

Award of Doc4328129808 to ASCO Construction (Toronto) Ltd. for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project

Date: April 16, 2024

To: General Government Committee

From: Chief Engineer and Executive Director, Engineering and Construction Services, General Manager, Toronto Water and Chief Procurement Officer, Purchasing and Materials Management

Wards: 20 (Scarborough Southwest)

SUMMARY

The purpose of this report is to advise of the results of Request for Tender Doc4328129808, Contract Number 22ECS-MI-01WA, for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project at the Scarborough Pumping Station, and to request authority to enter into an agreement with ASCO Construction (Toronto) Ltd. the lowest Supplier meeting the requirements of the solicitation, in the amount of \$39,320,590 net of all applicable taxes and charges (\$40,012,633 net of HST recoveries) a period of 83 weeks from the date that the written Order to Commence Work is issued by the City, all in accordance with the terms, conditions and specifications contained in the Request for Tender documents.

Authority is also being requested to reallocate project costs and cash flows within Toronto Water's Approved 2024 Capital Budget and Approved 2025-2033 Capital Plan in the amount of \$9,175,158 net of all applicable taxes and charges (9,336,641 net of HST recoveries) from a project that is delayed and no longer forecasted to start in 2024 and a project that will be awarded under budget to support the cost of this contract award.

RECOMMENDATIONS

The Chief Engineer and Executive Director, Engineering and Construction Services, the General Manager, Toronto Water and the Chief Procurement Officer, Purchasing and Materials Management recommend that:

Award for Doc4328129808 to ASCO Construction (Toronto) Ltd., for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project

1. City Council, in accordance with Section 195-8.5 of the Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to award Request for Tender Doc4328129808, Contract Number 22ECS-MI-01WA, for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project at the Scarborough Pumping Station, in the amount of \$39,320,590 net of all applicable taxes and charges (\$40,012,633 net of HST recoveries) to ASCO Construction (Toronto) Ltd., having submitted the lowest compliant bid and meeting the specifications in conformance with the Tender requirements.

2. City Council authorize the reallocation of project costs and cash flows within Toronto Water's Approved 2024 Capital Budget and 2025-2033 Capital Plan in the total amount of amount of \$9,366,641 net of HST recoveries from Scarborough Reservoir Surge Tank project, which is being awarded under budget (\$1,679,403 net of HST recoveries), and from Ozonation System Rehab project, which has been delayed to support the award of Doc4328129808 for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project at the Scarborough Pumping Station (\$7,657,238 net of HST recoveries), as presented in Table 2 of the Financial Impact Statement, with zero Budget impact to Toronto Water.

FINANCIAL IMPACT

1) Award for Contract Number 22ECS-MI-01WA

The total value of the contract award for Doc4328129808, Contract number 22ECS-MI-01WA, for the for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project at the Scarborough Pumping Station, is \$39,320,590 net of all applicable taxes and charges. The total cost to the City is \$40,012,633 including contingency and provisional sums and net of HST recoveries.

Funding details with forecasted expenditures (net of HST recoveries) are summarized in Table 1 below under two accounts: CPW060-16 PS Rehab – Phase 2 - Construction, and CPW060-17 Scarborough Reservoir Surge Tank.

Table 1: Financial Impact Summary of Recommended Contract Award

WBS Element	2024	2025	2026	Total (Net of HST Recoveries)
CPW060-16 (PS Rehab – Phase 2 - Construction)	\$7,932,633	\$7,752,000	\$5,752,403	\$21,437,036
CPW060-17 (Scarborough Reservoir Surge Tank)	\$8,000,000	\$6,780,000	\$3,795,597	\$18,575,597
Total	\$15,932,633	\$14,532,000	\$9,548,000	\$40,012,633

Currently, there is insufficient funding in Toronto Water's Approved 2024 Capital Budget and 2025-2033 Capital Plan to support the award of Doc4328129808. Additional funding is required to accommodate costs that are shown in Table 1 above.

The approval of Recommendation 2 will authorize the reallocation of funding for additional project costs to support the Doc4328129808 as outlined in Table 2 below. The additional costs for the award will be offset from funds available from Scarborough Reservoir Surge Tank Construction project (CPW060-17) and Ozonation System Rehab project (CPW062-15). The Scarborough Reservoir Surge Tank Construction is being awarded underbudget and funds are available to be reallocated to CPW060-16 PS Rehab – Phase 2 - Construction. The Horgan Water Treatment Plant's Ozonation System Rehab project is delayed and is no longer forecasted to start in 2024, as a result, funds are available for reallocation. Funding for the Ozonation System Rehab project will be reviewed as part of the prioritization of Toronto Water's 2025-2034 Capital Budget and Plan submission. There are no additional costs to the City as a result of the approval of this report.

Table 2: Budget Adjustment Reallocations (net of HST Recoveries)

Program Area	Account Number	2024 Proposed Reallocation	2025 Proposed Reallocation	2026 Proposed Reallocation	Total Reallocation
Water Treatment – Storage and Pumping Supply	CPW060-16 (PS Rehab – Phase 2 - Construction)	\$3,359,238	\$3,525,000	\$2,452,403	\$9,336,641
Horgan Water Treatment Plant	CPW062-15 (Ozonation System Rehabilitation)	(\$2,784,238)	(\$3,525,000)	(\$1,348,000)	(\$7,657,238)
Water Treatment – Storage and Pumping Supply	CPW060-17 (Scarborough Reservoir Surge Tank)	(\$575,000)	(\$0)	(\$1,104,403)	(\$1,679,403)
Total		\$0	\$0	\$0	\$0

Subject to approval of the reallocation of funding outlined in Table 2, funding for the award of Doc4328129808 will be included in Toronto Water's approved 2024 Capital Budget and 2025-2033 Capital Plan under account CPW060-16 PS Rehab – Phase 2 - Construction, with forecasted expenditures outlined in Table 1 above.

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

DECISION HISTORY

At its meeting of October 16, 2019, the Bid Award Panel granted authority to enter into an agreement with Associated Engineering (Ont) Limited, for the Provision of Engineering Services for the Design, Construction Administration and Post Construction Services for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project at the Scarborough Pumping Station, being the highest scoring proponent meeting the requirements of Request for Proposal 9117-19-7091, in the amount of \$3,021,853 net of all applicable taxes and charges (\$3,075,037 net of HST recoveries). The total award value was made up of three (3) Purchase Orders: one for design, one for services during construction and one for post-construction services. The Bid Award Panel Decision Document can be found at:

[Agenda Item History - 2019.BA49.6 \(toronto.ca\)](#)

COMMENTS

Background

The Scarborough Pumping Station on 21 Fishleigh Drive, near Kingston Road and Danforth Avenue, is one of 18 pumping stations operated by Toronto Water. Originally constructed as a water treatment plant, the Scarborough Pumping Station and Reservoir are the remaining portions of the long-abandoned Easterly Filtration Plant, which was in service from 1920 to 1974. Now repurposed as a pumping station, the facility has a firm capacity of 189 Million Litres per Day (MLD) and is equipped with seven pumps, operating as two independent pumping stations serving pressure districts 3E and 4 which are parts of Scarborough and Markham areas. All pumps draw water from the Scarborough Reservoir which is supplied by R.C. Harris Water Treatment Plant. The Pumping Station was originally constructed in 1920 and has undergone many upgrades. The Scarborough Reservoir, buried under the green space south of the Pumping Station, has nine compartments which were built at various times between 1920 and 1946 to provide temporary water storage.

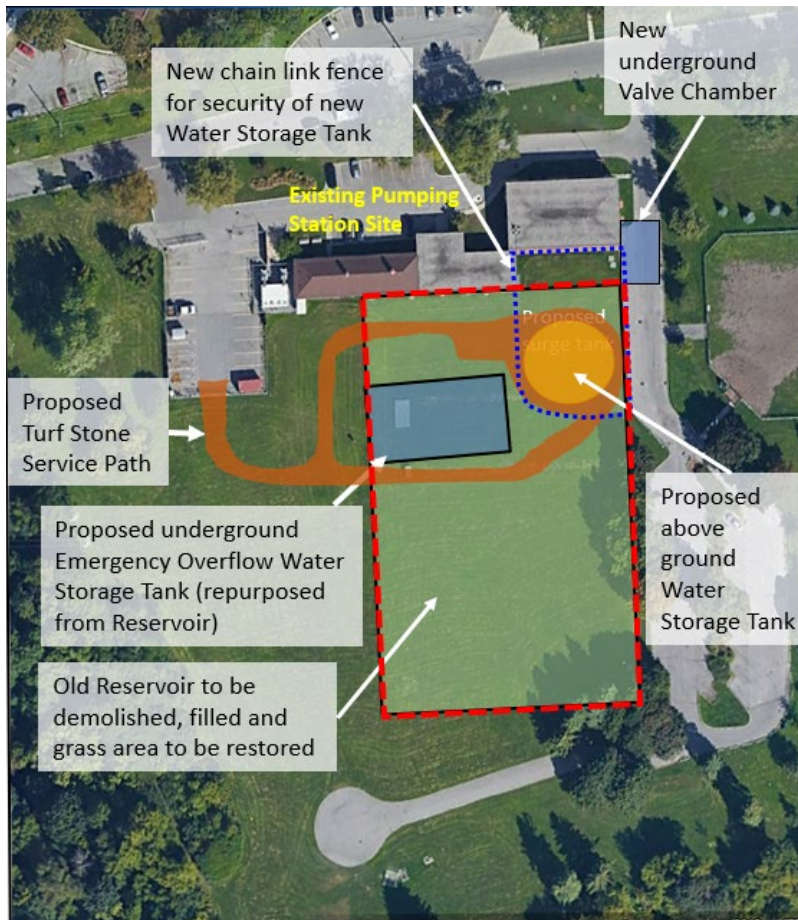
Since the facility's original purpose was a water treatment plant, the reservoir was constructed with a low hydraulic grade line, which has caused significant operational issues. The reservoir has had multiple leaks requiring repair work and multiple overflows which have damaged the pump room in the Pumping Station. A condition assessment completed in 2014 by Genivar identified that the reservoir had exceeded its service life and the Pumping Station was due for rehabilitation to maintain the infrastructure in a state of good repair.

In October 2019, through a Request for Proposal, the City retained Associated Engineering (Ont) Ltd to undertake the Preliminary Design, Detailed Design, Construction Contract Administration and Post-Construction Services for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project. Design was initiated in October 2019 and completed in November 2023.

The Facility condition assessment review conducted by Associated Engineering in 2020 identified major items needing repair and rehabilitation.

Request for Tender Doc4328129808, Contract Number 22ECS-MI-01WA, for the construction work, was issued on December 11, 2023, and closed on February 9, 2024. It is estimated that the construction of the new facilities will be completed at the beginning of 2026. An overview of the work area for the project is shown in Figure 1.

Figure 1: Work Area Overview for Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Installation



The scope of work for the project includes the following:

- Updating and rehabilitating the existing Pumping Station including the piping system and pipe galleries, ventilation system, main office building and washroom/locker-room upgrades.
- Building a new underground chamber to improve the connection from the R.C. Harris Water Treatment Plant to the pumping station.
- Demolishing and removing most of the old underground reservoir. Areas not used will be filled and restored with grass.

- Some parts of the old reservoir will be repurposed for the following:
 - A new underground storage tank to store extra water from overflow in case of emergencies.
 - The foundation for a new above ground water storage tank that helps manage water pressure.
 - New underground chambers to house new water piping.
- Constructing a new above-ground water storage tank (20 meters diameter / 11 meters height) to improve station hydraulic conditions.
- Constructing a new path to service the new surge tank and provide a new chain-link fence around the new surge tank.
- Upgrading and rehabilitating the existing emergency overflow drainpipe and outfall to Lake Ontario.

The project is critical for protecting the quality of water supply for the Scarborough and Markham service areas, and therefore, must proceed in 2024. The existing reservoir has been used as a make-shift surge tank to accommodate supply and demand fluctuations; however, the lower hydraulic grade line has caused significant operational issues and lower pumping efficiencies when managing treated water flows from the R.C. Harris Treatment Plant. The reservoir has had multiple leaks requiring repair and multiple overflows. The entire Pressure District 4 pump room was flooded up to five meters in 2015 causing significant damage to electrical equipment. This has risked water quality and caused service interruptions, making it difficult to operate the pumping station without a state of good repair.

Award of Request for Tender Doc4328129808

Request for Tender Doc4328129808, Contract Number 22ECS-MI-01WA for the Scarborough Pump Station Rehabilitation and New Atmospheric Surge Tank Project at the Scarborough Pumping Station was issued by Purchasing and Materials Management Division and was advertised on both the City's and Ariba Discovery websites on December 11, 2023, with a closing date of February 09, 2024, and an issuance of 13 addenda. A total of one (1) bidder responded as listed in Table 3 below:

Table 3: Suppliers and Fixed Bid Prices for Doc4328129808

Supplier Name	Bid Price excluding HST*
ASCO Construction (Toronto) Ltd.	\$35,886,951.48

*Pursuant to the Request for Tender document the contract award value includes contingency.

The bid was reviewed and evaluated by staff from Purchasing and Materials Management Division and the Engineering and Construction Services Division and were found to be in conformance with the Tender requirements. The recommended supplier for Contract Number 22ECS-MI-01WA is ASCO Construction (Toronto) Ltd.

The Engineering and Construction Services staff compared the bid to the engineering estimate. The bid price of the recommended supplier is in the amount of \$35,886,951

net of all applicable taxes and charges, this is approximately 28 percent higher than the engineering estimate of \$27,990,600.

The higher bid price compared to the pretender estimate was primarily resulting from site preparation including excavation and soils management for the buried reservoir demolition and repurposing, and concrete works for the new surge tank installation. Allocation of supply chain risks, new regulations for excess soils management and limited availability of suppliers in the precast concrete tank space for constructing the new reservoir were likely reasons for the differences. There is also significant capital work being tendered across the Greater Toronto Area, which typically leads to fewer bidders and higher pricing.

The Fair Wage Office reported that the recommended Supplier, ASCO Construction (Toronto) Ltd., indicated they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and the recommended Supplier has agreed to comply fully.

CONTACT

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