

## **Amendment to Purchase Order 6046601 with Graham Construction and Engineering LP and Purchase Order 6046595 with AECOM CANADA ULC, for the Ashbridges Bay Treatment Plant UV Disinfection Facility Construction Project**

**Date:** October 8, 2025

**To:** General Government Committee

**From:** Chief Engineer and Executive Director, Engineering and Construction Services and the Chief Procurement Officer

**Wards:** 14 (Toronto-Danforth)

### **REASON FOR CONFIDENTIAL INFORMATION**

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The attachment to this report contains advice that includes information related to litigation or potential litigation affecting the City.

The attachment is also about a position, plan, and criteria to be applied to negotiations to be carried on by or on behalf of the City of Toronto.

### **SUMMARY**

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This report is seeking authority to amend Purchase Order Number 6046601 issued to Graham Construction and Engineering LP (Graham) and Purchase Order Number 6046595 issued to AECOM CANADA ULC.

The Purchase Order 6046601 issued to Graham through Request for Tender 235-2017, Contract Number 17ECS-MI-03AB for construction of the Effluent Disinfection System Upgrades Project at the Ashbridges Bay Treatment Plant. The amendment is needed for completion of the work and for resolution of claims.

The total value of the Purchase Order Amendment for Graham's work that is being requested is \$9,680,000 net of all applicable taxes and charges (\$9,850,368 net of HST recoveries), revising the current value of Purchase Order 6046601 from \$209,363,500 net

of all applicable taxes and charges (\$213,048,298 net of HST recoveries) to \$219,043,500 net of all applicable taxes and charges (\$222,898,666 net of HST recoveries).

The Purchase Order 6046595 issued to AECOM through Request for Proposal 9117-13-7056 is for additional engineering services for construction contract administration and site inspection for the Effluent Disinfection System Upgrades Project at the Ashbridges Bay Treatment Plant. The amendment is needed for additional services resulting from an extension to the construction completion date and includes a contingency allowance should the work be further delayed due to any unforeseen construction issues, which may arise through to Project completion.

The total value of the Purchase Order Amendment for AECOM's work that is being requested is \$4,591,755 net of all applicable taxes and charges (\$4,672,570 net of HST recoveries), revising the current value of Purchase Order 6046595 from \$16,214,983 net of all applicable taxes and charges (\$16,500,367 net of HST recoveries) to \$20,806,738 net of all applicable taxes and charges (\$21,172,936 net of HST recoveries).

## **RECOMMENDATIONS**

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

1. City Council, 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 Number 6046601 with Graham Construction and Engineering LP for the Effluent Disinfection System Upgrades at the Ashbridges Bay Treatment Plant in the amount of \$9,680,000 net of all applicable taxes and charges (\$9,850,368 net of HST recoveries), revising the current Purchase Order 6046601 value from \$209,363,500 net of all applicable taxes and charges (\$213,048,298 net of HST recoveries) to \$219,043,500 net of all applicable taxes and charges (\$222,898,666 net of HST recoveries), and extend the delivery date to December 31, 2027.
2. City Council, in accordance with Section 71-11.C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-Law), grant authority to amend Purchase Order Number 6046595 with AECOM CANADA ULC to provide additional engineering services for construction contract administration for the Effluent Disinfection System Upgrades at the Ashbridges Bay Treatment Plant in the amount of \$4,591,755 net of all applicable taxes and charges, (\$4,672,570 net of HST recoveries), revising the current Purchase Order value from \$16,214,983 net of all applicable taxes and charges (\$16,500,366 net of HST recoveries) to \$20,806,738 net of all applicable taxes and charges (\$21,172,936 net of HST recoveries).
3. City Council direct that Confidential Attachment 1 to this report remain confidential as it includes information related to litigation or potential litigation affecting the City and that it includes a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the City.

## FINANCIAL IMPACT

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Funding for the Amendment to Purchase Order 6046601 for Graham is included in the Toronto Water 2025 Capital Budget and 2026-2034 Capital Plan under WSB Element CWW039-02 (Disinfection System Construction) with forecasted expenditures as shown in the Table 1 (net of HST recoveries).

**Table 1. Projected Cash Flows for Amendment to Purchase Order Number 6046601**

Year	Disinfection System Construction
2025	\$0
2026	\$9,850,368
Total	\$9,850,368

Funding for the Amendment to Purchase Order 6046595 for AECOM is included in the Toronto Water 2025 Capital Budget and 2026-2034 Capital Plan under WSB Element CWW039-01 (Outfall and Disinfection Upgrade Engineering) with forecasted expenditures as shown in the Table 2 (net of HST recoveries).

**Table 2. Projected Cash Flows for Amendment to Purchase Order Number 6046595**

Year	Contract Administration Services for Effluent Disinfection System Upgrades
2025	\$3,000,000
2026	\$1,430,000
2027	\$242,570
Total	\$4,672,570

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

## DECISION HISTORY

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In October 2008, the City initiated a Schedule B Class Environmental Assessment Study for effluent disinfection at the Ashbridges Bay Treatment Plant. The study assessed various disinfection process alternatives in order to comply with updated Federal

Wastewater Regulations for chlorine residual limits in effluent wastewater. The Class Environmental Assessment Study was completed in February 2010, (by AECOM CANADA ULC), and peer reviewed in August 2010, (by Associated Engineering). In May 2011, Toronto City Council reviewed the study findings and directed staff to implement ultraviolet disinfection (in lieu of chemical disinfection) at the Ashbridges Bay Treatment Plant, in order to comply with the updated Federal Wastewater Regulations. A copy of the City Council decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.PW3.5>

At its meeting held on July 10, 2013, the Bid Committee granted authority to enter into an agreement with AECOM CANADA ULC for the provision of professional engineering services during design, construction, and post construction for Effluent Disinfection System Upgrades at Ashbridges Bay Treatment Plant, being the highest scoring proponent meeting the requirements of Request for Proposal 9117-13-7056, in the amount of \$13,459,279 net of all applicable taxes and charges (\$13,696,162 net of HST recoveries). The total award value consists of three (3) Purchase Orders, one for design, one for services during construction, and one for post construction services. A copy of the Bid Committee Decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.BD132.5>

At its meeting held on January 19, 2018, the Public Works and Infrastructure Committee granted authority to award Contract 17ECS-MI-03AB, Tender Call 235-2017, for the Effluent Disinfection System at the Ashbridges Bay Treatment Plant to Graham Construction and Engineering LP, having submitted the lowest compliant bid and meeting the specifications in conformance with the Tender requirements, in the amount of \$209,363,500 net of all applicable taxes and charges (\$213,048,298 net of HST recoveries). A copy of the Public Works and Infrastructure Committee Decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PW26.3>

At its meeting held on March 29, 2022, the Infrastructure and Environment Committee adopted Item No. 2022.IE28.3 thereby authorizing amendment of the purchase order No. 6046595 with AECOM CANADA ULC, for Professional Services for Effluent Disinfection System Upgrades at Ashbridges Bay Treatment Plant by an additional amount of \$7,861,635 net of all taxes and charges (POA 2). A copy of the Infrastructure and Environment Committee Decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2022.IE28.3>

At its meeting held on February 7 and 8, 2023, City Council adopted confidential instructions to staff from the City Solicitor as set out in Item No. 2023.IE1.9, Ashbridges Bay Treatment Plant Effluent Disinfection System – Construction Delay Claims. A copy of Council's decision and the public report to the Infrastructure and Environment Committee can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2023.IE1.9>

## COMMENTS

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### Background

The Effluent Disinfection System Upgrades Project involves the construction of a state-of-the-art ultraviolet disinfection system for the secondary treated effluent at the Ashbridges Bay Treatment Plant.

The construction contract for the Effluent Disinfection System Upgrades Project was awarded to Graham Construction and Engineering Limited Partnership (Graham Construction), on January 19, 2018, allowing for 189 weeks of construction, with a completion date of November 15, 2021. The Order to Commence was issued on April 2, 2018.

Subsequently the Substantial Performance date was extended to August 2022 to account for unforeseen site conditions. As of September 2025, approximately 96% of the project is complete. Based on Graham's most recent schedule update the Substantial Performance forecast date is May 2026, with Final Completion estimated in June 2026.

### Construction Purchase Order Amendment for Graham

The contract completion date was November 2021. This was extended contractually to August 2022. The contract has been significantly delayed, and on January 20, 2023, Purchase Order 6046601 to Graham was amended (POA 1) to extend the delivery date from December 31, 2022 to December 31, 2024 to allow for completion time and final payment for the works.

Subsequently a Purchase Order Amendment 2 was approved (POA 2), to extend the delivery date from December 31, 2024 to December 31, 2026 to allow for completion time and final payment for the works.

The contingency allowance in the contract is mostly depleted and there are still a number of upcoming Change Orders for additional work under the contract, which will require funding and additional funding is therefore requested to replenish the contingency to allow completion of the work.

The required additional work includes (but is not limited to):

- Road, landscaping, and grading modifications (i.e. removal of unforeseen buried obstructions, road routing changes and grading/surface remediation along plant roads, disposal of excess excavation material).
- Mechanical modifications for operations (crane lifts, UV equipment maintenance platforms, UV light protection at channels, modified actuators for valves, non potable water to sampling huts, emergency eyewash station in chemical room).
- Civil / structural modifications (shoring for substation floor support, channel modifications at East Bypass, beam repair at North Diamond).
- Communications, instrumentation and control modifications (internal phone connections, building automation system changes, control system screen changes).

- Electrical modifications (road lighting along South Service Road, circuit breaker repairs).

The estimated cost to complete the above work is \$2,680,000.

It is proposed to provide additional contingency funds in the amount of \$1,000,000 for anticipated changes to the base scope and for other potential unknowns through to the completion of the contract, including but not limited to:

- Required changes identified during commissioning stage of the project.
- Additional unforeseen buried obstructions or conditions found during excavation.
- Additional grading and civil works.
- Potential elevator changes identified after TSSA inspection.
- Miscellaneous equipment tagging changes.

Graham Purchase Order Amendment being requested is \$9,680,000 net of all applicable taxes and charges (\$9,850,368 net of HST recoveries), revising the current value of Purchase Order 6046601 from \$209,363,500 net of all applicable taxes and charges (\$213,048,298 net of HST recoveries) to \$219,043,500 net of all applicable taxes and charges (\$222,898,666 net of HST recoveries).

Refer to the Confidential Attachment for additional information.

### **Consultant Purchase Order Amendment for AECOM**

On June 1, 2020 Purchase Order 6046595 to AECOM was amended (POA 1) in the amount of \$3,521,095 increasing the overall value of the PO from \$4,832,252 to \$8,353,347 net of all taxes and charges.

As noted above, the construction duration is now projected to be extended to June 2026 AECOM submitted a Request for Change quotation for the amount of \$4,141,755 (net of all taxes and charges) for the provision of extended construction contract administration services through to October 2026 (current estimated construction completion date of June 2026 plus additional 4 months for closeout documentation).

A contingency allowance of \$450,000 (net of all taxes and charges) is also being recommended to provide for contract administration services should the work be further delayed due to any future unforeseen construction issues which may arise.

The total Aecom Purchase Order Amendment being requested is \$4,591,755 (net of all taxes and charges), which will increase the value of Purchase Order Number 6046595 from \$16,214,983 to \$20,806,738 net of all applicable taxes and charges.

Refer to the Confidential Attachment for additional information.

The City Solicitor was consulted in the preparation of this report.

## **CONTACT**

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## **SIGNATURE**

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Jennifer Graham Harkness, P.Eng.  
Chief Engineer and Executive Director

Geneviève Sharkey  
Chief Procurement Officer

## **ATTACHMENTS**

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Confidential Attachment 1 - Amendment to Purchase Order 6046601 with Graham Construction and Engineering LP and Purchase Order 6046595 with AECOM CANADA ULC, for the Ashbridges Bay Treatment Plant UV Disinfection Facility Construction Project