TORONTO

REPORT FOR ACTION

Award of Doc5349386217 to ASCO Construction (Toronto) Ltd. for the Sludge Storage Tanks Cleaning and Biofilter Upgrades at the Highland Creek Treatment Plant

Date: February 20, 2026
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: 25 (Scarborough-Rouge Park)

SUMMARY

The purpose of this report is to advise of the results of Request for Tender Doc5349386217, Contract Number 25ECS-MI-01HC, for the Sludge Storage Tanks Cleaning and Biofilter Upgrades at the Highland Creek Treatment Plant, to seek authority to reallocate project costs and cash flows within Toronto Water's 2026 Capital Budget and 2027-2035 Capital Plan in the amount of $5,041,274 net of all applicable taxes and charges ($5,130,000 net of Harmonized Sales Tax recoveries) from projects that have been completed under budget and to request authority to enter into an agreement with ASCO Construction (Toronto) Ltd., in the amount of $27,996,247 net of all applicable taxes and charges ($28,488,981 net of Harmonized Sales Tax recoveries) and a period of 104 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.

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:

1. City Council authorize the reallocation of project costs and cash flows within Toronto Water's 2026 Capital Budget and 2027-2035 Capital Plan in the total amount of $5,130,000 net of Harmonized Sales Tax recoveries from projects with sub-projects which have been completed under budget, as presented in Table 2 of the Financial Impact Statement, with zero Budget impact to Toronto Water.

2. City Council, in accordance with Section 195-8.5.B of the Toronto Municipal Code Chapter 195 (Procurement By-Law), grant authority to the Chief Engineer and Executive Director, Engineering and Construction Services to award and enter into an agreement with ASCO Construction (Toronto) Ltd., having submitted the lowest compliant bid and meeting the requirements of Request for Tender Doc5349386217, Contract Number 25ECS-MI-01HC, for the Sludge Storage Tanks Cleaning and Biofilter Upgrades at the Highland Creek Treatment Plant, in the amount of $27,996,247 net of all applicable taxes and charges ($28,488,981 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

The total value of the contract award is $27,996,247 net of all applicable taxes and charges. The total cost to the City is $28,488,981 including contingency and provisional sums and net of Harmonized Sales Tax recoveries.

Funding details with forecasted expenditures (net of Harmonized Sales Tax recoveries) are summarized in Table 1 below under two accounts: CWW045-03 Biofilter System Upgrades Construction, and CWW036-21 Sludge Storage Tank and Digester Cleaning Construction.

Table 1: Financial Impact Summary of Recommended Contract Award

WBS Element	2026	2027	2028	2029	Total (Net of Harmonized Sales Tax Recoveries)
CWW045-03 (Biofilter System Upgrades Construction)	$2,750,000	$8,000,000	$1,950,000	$788,853	$13,488,853
CWW036-21 (Sludge Storage Tank and Digester Cleaning Construction)	$2,275,000	$8,000,000	$3,250,000	$1,475,128	$15,000,128
Total	**$5,025,000**	**$16,000,000**	**$5,200,000**	**$2,263,981**	**$28,488,981**

Currently, there is insufficient funding in Toronto Water's 2026 Capital Budget and 2027-2035 Capital Plan to support the award of Doc5349386217. 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 Doc5349386217 as outlined in Table 2 below. The additional costs for the award will be offset from funds available within 2022-2024 Watermain Replacement Program (CPW542-27) and 2022-2023 Sewer Replacement Program (CWW472-24). Subprojects within these programs have been completed under budget and as a result, funds are available for reallocation.

Table 2: Budget Adjustment Reallocations (net of Harmonized Sales Tax Recoveries)

Program Area	Account Number	2026 Proposed Reallocation	2027 Proposed Reallocation	2028 Proposed Reallocation	2029 Proposed Reallocation	Total Reallocation
Highland Creek Treatment Plant	CWW045-03 (Biofilter System Upgrades Construction)		$4,600,000			$4,600,000
Highland Creek Treatment Plant	CWW036-21 (Sludge Storage Tank and Digester Cleaning Construction)		$530,000			$530,000
Watermain Replacement	CPW542-27 (2022-2024 Watermain Replacement)		($3,030,000)			($3,030,000)
Sewer Replacement	CWW472-24 (Sewer Replacement – 2022-2023 Program)		($2,100,000)			($2,100,000)
Total		**$0**	**$0**	**$0**		**$0**

Subject to approval of the reallocation of funding outlined in Table 2, sufficient overall project costs required to support the award of Doc5349386217 will be included in Toronto Water's 2026 Capital Budget and 2027-2035 Capital Plan under CWW045-03 (Biofilter System Upgrades Construction) and CWW036-21 (Sludge Storage Tank and Digester Cleaning Construction). Toronto Water will realign annual cashflows with forecasted expenditures through future budget processes, as necessary, based on project progress.

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

DECISION HISTORY

At its meeting of July 14, 2021, the Bid Award Panel granted authority to enter into an agreement with AECOM Canada Ltd., for the Provision of Engineering Services for the Design, Construction Administration and Post Construction Services for the Sludge Storage Tanks Cleaning and Biofilter Upgrades at the Highland Creek Treatment Plant, being the highest scoring proponent meeting the requirements of RFP-21ECS-MI-07HC/ Ariba Document No. 2863614355, in the amount of $3,685,206 net of all applicable taxes and charges ($3,750,067 net of Harmonized Sales Tax 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: https://secure.toronto.ca/council/agenda-item.do?item=2021.BA144.2

COMMENTS

Background

The Highland Creek Treatment Plant is one of four wastewater treatment plants operated by the City of Toronto under the responsibility of the Wastewater Treatment section of Toronto Water. The facility is located at 51 Beechgrove Drive, south of Lawrence Avenue East and services an estimated population of 500,000 and operates on a 24/7 basis. The area serviced is bounded by Steeles Avenue on the north, Victoria Park Avenue on the west, the Rouge River on the east and Lake Ontario on the south. This area contains an estimated connected population of 500,000.

A liquid process train in wastewater treatment refers to the sequence of unit operations and processes designed to treat the liquid portion of sewage (the wastewater itself). It is distinct from the solids train that handles the removed sludge. The Highland Creek Treatment Plant has three (3) liquid process trains: Southeast Plant (originally built in 1956), Southwest Plant (constructed in 1976) and Northwest Plant (constructed in 1981). The rated capacity of the plant is 219,000 m3 per day.

In 2018, as part of the Thickened Waste Activated Sludge contract 10FS-42WP, upgrades to the sludge storage tanks were completed to provide additional buffer storage and improve the quality of sludge fed to the dewatering centrifuges in the Solids Treatment Building. New WAS and Thickened Waste Activated Sludge tanks were installed for the new thickening centrifuges. Furthermore, two biofilter odour control systems were installed to collect and treat odorous air from Thickened Waste Activated Sludge and sludge storage tanks before being released into the atmosphere.

The sludge storage tanks and associated recirculation piping are due for routine cleaning to remove debris, as well as for inspection, testing and minor repairs as needed.

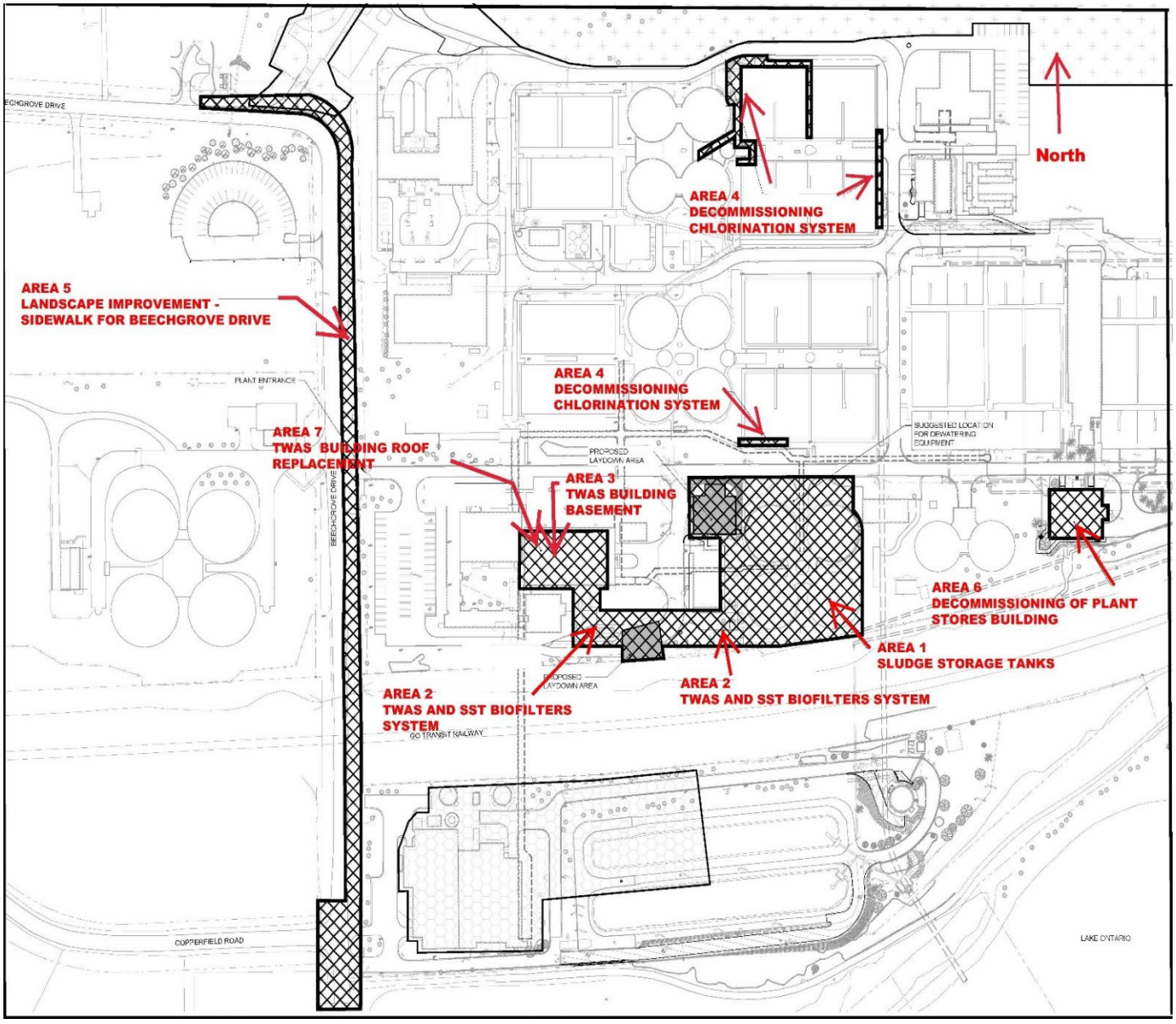
The two biofilter odour control systems for Thickened Waste Activated Sludge and the sludge storage tanks have issues and concerns associated with the potential explosion hazards of some electrical components. Of particular concern is the electrical heater inside the humidifiers, equipment accessibility, appropriate insulation, freeze protection and hazardous area classification. Moreover, extensive repairs and maintenance efforts are needed due to frequent system breakdowns.

In 2020 the City retained Jacobs Engineering Group Inc. (Jacobs) to conduct an engineering study to fully assess the issues with the existing Thickened Waste Activated Sludge and sludge storage tanks biofilters and provide upgrade recommendations. In the study, Jacobs identified concerns respecting health and safety, system performance, and operations and maintenance. Jacobs also recommended upgrade options to ensure the biofilter systems comply with health and safety requirements for year-round operations with minimum maintenance requirements.

In 2021, through a Request for Proposal, the City retained AECOM Canada Ltd., to undertake the Preliminary Design, Detailed Design, Construction Contract Administration and Post-Construction Services for the implementation of Jacobs' recommendation. The design phase was initiated in July 2021 and was completed in December 2025. It is estimated that the construction of the new facilities will be completed in 2029.

An overview of the work areas is shown in Figure 1.

Figure 1: Work Area Overview for the Sludge Storage Tanks Cleaning and Biofilter Upgrades at the Highland Creek Treatment Plant



The scope of work for the project includes the following:

Area 1 – Sludge storage tanks Cleaning, Minor Repairs and Valve Replacement

- The sludge storage tanks have been in service for over 10 years and need cleaning and some minor repairs.
- The manual valves associated with the sludge storage tanks also require repairs and installation of actuators to optimise operations.

Area 2 - Thickened Waste Activated Sludge Biofilter and sludge storage tanks Biofilter Upgrades including the procurement of preselected Thickened Waste Activated Sludge and sludge storage tanks Biofilter System and temporary Odour Control Unit

- Implementation of recommendation from the Jacobs' study, including replacement of the biofilter media and repairs to the biofilters.
- Plant staff have had multiple issues with the associated outdoor humidifiers partly due to the inclement weather conditions and resulting in upgrading the units to indoor humidification systems.

Area 3 - Thickened Waste Activated Sludge Pump Upgrades

- The plant identified that the existing Thickened Waste Activated Sludge transfer pumps were inadequate for the conditions of the material and the distance from the source to the destination. The Thickened Waste Activated Sludge pumps will be replaced with units of higher capacity.

Area 4 - Old Chlorination Facility Decommissioning and Demolition

- A new chlorination facility was commissioned in 2024, and the old system will be decommissioned and demolished. This will free up land required for another system to be installed in the future.

Area 5 - Beechgrove Drive Sidewalk Construction- Phase 1

- Congestion inside the facility has resulted in City and contractor staff having to park outside the facility and walk in along Beechgrove Drive. Since there are presently no sidewalks along Beechgrove Drive, the access to the site poses a health and safety issue as the pedestrians are traversing the road with live vehicular traffic.

Area 6 - Plant Stores Building Decommissioning and Demolition

- The plant stores building is over 70 years old and a condition assessment has determined that the building is unsafe and deemed a health and safety issue to plant staff.

Area 7 - Thickened Waste Activated Sludge Building Roof Replacement

- A condition assessment identified the roof on the Thickened Waste Activated Sludge Building as being due for full replacement. Further delays to the work will not only compromise the health and safety of the workers but also damage the process equipment inside the building.

Award of Request for Tender Doc5349386217

A Request for Tender Doc5349386217, Contract Number 25ECS-MI-01HC, for the sludge storage tanks Cleaning and Biofilter Upgrades at Highland Creek Treatment Plant was issued by Purchasing and Materials Management Division and was advertised on both the City's and Ariba Discovery websites on September 23, 2025, with a closing date of December 16, 2025, and an issuance of 11 addenda. A total of three (3) Suppliers responded as listed in Table 3 below:

Table 3: Summary of Bids Received Including Bid Price

Supplier Name	Bid Price Excluding Harmonized Sales Tax
ASCO Construction (Toronto) Ltd.	$24,344,562.41*
Torbear Contracting Inc.	$25,399,710.00
Black & McDonald Limited	$34,083,437.60

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

The bids were reviewed for compliance 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 lowest compliant bid meeting requirements of the solicitation for Contract Number 25ECS-MI-01HC is ASCO Construction (Toronto) Ltd.

The Engineering and Construction Services Division staff compared the bid to the engineering estimate. The bid price of the recommended supplier is in the amount of $24,344,562 net of all applicable taxes and charges. This is approximately 14 percent higher than the engineering estimate of $21,366,274.

The higher bid price compared to the estimate was likely due to:

- An increase to the stated overall construction duration during the tendering period from 600 calendar days to 700 calendar days (to substantial performance) due to requests from the suppliers. This likely resulted in an increase to the cost submitted for Division 1 – General Requirements.

- Cost increases submitted for work in Area 2 as the recommended supplier included more costs for the installation of the temporary odour control system from the preselected vendor.

- Cost increases for all concrete related works.

The Fair Wage Office reported that the recommended supplier has indicated they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and the recommended supplier has agreed to comply fully.

The tender submission from ASCO Construction (Toronto) Ltd., for Doc5349386217 includes their agreement to complete the works within a period of 104 weeks from the date that the written Order to Commence work is issued by the City.

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