



REPORT FOR ACTION

Amendment to Purchase Order No. 6037723 to Cole Engineering Ltd. for Construction Services Related the Ellesmere Pumping Station Power Generators Upgrade

Date: June 18, 2020

To: Infrastructure and Environment Committee

From: General Manager, Toronto Water and Chief Purchasing Officer

Wards: 24 Scarborough-Guildwood

SUMMARY

The purpose of this report is to request authority to amend the value and extend the term of Purchase Order 6037723 with Cole Engineering Group Ltd. for professional engineering services for the installation of non-emergency generators at the Ellesmere Pumping Station awarded under Request for Proposal 9117-12-7279. Cole Engineering Group Ltd. was originally awarded a contract in June 2013 to provide contract administration, and site supervision related to construction of non-emergency generator upgrades at the Ellesmere Pumping Station.

There have been delays in the completion of the generator upgrades at the Ellesmere Pumping Station due to difficulties experienced with the construction Contractor and authority is requested to extend the Site Supervision, Contract Administration and Consultant services provided by Cole Engineering Group Ltd. by two (2) years until the estimated completion of the Project; and to amend the dollar value of Purchase Order 6037723 by the amount of \$272,696 net of all taxes, revising the current value from \$1,789,319 net of all taxes and charges to \$2,062,015 net of all taxes and charges.

RECOMMENDATIONS

The General Manager of Toronto Water and Chief Purchasing Officer recommend that:

1. The Infrastructure and Environment Committee, in accordance with Section 71-11.1.C of the City of Toronto Municipal Code Chapter 71 (Financial Control), grant authority to amend and extend Purchase Order No. 6037723, issued to Cole Engineering Group Ltd. for the provision of professional engineering services for the installation of non-emergency generators at the Ellesmere Pumping Station by an additional amount of \$272,696 net of all taxes and charges (\$277,495 net of HST recovery) revising the current purchase order value from \$1,789,319 net of all taxes and

charges (\$1,820,811 net of HST recovery) to \$2,062,015 net of all taxes and charges (\$2,098,306 net of HST recovery) and extend the delivery date from December 31, 2021 to December 31, 2023.

FINANCIAL IMPACT

The amendment to Purchase Order No. 6037723 for an additional amount of \$272,696 net of all taxes and charges, \$308,146 including all taxes (\$277,495 net of HST recovery), increases the current value of Purchase Order No. 6037723 from \$1,789,319 net of all taxes and charges, \$2,021,930 including taxes (\$1,820,811 net of HST recovery) to \$2,062,015 net of all taxes and charges, \$2,330,077 including taxes (\$2,098,306 net of HST recovery).

Funding availability is included in the Toronto Water 2020 Approved Capital Budget and 2021-2029 Approved Capital Plan, as summarized in Table 1 below.

Table 1 - Financial Impact Summary

WBS Element	Description	2020	2021	2022	2023	Total (net of HST recovery)
CPW069-01	System Sustainability	\$277,495	0	0	0	\$277,495

The Chief Financial Officer and Treasurer has reviewed this report and is aware of the financial impact information.

DECISION HISTORY

At its meeting on June 19, 2013 the Bid Committee adopted BD129.2 "Award of Request for Proposal No. 9117-12-7279 to Cole Engineering Group Ltd. for the Provision of Professional Engineering Services for the Installation of Non-Emergency Generator, its Building and Associated Electrical Systems and Controls at the Ellesmere Pumping Station".

The Bid Committee Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.BD129.2>

At its meeting on March 27, 2019 the City Council adopted IE2.5 "Suspension of Aplus General Contractors Corp."

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE2.5>

At its meeting on March 27, 2019 the City Council adopted IE2.7 "Non-Competitive Contract to Plan Group Inc. and Purchase Order Amendment to Cole Engineering

Group Limited for the Completion of the Ellesmere Pumping Station Power Generators Upgrade."

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE2.7>

Purchase Order 6037723 to Cole Engineering Group Ltd. was amended in the amount of \$661,948 from \$1,127,371 to \$1,789,319 net of all taxes.

COMMENTS

1. Ellesmere Pumping Station Power Generators Upgrade Project

The Ellesmere reservoir and pumping station is a key water storage and distribution hub serving 500,000 residents and annually supplying 30 billion litres of water to York Region and plays a significant role in the City's water security needs.

The Ellesmere Pumping Station Power Generators Upgrade Project is one of several projects that supports Toronto Water's System Sustainability Program. A significant component of the System Sustainability Program relates to improvements to the standby power facilities at key water treatment plants and pumping stations. An objective of the Program is to provide standby power and water storage to enable the City to supply water for at least 72 hours following a major power loss.

The scope of work under this project includes the addition of a new high capacity 2 meter diameter watermain connection into the reservoir allowing for future increased supply directly from the Horgan Water Plant. Also included in the project is the construction of a new generating station, complete with installation of 10 megawatts of new power generating equipment intended to allow the City to maintain uninterrupted operation during a power outage, as well as creating revenue for the City under the Toronto Hydro DR3 program.

The City retained Cole Engineering Ltd to provide engineering services in support of the project including design, contract administration, construction and post-construction services.

2. Award and Termination of Contract with Aplus General Contractors

In 2016, the construction Contract MCP-13-18WS was awarded to Aplus General Contractors Corp. (Aplus). Work on the contract started in June of 2016, however, Aplus suspended all Work on the Project on March 16, 2018, abandoning the work site prior to its completion. Due to importance of the reservoir, on April 20, 2018 the City terminated Aplus' right to perform the remaining work on the east reservoir at the site (a portion of the overall contract) and used other forces to return the reservoir to active service as soon as possible, as it plays a key role in the City's water security.

Negotiations to continue the remainder of the work on Contract MCP-13-18WS, Tender 2-2015, with Aplus General Contracting Corp, (Aplus) came to a standstill and on

Amendment to Purchase Order No. 6037723 to Cole Engineering Ltd.

November 1, 2018 Aplus' right to continue work on Contract MCP-13-18WS was terminated by the City.

As a result of the poor performance on this contract the City subsequently suspended Aplus, and is involved in on-going litigation with them over matters pertaining to this contract.

3. Contract with Plan Group Inc.

Plan Group Inc. ("Plan Group") was a major subcontractor on Contract MCP-13-18WS and after its meeting on March 27, 2019 during which City Council adopted IE2.7 "Non-Competitive Contract to Plan Group Inc. and Purchase Order Amendment to Cole Engineering Group Limited for the Completion of the Ellesmere Pumping Station Power Generators Upgrade." the General Manager, Toronto Water was able to negotiate and execute an agreement with Plan Group Inc. for the completion of the Project. Work on the contract is progressing well and Plan Group is expected to achieve Substantial Completion by the end of August this year.

4. Amendment of Purchase Order No. 6037723 to Cole Engineering Ltd.

Cole Engineering continued to provide the site supervision, contract administration, and professional engineering services needed to complete the construction. During the completion phase of the construction with Plan Group, a number of unforeseen difficulties were encountered due to deficiencies left by the previous contractor Aplus. Additional contract administration, site supervision and professional engineering became necessary to resolve the difficulties and complete the construction. These additional costs have been documented and will be included as part of the counter claim against Aplus, to offset any cost to the City. It is anticipated that litigation will continue with Aplus extending to December 31, 2023 and it will be necessary to extend Purchase Order 6037723 issued to Cole Engineering to assist to City and cover this period as well.

City staff recommend the existing Purchase Order No. 6037723 issued to Cole Engineering for professional engineering services be amended by increasing the value by an additional amount of \$272,696 net of all taxes and charges from \$1,789,319 to \$2,062,015 net of all taxes and charges and to extend the delivery date from December 31, 2021 to December 31, 2023.

CONTACT

Richard A. Noehammer, P.Eng. Director, Customer & Technical Support, Toronto Water
Telephone: 416-397-7296, Email: Richard.Noehammer@toronto.ca

Joanne Kehoe, Manager, Professional Services, Purchasing & Materials Management,
Telephone: (416) 392-7323, E-mail: Joanne.Kehoe@toronto.ca

SIGNATURE

Lou Di Gironimo,
General Manager, Toronto Water

Michael Pacholok,
Chief Purchasing Officer, Purchasing & Materials Management