



REPORT FOR ACTION

Contract Award for Tender Call No. 34-2019 for the Rehabilitation of the Sunrise Storm Trunk Sewer and Bermondsey and Dorset Park Sanitary Trunk Sewers

Date: September 25, 2019

To: Infrastructure and Environment Committee

From: Chief Engineer and Executive Director, Engineering and Construction Services and Chief Purchasing Officer, Purchasing and Materials Management Division

Wards: 16, 19, 21

SUMMARY

The purpose of this report is to advise of the results of Tender Call No. 34-2019, Contract No. 18ECS-LU-02TT, for the rehabilitation of three trunk sewers, namely, Bermondsey and Dorset Park Sanitary Trunk Sewers and Sunrise Storm Trunk Sewer and request authority to award the contract to Capital Sewer Services Inc., in the amount of \$21,704,082 net of all applicable taxes and charges (\$22,086,074 net of HST recoveries).

RECOMMENDATIONS

The Chief Engineer and Executive Director of Engineering and Construction Services and the Chief Purchasing Officer, Purchasing and Materials Management recommend that:

1. The Infrastructure and Environment Committee, in accordance with Section 195-8.4A of the Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to award Contract No. 18ECS-LU-02TT, Tender Call No. 34-2019, for the Rehabilitation of Bermondsey and Dorset Park Sanitary Trunk Sewers and, Sunrise Storm Trunk Sewer, in the amount of \$21,704,082 net of all applicable taxes and charges \$22,086,074 net of HST recoveries) to Capital Sewer Services Inc., having submitted the lowest compliant bid and meeting the specifications in conformance with the Tender requirements.

FINANCIAL IMPACT

The total value of the contract award for Tender Call No. 34-2019, Contract No.18ECS-LU-02TT, for the Rehabilitation of Bermondsey and Dorset Park Sanitary Trunk Sewers and Sunrise Storm Trunk Sewer is \$24,525,612 including HST and all applicable charges. The total cost to the City is \$22,086,074 net of HST recoveries.

Funding is available in the 2019-2028 Approved Capital Budget and Plan for Toronto Water. Funding details are provided in Table 1 below (all values are net of HST recoveries).

Table 1: Projected Cash Flow for Contract No.18ECS-LU-02TT

WBS Element/Cost Centre	2019	2020	2021	2022	Total
CWW014-17-08	\$1,424,640	\$11,988,705	\$6,658,306	\$2,014,423	\$22,086,074

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

DECISION HISTORY

At its meeting of April 26, 2017, the Bid Award Panel authorized the Chief Engineer and Executive Director of Engineering and Construction Services to enter into an agreement with CIMA Canada Inc., being the highest overall scoring proponent meeting the requirements of RFP 9117-17-7006, to provide contracted professional engineering services for data collection, preliminary design, detailed design, construction administration and post construction services for the Rehabilitation of several trunk sewers. This assignment includes rehabilitation of several sections of five (5) trunk sewers. The Bid Award Panel decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BA19.10>

COMMENTS

In 2012, Toronto Water completed a camera inspection and condition assessment of trunk sewers in the City. Based on the condition rating, the trunk sewer rehabilitation program was developed to rehabilitate various trunk sewers and maintenance holes to bring them to a state of good repair condition.

The engineering consulting firm CIMA Canada Inc., was engaged by the City in 2017 to complete designs and prepare two construction tenders to rehabilitate several sections of five (5) trunk sewers.

Accordingly, Tender Call 34-2019 was issued by the Purchasing and Materials Management Division (PMMD) and advertised on the City's website on May 23, 2019, to rehabilitate the first three (3) trunk sewers as listed below:

- 800 m long section of Bermondsey Sanitary Trunk Sewer (from maintenance hole MH127-004 to maintenance hole MH127-008) as shown on Attachment 1.
- 300 m long section of Dorset Park Sanitary Trunk Sewer (from maintenance hole MH224-071 to maintenance hole MH224-057) as shown on Attachment 2.
- 780 m long section of Sunrise Storm Trunk Sewer (from maintenance hole MH183-012 to maintenance hole MH183-004) as shown on Attachment 3.

The Purchasing and Materials Management Division at its Public Opening held on July 18, 2019, opened the following three (3) Tenders for Tender Call No. 34-2019:

Bidders	Price including HST and all applicable charges
Capital Sewer Services Inc.	\$24,525,612*
Insituform Technologies Limited	\$29,332,803
Clean Water Works Inc.	\$31,815,776*

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

The submissions received from the three (3) bidders that responded to Tender Call 34-2019, Contract No. 18ECS-LU-02TT, were reviewed and evaluated by staff from PMMD and ECS and, all three (3) bids were found to be in conformance with the Tender requirements.

ECS staff compared the bids to the pre-tender engineering estimate of \$17,745,759 including HST and all applicable charges. The bid price of the recommended bidder, Capital Sewer Services Inc., in the amount of \$24,525,612 including HST and all applicable charges is approximately 38% higher than the pre-tender estimate.

An assessment of the higher bid price was done by City staff to determine whether or not to proceed with award of this contract. City staff found that the pricing difference was in part attributed to increased costs for:

- Tender items related to temporary sanitary sewer bypass
- Dewatering of ground water
- Deep sewer maintenance holes replacement or rehabilitation
- Disposal of contaminated soil and waste

Some of the above-noted construction items carry higher potential risks due to the fact that the work is in proximity to a water course, the work requires deep excavations in difficult soil conditions and the work must be done while the sewers, all of which have high flow rates, are active. The cost of these risks were factored into the bid prices of all three (3) bidders, indicating that the bidders considered the above items to carry a higher risk than originally anticipated by the City's estimate, thus resulting in higher costs for these items and therefore overall higher bid prices.

Another factor that contributed to the higher bid prices is current market conditions. The scope of work for the rehabilitation of the three (3) trunk sewers relies on the use of the trenchless construction method. This method has a number of benefits over traditional construction, namely less excavation and speedier construction resulting in less disruption for residents and businesses. Based on an analysis of sewer rehabilitation tenders issued by the City over the past several years, there are only four (4) contractors in the Ontario municipal infrastructure construction market who have bid on trenchless sewer rehabilitation work. As this method of sewer rehabilitation has been widely adopted by all municipalities, this limited pool of contractors is in high demand and this limited supply of experienced contractors is reflected in the higher cost of the bids received.

In light of the higher bid prices, the feasibility of cancelling this Tender Call and re-issuing it with a modified scope, or dividing the work into several smaller contracts, was considered. However, given the market conditions with the limited number of contractors, City staff determined that it is unlikely the City would receive a more competitive bid to complete the full scope of work. Furthermore, cancelling the current tender call would delay the necessary sewer rehabilitation work, potentially resulting in additional costs to monitor and keep the trunk sewers operating safely.

Taking into consideration the high risk costs and current market condition for trenchless sewer rehabilitation work, City staff concluded that the difference between the engineering estimate and the submitted low bid is substantiated. The timely sewer rehabilitation is necessary for completing the state of good repair work such that the City can maintain a sustainable infrastructure system. City staff recommend that Tender Call No. 34-2019, Contract 18ECS-LU-02TT, be awarded to Capital Sewer Services Inc.

The Tender submission from Capital Sewer Services Inc., for Tender Call No. 34-2019, Contract 18ECS-LU-02TT, includes their agreement to complete the work for each sewer within the time frame specified in the contract such that all the works will be completed by 2022.

The Fair Wage Office has reported that the recommended Bidder has confirmed they have reviewed, understand and agreed to comply fully with the Fair Wage Policy and Labour Trades requirements.

CONTACT

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SIGNATURE

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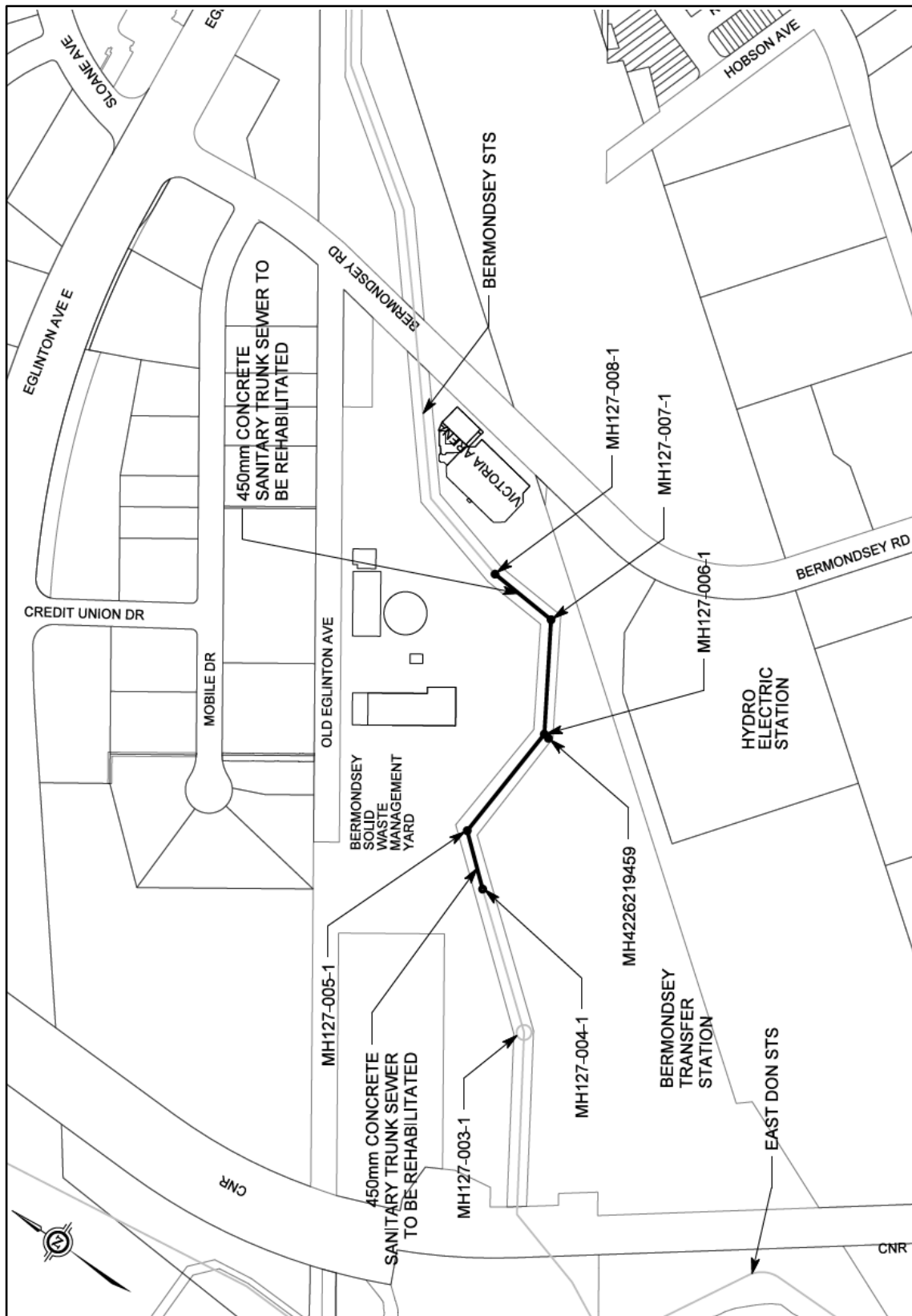
ATTACHMENTS

Attachment 1. Map showing the location of the Bermondsey Sanitary Trunk Sewer project

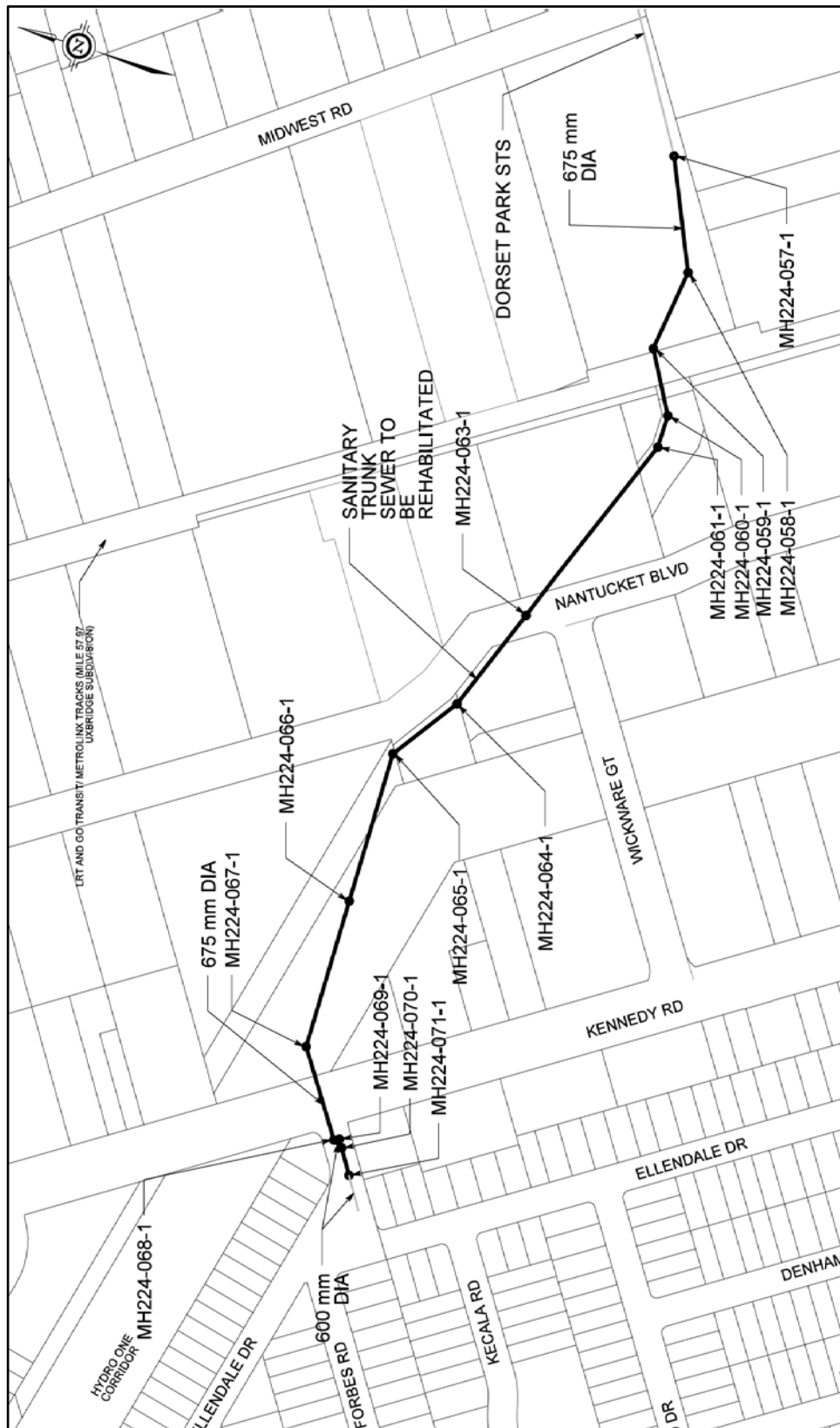
Attachment 2. Map showing the location of the Dorset Park Sanitary Trunk Sewer project

Attachment 3. Map showing the location of the Sunrise Storm Trunk Sewer project

Attachment 1. Map showing the location of the Bermondsey Sanitary Trunk Sewer project



Attachment 2. Map showing the location of the Dorset Park Sanitary Trunk Sewer project



Attachment 3. Map showing the location of the Sunrise Storm Trunk Sewer project

