

Amendment to Purchase Order No. 6040249 with WSP Canada Inc. for Professional Engineering Services for the Rehabilitation and Upgrade of Seven (7) Sewage Pumping Stations (Group 5) at Various Locations.

Date: August 26, 2021

To: Infrastructure and Environment Committee

From: General Manager, Toronto Water and Chief Procurement Officer

Wards: 4 (Parkdale-High Park), 10 (Spadina-Fort York)

SUMMARY

The purpose of this report is to seek authority to amend Purchase Order No. 6040249 issued to WSP Canada Inc. for Professional Engineering Services during construction for the Rehabilitation and Upgrade of Seven (7) Sewage Pumping Stations (Group 5) at various locations, awarded under Request for Proposal (RFP) 9117-14-7041. This purchase order amendment is needed for additional contract administration and site inspection services necessary to complete the construction work that has been assumed by a new contractor because the original contractor has gone out of business.

The total Purchase Order amendment being requested is \$1,164,672 net of all taxes and charges, revising the current purchase order value from \$1,176,795 to \$2,341,467 excluding HST (\$2,382,677 net of HST recoveries).

RECOMMENDATIONS

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

1. Infrastructure and Environment 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 Purchase Order No. 6040249 with WSP Canada Inc. for professional engineering services during construction for the Rehabilitation and Upgrade of Seven (7) Sewage Pumping Stations (Group 5) at various locations by an additional amount of \$1,164,672 net of all taxes and charges (\$1,185,170 net of HST recoveries), revising the current purchase order value from \$1,176,795 to \$2,341,467 net of all taxes and charges (\$2,382,677 net of HST recoveries).

FINANCIAL IMPACT

Amendment of Purchase Order No. 6040249 by an additional \$1,164,672 net of all taxes and charges (\$1,185,170 net of HST recoveries), will increase the purchase order value from \$1,176,795 to \$2,341,467 net of all taxes and charges (\$2,382,677 net of HST recoveries).

Funding is included in the Toronto Water 2021 Approved Capital Budget and 2022-2030 Approved Capital Plan as summarized in Table 1 below.

Table 1 - Financial Impact Summary

WBS Element	Description	2021	2022	Total (net of HST recoveries)
CWW465	YR06 District Sewer Rehab Operations	\$777,790	\$407,380	\$1,185,170

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

DECISION HISTORY

The Bid Award Panel adopted Item No. BD195.1 at its meeting held on August 20, 2014, authorizing the award of Request for Proposal 9117-14-7041 to WSP Canada Inc. to Provide Professional Engineering Services for the Rehabilitation and Upgrade of Seven (7) Sewage Pumping Stations at Various Locations in the City of Toronto, in the amount of \$1,471,050 net of all taxes and charges.

The Bid Award Panel decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.BD195.1>

The contract commitments consist of three (3) purchase orders: Purchase Order No. 6040254 for design services in the amount of \$661,950, Purchase Order No. 6040249 for contract administration in the amount of \$751,960, Purchase Order No. 6040255 for post-construction services in the amount of \$57,140 net of all taxes and charges.

The Bid Award Panel adopted Item No. BA22.1 at its meeting held on May 17, 2017, authorizing the Award of Request for Tender (RFT) Call No. 273-2016 to Gowing Contractors Ltd. for The Rehabilitation and Upgrade of Seven (7) Group 5 Sewage Pumping Stations (SPS) at Various Locations Throughout the City of Toronto, in the amount of \$17,127,500 net of all taxes and charges.

The Bid Award Panel decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BA22.1>

On August 27, 2020, Purchase Order No. 6040249 was amended by \$424,835 from \$751,960 to \$ 1,176,795 net of all taxes and charges to provide additional construction administration services due to an extended construction duration.

COMMENTS

1. Sewage Pumping Station Upgrades

Pumping stations in wastewater collection systems, also called lift stations, are designed to handle wastewater (i.e. sanitary, storm water or combined) that is fed from underground gravity pipelines (pipes that are sloped so that a liquid can flow in one direction under gravity). Wastewater is fed into and stored in an underground pit, commonly known as a wet well. The well is equipped with electrical instrumentation to detect the level of wastewater present. When the wastewater level rises to a predetermined point, a pump is started to lift the sewage upward through a pressurized pipe system called a sewer force main from where the sewage is discharged into a gravity manhole. From here the cycle starts all over again until the sewage reaches its point of destination, usually a treatment plant. By this method, pumping stations are used to move waste to higher elevations.

Toronto Water is currently responsible for operating and maintaining 96 wastewater pumping stations and approximately 39 km of associated sewer force main. The pumping stations vary in age, capacity and complexity.

Toronto Water's approved 2021 Capital Budget and 2022-2030 Capital Plan includes \$111.85 million for Sewage Pumping Station Upgrades. The purpose of these projects is to ensure regulatory requirements are continually met, maintain infrastructure in a state of good repair, to accommodate growth and improve service.

In 2014, the City retained WSP Canada Inc. ("WSP") to provide engineering services related to the rehabilitation and upgrade of seven (7) sewage pumping stations referred to as Group 5. In 2017, the City executed an agreement with Gowing Contractors Ltd. ("Gowing") for the rehabilitation and upgrade of the Group 5 stations.

2. Assignment and Assumption Agreement

On February 5, 2021, Zurich Insurance Company Ltd. ("Zurich"), the surety for Gowing under the construction contract, provided an irrevocable direction to make any further payments under that contract payable to BBCG Claims Services in Trust. The City further received a request from Zurich and Gowing for an assignment and assumption of the construction contract to and by Black & McDonald Limited ("Black & McDonald").

On April 12, 2021, Gowing, Zurich, Black & McDonald, and the City of Toronto executed an assignment and assumption agreement in which Black & McDonald was assigned and assumed the balance of the construction contract, effective November 1, 2020.

3. Amendment of Purchase Order No. 6040249 – Contract Administration

As a consequence of the lack of progress by Gowing in undertaking the work and the process of having the construction contract assigned and assumed by a new contractor, the project has been significantly delayed. The original anticipated construction period was 30 months from June 2017 to December 2019. This schedule has not been met and much of the work still remains to be completed. As of October 2020, only one pumping station had attained substantial completion with the other stations yet to start construction.

In April 2021, Black & McDonald Limited presented a new construction schedule with a completion date of May 2022. This updated schedule involves construction activity at all stations concurrently. In April 2021, WSP advised the City that additional contract administration and site supervision services will be required to accommodate the new construction schedule submitted by Black & MacDonald that were not anticipated under the original agreement with the City:

- (i) Additional contract administration and one full-time site inspector from February 2021 to May 2021 in the amount of \$163,670.39 net of all taxes and charges;
- (ii) Additional contract administration and two (2) full-time site inspectors to support the new construction completion from May 2021 to May 2022 in the amount of \$901,001.59 net of all taxes and charges; and
- (iii) A provisional allowance of \$100,000.00 net of all taxes and charges to cover any further requirements, design revisions, unknown site conditions and coordination with approval agencies.

In order to complete the work according to the new schedule, Purchase Order No 6040249 must be amended by an additional \$1,164,672.00 net of all taxes and charges, revising the current total value from \$1,176,795.30 to \$2,341,467.28 net of all taxes and charges. In addition, the purchase order delivery date must also be amended to December 31, 2022.

CONTACT

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SIGNATURE

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