



REPORT FOR ACTION

Contract Award for Tender Call No. 249-2019 for the Rehabilitation of the Wilket Creek Sanitary Trunk Sewer and North York Storm Trunk Sewer

Date: December 19, 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: 5, 15, 18

SUMMARY

The purpose of this report is to advise of the results of Tender Call No. 249-2019, Contract No. 19ECS-LU-03TT, for the rehabilitation of two trunk sewers, namely, Wilket Creek Sanitary Trunk Sewer and North York Storm Trunk Sewer and request authority to award the contract to Capital Sewer Services Inc., in the amount of \$23,250,087 net of all applicable taxes and charges (\$23,659,289 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 Division 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. 19ECS-LU-03TT, Tender Call No. 249-2019, for the Rehabilitation of Wilket Creek Sanitary Trunk Sewer and North York Storm Trunk Sewer, in the amount of \$23,250,087 net of all applicable taxes and charges, \$23,659,289 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. 249-2019, Contract No.19ECS-LU-03TT, for the Rehabilitation of Wilket Creek Sanitary Trunk Sewer and North York Storm Trunk Sewer is \$26,272,599 including HST and all applicable charges. The total cost to the City is \$23,659,289 net of HST recoveries.

Funding is available in the 2020 Approved Capital Budget and the 2021-2029 Approved Capital 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.19ECS-LU-03TT

WBS Element/Cost Centre	2020	2021	2022	Total
CWW014-17	\$5,500,000	\$10,500,000	\$7,659,289	\$23,659,289

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

DECISION HISTORY

At its meeting of August 9, 2017, the Bid Award Panel authorized the Chief Engineer and Executive Director of Engineering and Construction Services, to enter into an agreement with Stantec Consulting Ltd., being the highest overall scoring proponent meeting the requirements of RFP 9117-17-7048, to provide contracted professional engineering services for 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 three (3) trunk sewers including, Wilket Creek Sanitary Trunk Sewer and North York Storm Trunk Sewer. The Bid Award Panel decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BA35.10>

COMMENTS

In 2012, Toronto Water completed a camera inspection and condition assessment of multiple trunk sewers across the City. Based on this assessment, a Trunk Sewer Rehabilitation Program was developed to rehabilitate various sections of trunk sewers and maintenance holes to bring them to a state of good repair condition.

As part of the Rehabilitation Program, the engineering consulting firm Stantec Consulting Ltd., was engaged by the City in 2017 to complete designs and prepare two construction tenders to rehabilitate several sections of three (3) trunk sewers, namely the High Level Interceptor, Wilket Creek Sanitary Trunk Sewer and North York Storm

Trunk Sewer. Since then, a section of the North York Trunk Sewer had to undergo emergency repair works due to a collapse in 2018. Additionally, there is a second potential collapse emerging that will require repair which is included in this first tender.

The first tender is for the rehabilitation of the Wilket Creek Sanitary Trunk Sewer and North York Storm Trunk Sewer and it is the subject of this contract award report. A second tender for the rehabilitation of the High Level Interceptor will be issued in 2020.

The first tender, Tender Call 249-2019 was issued by the Purchasing and Materials Management Division (PMMD) and advertised on the City's website on August 30, 2019, to rehabilitate two (2) of the trunk sewers as listed below:

- 1,280 m long section of Wilket Creek Sanitary Trunk Sewer (from maintenance hole MH133-091 to maintenance hole MH133-071) as shown on Attachment 1.
- 1,000 m long section of North York Storm Trunk Sewer (from maintenance hole MH380-004 to outfall) as shown on Attachment 2.

The Purchasing and Materials Management Division at its Public Opening held on October 31, 2019, opened the following four (4) Tender responses:

Bidders	Price including HST and all applicable charges
Capital Sewer Services Inc. **	\$26,272,599
Drainstar Contracting Ltd. **	\$30,166,317
Southland Mole of Canada	\$32,830,800
Clean Water Works Inc. *	Non-compliant Bid

* Bidder was found non-compliant with mandatory requirements

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

The submissions received from the four (4) bidders that responded to Tender Call 249-2019, Contract No. 19ECS-LU-03TT, were reviewed and evaluated by staff from PMMD and Engineering and Construction Services (ECS). The bid from Clean Water Works Inc. was found non-compliant by PMMD and the remaining 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 \$23,466,902 including HST and all applicable charges. The bid price of the recommended bidder, Capital Sewer Services Inc., in the amount of \$26,272,599 including HST and all applicable charges is approximately 12% higher.

An assessment of the higher bid price was done by City staff to determine the cause for the pricing difference. City staff found that the pricing difference was in part attributed to increased costs due to:

- Shotcrete rehabilitation method that is required for the last segment of the North York Storm Trunk Sewer in order to reduce the velocity of the flow at the outfall taking into consideration the watercourse erosion concerns;
- Challenges in providing a temporary path through the green space and difficult terrain to enable the rehabilitation work for two sewers;
- Sewer maintenance hole replacement and rehabilitation that requires deep excavations in poor soil conditions with a higher risk of encountering groundwater; and
- Managing the risks and challenges of working in a flood plain and difficult terrain to provide a temporary sanitary sewer by-pass system for the Wilket Creek Sanitary Trunk Sewer through difficult terrain.

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 in 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 two (2) 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 impact on trees and the natural environment. 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 bidding on trenchless sewer rehabilitation work. As this method of sewer rehabilitation has been widely adopted by most 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.

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. In addition, timely sewer rehabilitation is necessary for completing the state of good repair work for the North York Storm Trunk Sewer to avoid additional costs for monitoring and emergency repairs. In conclusion, City staff recommend that Tender Call No. 249-2019, Contract 19ECS-LU-03TT, be awarded to Capital Sewer Services Inc.

The Tender submission from Capital Sewer Services Inc., for Tender Call No. 249-2019, Contract 19ECS-LU-03TT, 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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Chief Engineer and Executive Director, Engineering and Construction Services

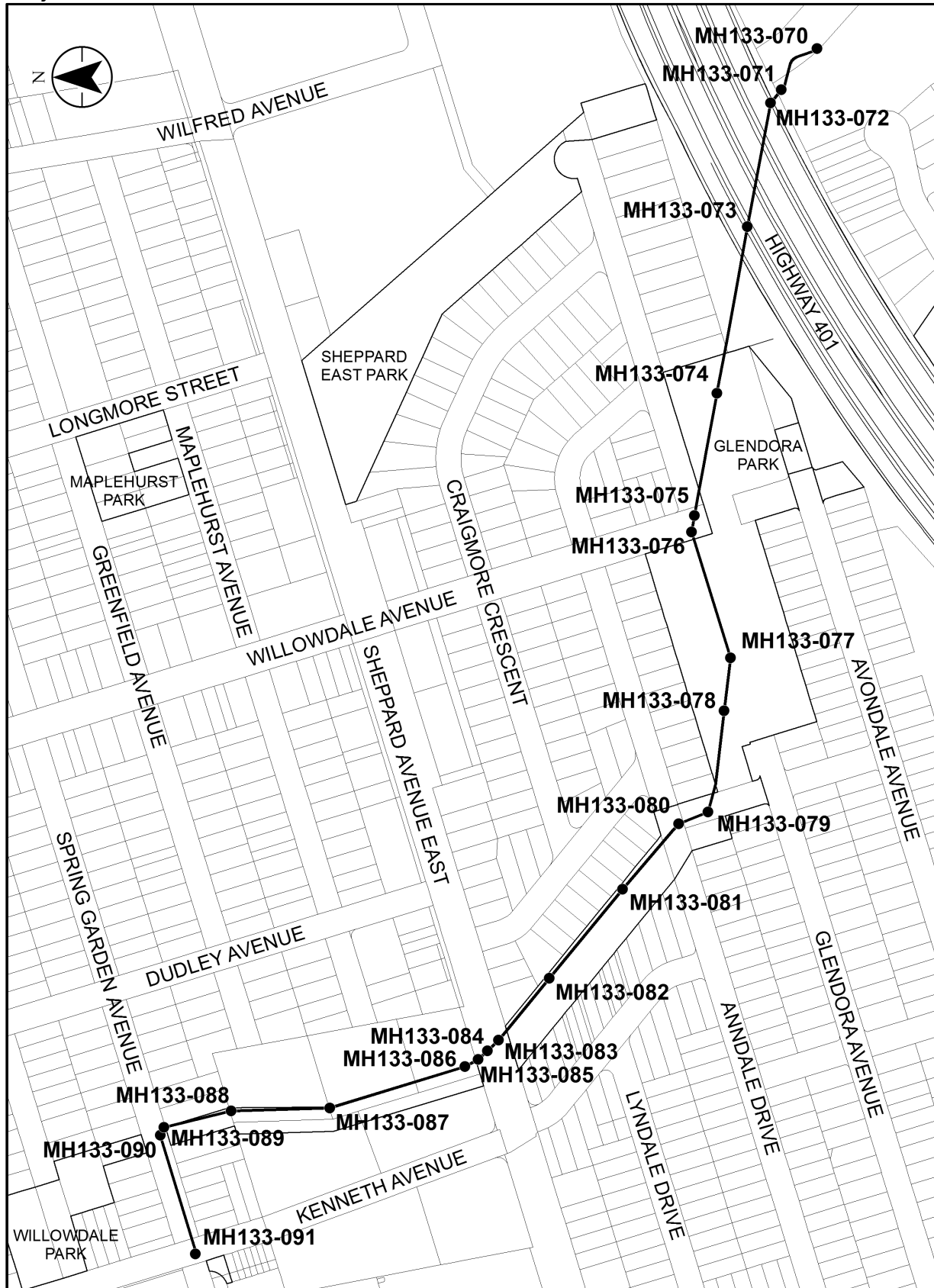
Michael Pacholok, JD
Chief Purchasing Officer, Purchasing and Materials Management

ATTACHMENTS

Attachment 1. Map showing the location of the Wilket Creek Sanitary Trunk Sewer Project

Attachment 2. Map showing the location of the North York Storm Trunk Sewer Project

Attachment 1. Map showing the location of the Wilket Creek Sanitary Trunk Sewer Project



Attachment 2. Map showing the location of the North York Storm Trunk Sewer Project

