. W.	19	CSR	240
Erin Street	Eastern Ave. to Derby St.	28	CSR	109
Jellicoe Avenue	Foch Ave. to Browns Line	6	SAN	255
Laneway N Lake Shore E	Islington Ave. to Sixth St.	6	WMR	70

Listing of Project Sites Cont'd
Tender Call No. 52-2016, Contract No. 16ECS-LU-05SU

Street	Limits	Ward	Work Type	Length (m)
Symons Street	Dwight Ave. to Royal York Rd.	6	LRRS	369
	120m East of Dwight Ave. to Royal York Rd.		SAN	293
	Dwight Ave. to Lake Shore Blvd. W.		WMR	810
Wheatfield Road	Hillside Ave. to 83 m south of Hillside Ave.	6	SAN	83
Cobalt Avenue	St Clair Ave. W. to Ryding Ave.	11	WMR	130
Gourlay Crescent	Ryding Ave. to 60m South of Ryding Ave.	11	WMR	60
Ryding Avenue	Cobalt Ave. to Gourlay Cres.	11	WMR	80
Coe Hill Drive	The Queensway to 200m North of Ellis Gdns.	13	WMR	300
The Queensway	Ellis Ave. to Coe Hill Dr.	13	WM-Abandon	150
Queensway S Kingsway Ramp	South Kingsway to 100m East of South Kingsway	13	WMR	100

Listing of Project Sites
Tender Call No. 85-2016, Contract No. 16ECS-LU-06SU

Street	Limits	Ward	Work Type	Length (m)
Balding Court	Fenn Ave. to North Limit	25	WMR	209
Berkindale Drive	Heathcote Ave. to Harrison Rd.	25	WMR	1002
Cassandra Boulevard	Underhill Dr. to Victoria Park Ave.	34	WMR	2515
Lawrence Avenue East	Railside Rd. to Victoria Park Ave.	34	WMR	1457
Medalist Road	Balding Crt. to Fenn Ave.	25	WMR	368
Owen Boulevard	Seneca St. to South Limit	25	WMR	874
Oxbow Road	Daleberry Pl. to York Mills Rd.	25	WMR	403
Wilket Road	Bayview Ave. to Wyegate Crt.	25	WMR	115
Wye Valley Road	33 Wye Valley Rd. to Glaive Dr.	37	SAN	390
Wyegate Court	Wilket Rd. to Wilket Rd.	25	WMR	185
Covington Road	Brookview Dr. to Bathurst St.	15	WMR	568
Cranbrooke Avenue	Brookdale Park to Grey Rd.	16	WMR	809
Dell Park Avenue	Dalemount Ave. to Bathurst St.	15	WMR	496
Kirkland Boulevard	Varna Dr. to Brucewood Cres.	15	WMR	448
Northmount Avenue	Delhi Ave. to Southbourne Ave.	10	WMR	169
Southbourne Avenue	Bathurst St. to Northmount Ave.	10	WMR	395
Saguenay Avenue	Lawrence Ave. to Caribou Rd.	16	LRRS	170
			SAN	158