

Non-competitive Procurement with Fer-Pal Construction Ltd. for Urgent Watermain CIPP Lining at Various Locations in Ward 6

Date: June 27, 2025

To: General Government Committee

From: General Manager, Toronto Water and the Chief Procurement Officer

Wards: Ward 6 (York Centre)

SUMMARY

The purpose of this report is to request City Council authority to enter into a non-competitive contract with Fer-Pal Construction Ltd. for Urgent Watermain Cured-in-Place Pipe (CIPP) Lining at various locations in Ward 6.

The commissioning of the Downsview transmission main earlier this year has increased water pressure in the area, causing breaks in watermains with deteriorated condition. This indicates that portions of the existing infrastructure cannot handle the higher pressure. If these watermain condition issues are not addressed promptly, it could significantly impact both public infrastructure and customer service.

To prevent additional watermain and service breaks, water pressure in the affected areas has been temporarily reduced until the structural integrity of the distribution system can be improved through CIPP lining. Pressure levels must be restored to support the future growth of Downsview. Therefore, the CIPP structural lining of watermains in Ward 6, originally planned for 2026, must be advanced to 2025. The total value of the work identified for advancement to the 2025 is estimated at \$11.8 million (net of HST recoveries). Fer-Pal Construction Ltd. is currently completing similar work in Wards 3, 4, and 5), and unspent funds of \$5.8 million under that contract will be used to initiate the work in Ward 6. To complete the full scope of work in 2025, Toronto Water is requesting authority to award a non-competitive contract to Fer-Pal for the remaining balance of \$6,000,000, net of all taxes and charges (\$6,105,600 net of HST recoveries) from the date of award to May 31, 2026.

Due to seasonal constraints, this construction work must be completed by November 2025, leaving Toronto Water with insufficient time to conduct a competitive procurement process and complete the construction work. While the watermain lining will be completed in 2025, this contract will also support the associated road and boulevard restoration work, which is scheduled for completion in spring 2026.

Non-competitive procurements may be undertaken where both the proposed procurement and supplier can be justified in good faith based on an exception set out in Toronto Municipal Code Chapter 195, Procurement. These procurements will be proceeding under the exception code related to time constraints where due to the urgency for the delivery of a good and service, time does not permit the competitive solicitation processes and the City has determined in good faith that both the proposed procurement and the selected supplier, along with the terms and conditions of the contract are beneficial to the City (Toronto Municipal Code, Chapter 195, Procurement, Section 7.1B.).

City Council approval is required in accordance with Municipal Code Chapter 195 - Purchasing, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five-year commitment limit for each supplier under Article 7, Section 195-7.3D of the Purchasing By-Law or exceeds the threshold of \$500,000 net of Harmonized Sales Tax allowed under staff authority as per the Toronto Municipal Code, Chapter 71-Financial Control, Section 71-11A.

RECOMMENDATIONS

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

1. City Council authorize the General Manager Toronto Water to negotiate and execute a Non-Competitive Procurement contract with Fer-Pal Construction Ltd. for Urgent Watermain Cured-in-Place Pipe (CIPP) Lining at various locations in Ward 6, in the amount of \$6,000,000 net of all applicable taxes (\$6,105,600 net of HST recoveries) from the date of award to May 31, 2026, subject to terms and conditions satisfactory to the General Manager Toronto Water and in a form acceptable to the City Solicitor.

FINANCIAL IMPACT

The total contract amount identified in this report is \$6,000,000 net of all applicable taxes and charges. The cost to the City is \$6,105,600 net of HST recoveries.

Funding is available in the 2025 - 2034 Capital Budget and Plan for Toronto Water. Funding details are provided in Table 1.

Table 1 - Financial Impact Summary

WBS Element/ Description	2025	2026	Total (net of HST recoveries)
CPW543-04 Watermain Structural Lining	\$5,189,760	\$915,840	\$6,105,600

WBS Element/ Description	2025	2026	Total (net of HST recoveries)
Total (net of HST recoveries)	\$5,189,760	\$915,840	\$6,105,600

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

DECISION HISTORY

The Bid Award Panel adopted Item Number 2024.BA87.2 at its meeting held on July 10, 2024, Item 2.0, thereby authorizing the award of Request for Tender Doc4470673376, Contract Number 24TW-CTS-06CWD to Fer-Pal Construction Ltd. for the Watermain CIPP Lining at Various City of Toronto Locations in Wards 3, 4 and 5 for Toronto Water Division in the amount of \$9,884,776 net of all applicable taxes and charges (\$10,058,748 net of HST recoveries). The Bid Award Panel decision can be found at: [Agenda Item History - 2024.BA87.2 \(toronto.ca\)](#)

COMMENTS

Background

In 2016, the Downsview Water Service Improvement Study was carried out by the City of Toronto to address low water pressure near Keele Street and Finch Avenue West and ensure reliable service through 2041. Following the Municipal Class Environmental Assessment process, the study evaluated several options, including pressure district realignment, new transmission mains, booster pumping stations, and storage tanks. After public consultation and detailed evaluation, the City recommended building a new transmission main and booster pumping station to improve water pressure and system reliability. Transmission watermains move large volumes of water from treatment plants to pumping stations, reservoirs, and local distribution systems.

Initiated by the closure of the Downsview Airport, the 2011 Downsview Secondary Plan was updated in 2024. The Downsview Redevelopment area will accommodate 115,000 new residents and 52,000 workers over the next 30 years. The Downsview Redevelopment area relies on the increased water pressure provided by the Downsview Transmission watermain project.

The first phase of the Arbo district within the Downsview Redevelopment area will provide 1,400 homes and a minimum of 20% will be dedicated to affordable housing. It is anticipated that engineering design and subdivision registration will be finalized in 2025, with construction to begin in 2026. The Arbo district will not be able to proceed without the pressure district realignment.

Detailed design of the new transmission watermain began in 2018. The construction began in 2022 and is expected to be completed by late summer 2025. The watermain installation and commissioning were completed in February 2025, and pressure district realignment work is currently underway. In May 2025, two gradual pressure increases within the area bounded by Keele Street, Sheppard Avenue West, the CN Rail corridor, and Ashwarren Road were completed. Both times, multiple watermain and service breaks occurred. On May 20, three breaks occurred and on May 29 an additional three breaks occurred. Breaks were located on St Regis Crescent, Bakersfield Street and Keele Street.

To prevent additional watermain and service breaks, water pressure in the affected areas has been temporarily reduced. This measure will remain in place until the structural integrity of the watermain distribution system is improved through CIPP lining. Pressure levels must be restored to support the planned growth of the area.

Cured-in-Place Pipe (CIPP) Lining

Watermain structural lining using the Cured-in-Place Pipe (CIPP) method is a trenchless rehabilitation process that reinforces and restores the structural integrity of deteriorated or aging water pipes. The technique involves inserting a resin-saturated flexible liner into the existing watermain through access points, such as valves or pits. Once positioned, the liner is inflated to conform to the interior of the host pipe and then cured using hot water, steam, or ultraviolet (UV) light. This curing process hardens the liner, creating a new, seamless pipe within the original pipe structure. CIPP lining effectively extends the lifespan of watermains, improves flow capacity, and minimizes service disruptions, excavation, and environmental impact.

Reason for a Non-competitive Procurement

The City follows a competitive procurement process to ensure optimal value for public funds. However, when justified exemptions apply under Section 195-7.1, non-competitive contracts may be used. In such cases, staff must ensure the negotiated agreement still delivers best value before approval. Due to urgent needs in Ward 6, there is insufficient time to conduct a competitive procurement for Watermain CIPP Lining and complete the watermain lining in 2025.

The commissioning of the Downsview transmission main earlier this year has increased water pressure in the area, causing breaks where watermains condition has deteriorated. This indicates that portions of the local distribution network cannot handle the higher pressure. If the increased pressure placed on local watermains, particularly older, weaker sections of watermain are not addressed, it could significantly impact both public infrastructure and customer service. Watermain breaks can damage surrounding infrastructure such as roads and utilities, increase maintenance costs, and accelerate the overall deterioration of the system. From a customer service perspective, ongoing watermain breaks can cause unplanned service disruptions, reduced water quality due to sediment disturbances, and property damage from localized flooding. This leads to customer frustration, increased service complaints, and potential compensation claims.

Operationally, the need for frequent emergency repairs diverts resources from planned maintenance and upgrades, reducing the system's long-term reliability and efficiency. If the issue is not addressed, the City may also face regulatory scrutiny or legal exposure.

Originally scheduled for 2026, the CIPP structural lining in Ward 6 must now be advanced to 2025, with completion required before November due to seasonal constraints. There is insufficient time to conduct a competitive procurement process and complete the watermain lining in 2025. Although the work specific to the watermain lining would be completed in 2025, the road and boulevard restoration would not be completed until spring of 2026.

The total value of the work proposed for advancement in 2025 is estimated at \$11.8 million (net HST recoveries). Fer-Pal Construction Ltd., is currently completing similar work in Wards 3, 4, and 5 under Contract 24TW-CTS-06CWD (RFT Doc4470673376), and has remaining funds which will be used to start the urgent work in Ward 6. To complete the project in 2025, an additional non-competitive contract of \$6,000,000 (net of taxes and charges; \$6,105,600 net of HST recoveries) is required.

Fer-Pal has the specialized knowledge, experience, and equipment needed for this urgent work. It is Toronto Water's assessment that Fer-Pal's demonstrated ability to meet timelines and quality standards under similar conditions will reduce operational, customer service and procurement risks to the City. The company has a track record of delivering similar urgent projects successfully and reliably, consistently scoring well on the City's Supplier Performance Evaluation process. Given Fer-Pal has agreed to carry out to work under the same terms and conditions as the existing Contract 24TW-CTS-06CWD (RFT Doc4470673376), awarding the additional work to Fer-Pal will minimize overall costs and operational disruptions compared to the uncertainty of a new competitive bidding process. As Fer-Pal will already be active in the area and has the capacity, Toronto Water recommends awarding the additional contract under the same terms and conditions.

Ward 6 Watermain CIPP Lining work locations proposed for advancement to 2025 are summarized in Table 2.

Table 2 - Proposed Ward 6 CIPP Lining Locations for Advancement to 2025

Street	From	To
St Regis Cres.	Keele St.	Bakersfield St.
Tuscan Ct.	St Regis Cres.	Sheppard Ave W.
St Regis Cres N.	St Regis Cres.	Bakersfield St.
Ceramic Rd.	St Regis Cres N.	Le Page Ct.
Ashwarren Rd.	Keele St.	Bakersfield St.
Bakersfield St.	Ashwarren Rd.	St Regis Cres.

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SIGNATURE

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