

Amendment to Purchase Order Number 6054517 with Bennett Mechanical Installations (2001) Ltd. and Construction Contract Administration Purchase Order 6051143 with GHD Limited for the Ashbridges Bay Treatment Plant D Building Phase 2 Upgrades Project

Date: July 7, 2026

To: General Government Committee

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

Wards: 14 (Toronto-Danforth)

SUMMARY

The purpose of this report is to request authority to amend Purchase Order Number 6054517 issued to Bennett Mechanical Installations (2001) Ltd. and Purchase Order Number 6051143 issued to GHD Limited for the D Building Phase 2 Upgrades Project at the Ashbridges Bay Treatment Plant.

Purchase Order Number 6054517 issued to Bennett Mechanical Installations (2001) Ltd., through Request for Tenders Doc3754640010, Contract Number 22ECS-MI-03AB is for construction of the D Building Phase 2 Upgrades Project at the Ashbridges Bay Treatment Plant. The amendment is required to address claims arising from unforeseen site conditions and delays, replenish the contract contingency allowance, and provide funding for additional work required to complete the project.

The total value of the Purchase Order Amendment for Bennett Mechanical Installations (2001) Ltd. that is being requested is \$4,913,522 net of all applicable taxes and charges (\$5,000,000 net of Harmonized Sales Tax recoveries), revising the current value of Purchase Order Number 6054517 from \$75,275,157 net of all applicable taxes and charges (\$76,600,000 net of Harmonized Sales Tax recoveries) to \$80,188,679 net of all applicable taxes and charges (\$81,600,000 net of Harmonized Sales Tax recoveries). An extension of the delivery date is also being requested from December 31, 2026 to March 31, 2028..

Purchase Order Number 6051143 issued to GHD Limited through Request for Proposal 9117-17-7281 is for Professional Engineering Services during Construction for Ashbridges Bay Treatment Plant D Building Phase 2. The amendment is needed for additional

engineering and contract administration services due to extended construction duration and includes a contingency allowance should the work be further delayed due to any unforeseen construction issues.

The total value of the Purchase Order Amendment for GHD Limited that is being requested is \$3,144,654 net of all applicable taxes and charges (\$3,200,000 net of Harmonized Sales Tax recoveries), revising the current value of Purchase Order Number 6051143 from \$4,873,363 net of all applicable taxes and charges (\$4,959,135 net of Harmonized Sales Tax recoveries) to \$8,018,017 net of all applicable taxes and charges (\$8,159,134 net of Harmonized Sales Tax recoveries). An extension of the delivery date is also being requested from December 31, 2026 to March 31, 2028.

RECOMMENDATIONS

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

1. The General Government 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 the Chief Engineer and Executive Director, Engineering and Construction Services to amend Purchase Order Number 6054517 with Bennett Mechanical Installations (2001) Ltd. for the D Building Phase 2 Upgrades at the Ashbridges Bay Treatment Plant in the amount of \$4,913,522 net of all applicable taxes and charges (\$5,000,000 net of Harmonized Sales Tax recoveries), revising the current Purchase Order Number 6054517 value from \$75,275,157 net of all applicable taxes and charges to \$80,188,679 net of all applicable taxes and charges (\$81,600,000 net of Harmonized Sales Tax recoveries), and extend the delivery date from December 31, 2026 to March 31, 2028.
2. The General Government Committee, 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 6051143 with GHD Limited for Professional Engineering Services during Construction for Ashbridges Bay Treatment Plant D Building Phase 2 Upgrades in the amount of \$3,144,654 net of all applicable taxes and charges, (\$3,200,000 net of Harmonized Sales Tax recoveries), revising the current Purchase Order value from \$4,873,363 net of all applicable taxes and charges to \$8,018,017 net of all applicable taxes and charges (\$8,159,134 net of Harmonized Sales Tax recoveries), and extend the delivery date from December 31, 2026 to March 31, 2028.

FINANCIAL IMPACT

Funding for the Amendment to Purchase Order Number 6054517 for Bennett Mechanical Installations (2001) Ltd. is included in the Toronto Water 2026 Capital Budget and 2027-2035 Capital Plan under WSB Element CWW019-34 (D-Building Phase 2 Construction) with forecasted expenditures as shown in the Table 1 below.

Table 1 - Projected Cash Flows for Amendment to Purchase Order Number 6054517 for D Building Phase 2 Construction (net of Harmonized Sales Tax recoveries).

WBS Element	Date of Amendment to December 31, 2026	2027	2028	2029	Total
CWW019-34	\$3,000,000	\$1,500,000	\$500,000	\$0	\$5,000,000

Funding for the Amendment to Purchase Order Number 6051143 for GHD Limited is included in the Toronto Water 2026 Capital Budget and 2027-2035 Capital Plan under WSB Element CWW019-34 (D Building Phase 2 Upgrades Contract Administration) with forecasted expenditures as shown in Table 2 below.

Table 2 - Projected Cash Flows for Amendment to Purchase Order Number 6051143 for Professional Engineering Services during Construction for Ashbridges Bay Treatment Plant D Building Phase 2 Upgrades (net of Harmonized Sales Tax recoveries).

WBS Element	Date of Amendment to December 31, 2026	2027	2028	2029	Total
CWW019-34	\$800,000	\$1,600,000	\$800,000	\$0	\$3,200,000

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

DECISION HISTORY

At its meeting held on February 21, 2018, the Bid Award Panel adopted Item Number 2018.BA64.2, authorizing the award of Request for Proposal 9117-17-7281 to GHD Limited for provision of Professional Engineering Services for Design, Contract Administration, and Post-Construction Services for D Building Phase 2 Upgrades at Ashbridges Bay Treatment Plant, being the highest scoring proponent meeting the requirements, in the amount of \$3,591,686 net of all applicable taxes and charges (\$3,654,901 net of Harmonized Sales Tax recoveries). The Professional Engineering Services during Construction component of the award is valued at \$1,746,315 net of all applicable taxes and charges (\$1,777,050 net of Harmonized Sales Tax recoveries). The Bid Award Panel decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2018.BA64.2>

At its meeting held on April 20, 2023, the General Government Committee adopted Item 2023.GG3.6 authorizing the award of Request for Tenders Doc3754640010, Contract Number 22ECS-MI-03AB to Bennett Mechanical Installations (2001) Limited, for D Building Phase 2 Upgrades project at Ashbridges Bay Treatment Plant, in the amount of \$75,275,157 net of all applicable taxes and charges (\$76,600,000 net of Harmonized Sales Tax recoveries) having submitted the lowest compliant bid and meeting the specifications in conformance with the Tender requirements. The General Government Committee decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2023.GG3.6>

At its meeting held on May 1, 2024, the General Government Committee adopted Item 2024.GG12.3 authorizing the amendment of Purchase Order Number 6051143 with GHD Limited for Professional Engineering Services during Construction for Ashbridges Bay Treatment Plant D Building Phase 2 in the amount of \$3,332,252 net of all applicable taxes and charges (\$3,390,900 net of Harmonized Sales Tax recoveries), revising the Purchase Order value from \$1,541,111 net of all applicable taxes and charges (\$1,568,235 net of Harmonized Sales Tax recoveries) to \$4,873,363 net of all applicable taxes and charges (\$4,959,135 net of Harmonized Sales Tax recoveries). The General Government Committee decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2024.GG12.3>

COMMENTS

Background

The D Building Phase 2 Upgrades project includes major rehabilitation and upgrades for critical preliminary and primary wastewater treatment systems at the Ashbridges Bay Treatment Plant (ABTP), including channel aeration upgrades, addition of a chemically enhanced primary treatment system, replacement of the scum and sludge pumping systems, and replacement of the primary tank traveling bridges.

Request for Proposal 9117-17-7281 was awarded to GHD Limited on February 21, 2018, for Professional Engineering Services for Design, Contract Administration, and Post-Construction Services for D Building Phase 2 Upgrades at Ashbridges Bay Treatment Plant.

The construction contract 22ECS-MI-03AB for the D Building Phase 2 Upgrades Project was awarded to Bennett Mechanical Installations (2001) Ltd. on April 20, 2023, and the Order to Commence was issued on June 1, 2023. Construction is ongoing and completion is projected to be in 2028.

Construction Purchase Order Amendment for Bennett Mechanical Installations (2001) Ltd.

In February 2024, following a condition assessment of primary tank wear rails, the City authorized the release of a provisional allowance to Bennett Mechanical Installations (2001) Ltd. for replacement of the wear rails in all three primary tanks in D Building.

In May 2024, following concrete inspection of the effluent slab at the primary tanks, the City authorized additional work for Bennett Mechanical Installations (2001) Ltd. to replace the extensively deteriorated slab to safely progress with base scope work.

Both change orders were required due to conditions unknown at the time of design and were required ahead of installation of the new primary tank traveling bridges. At the time of issuing the change orders, and since work was actively being coordinated between work areas for the base scope project work and the additional work, the change order time impacts could not be defined.

In March 2025, Bennett Mechanical Installations (2001) Ltd. submitted a notice of delay for the additional work associated with wear rail replacement in the primary tanks and replacement of the effluent slab. Additionally, Bennett Mechanical Installations (2001) Ltd. is claiming for delivery delays by a major equipment vendor, for which they had limited control.

GHD Limited and the City's Schedule and Claims Review Consultant, CIMA+ (previously Lakeland Consulting Inc.), have reviewed the claim and supporting documents provided by Bennett Mechanical Installations (2001) Ltd. Negotiations are ongoing with Bennett Mechanical Installations (2001) Ltd. and settlement of the claim is anticipated in 2026 and will be subject to appropriate approvals.

The contingency allowance under the contract is now largely depleted due to the concrete slab replacement and other additional work identified during construction. At the time of award, it was noted that the contingency allowance of \$5,570,457 net of all applicable taxes and charges, representing eight percent of the contract value, was low relative to the assessed risks associated with retrofit work in an older, operating facility such as the Ashbridges Bay Treatment Plant.

In addition to funds for claim resolution, funding is being requested to replenish the contingency allowance for other potential unknowns through to the completion of the contract, including but not limited to:

1. Repairs/replacement of old instrumentation and equipment to allow for upgrades and installation of new systems.
2. Additional building mechanical modifications to existing heating, ventilation, and air conditioning units.
3. Additional electrical work such as investigations and removal of unknown cables.
4. Miscellaneous equipment tagging changes.
5. Resolving other unforeseen conditions and conflicts during new systems/equipment installation in a complex operating facility.

The requested amendment to Bennett Mechanical Installations (2001) Ltd.'s Purchase Order Number 6054517 for resolution of claims and for additional work required for completion of the project is an additional \$4,913,522 net of all applicable taxes and charges (\$5,000,000 net of Harmonized Sales Tax recoveries), revising the current Purchase Order Number 6054517 value from \$75,275,157 net of all applicable taxes and charges (\$76,600,000 net of Harmonized Sales Tax recoveries) to \$80,188,679 net of all applicable taxes and charges (\$81,600,000 net of Harmonized Sales Tax recoveries).

Consultant Purchase Order Amendment for GHD Limited

The value at award for Professional Engineering Services during Construction for Ashbridges Bay Treatment Plant D Building Phase 2 Upgrades under Purchase Order Number 6051143 was \$1,541,111 (\$1,568,235 net of Harmonized Sales Tax recoveries). Changes and additions to scope during design increased project complexity, and increased duration of required services have led to amendments of Purchase Order Number 6051143. The current value of Purchase Order Number 6051143 is \$4,873,363 net of all applicable taxes and charges (\$4,959,135 net of Harmonized Sales Tax recoveries). Table 3 summarizes the Purchase Order Amendments issued to GHD Limited to date.

Table 3 - GHD Limited Purchase Order Amendments to date

	Amendment	POA Amount (net of Harmonized Sales Tax recoveries)	Total PO Value (net of Harmonized Sales Tax recoveries)
PO award value (February 2018)	N/A	N/A	\$1,746,315
POA 1 (December 2020)	Reduction of PO value for reallocation to design PO	(\$178,080)	\$1,568,235
POA 2 (April 2023)	Extension of PO delivery date only	N/A	\$1,568,235
POA 3 (May 2024)	Increase in value for project complexity, escalation of rates and extension of services to June 2026	\$3,390,900	\$4,959,135
POA 4 (current request)	Increase in value for extension of services to March 2028	\$3,200,000	\$8,159,134

Construction duration is now projected to extend into 2028. Accordingly, GHD Limited submitted a Request for Change quotation in the amount of \$2,498,607 (net of all applicable taxes and charges) for the provision of extended construction contract administration services through March 2028. A contingency allowance is also recommended to provide additional engineering and contract administration services should any future unforeseen construction issues arise and the completion date further extended.

A Purchase Order Amendment for GHD Limited is being requested in the amount of \$3,144,654 net of all applicable taxes and charges (\$3,200,000 net of Harmonized Sales Tax recoveries), increasing the value of Purchase Order Number 6051143 from \$4,873,363 charges (\$4,959,135 net of Harmonized Sales Tax recoveries) to \$8,018,017 net of all applicable taxes and charges (\$8,159,134 net of Harmonized Sales Tax recoveries).

CONTACT

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SIGNATURE

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