



Report to: General Committee

Meeting Date: November 15, 2021

SUBJECT: 256-T-17 Routine & Emergency Sewer and Watermain
Infrastructure Repairs Contract Extension

PREPARED BY: Edgar Tovilla, Sr. Manager, Waterworks Operations, Ext. 2445
Tony Casale, Senior Construction Buyer, Ext. 3190

RECOMMENDATION:

- 1) That the report entitled “ 256-T-17 Routine & Emergency Sewer and Watermain Infrastructure Repairs Contract Extension” be received; and
- 2) That the tendering process be waived in accordance with the City’s Purchasing By-law # 2017-8, Part II, Section 11.1(c), Non Competitive Procurement which states, “when the extension of an existing Contract would prove more cost-effective or beneficial”; and
- 3) That the contract for routine & emergency watermain, sewer and stormwater system infrastructure repairs be extended with FDM Contracting Co. Ltd. for two (2) years from April 1, 2022 to March 31, 2024 in the estimated annual amount of \$887,355.00 (inclusive of HST); and
- 4) That the award be funded from the Waterworks Operating and Operations accounts outlined in the Financial Considerations; and
- 5) That staff be authorized to amend the award amount to reflect changes to the operating budget accounts as approved by Council during the annual budgeting process; and further
- 6) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To obtain Council approval to extend the contract for routine and emergency sewer and watermain infrastructure repairs as required on a 24/7 basis for two years at the same 2021 itemized prices.

BACKGROUND:

The contract provides routine (scheduled) repairs and maintenance for the water system, sanitary collection and stormwater systems Monday – Friday between 7 a.m. to 7 p.m. and emergency repairs on weekdays between 7 p.m. to 7 a.m. and weekends and statutory holidays.

OPTIONS/ DISCUSSION:

The existing contract was awarded to FDM Contracting Co. Ltd. through a competitive bid process, effective April 1, 2018 and is set to expire on March 31, 2022. Staff considered re-tendering the project to the market however; the following benefits are identified in extending the existing contract for one additional year (2022/23):

Price rationale

In 2017, the contract for routine & emergency watermain, sewer and storm infrastructure repairs was awarded to the lowest priced bidder FDM Contracting Co. Ltd. ("FDM"). Pricing from FDM was 24% lower than the 2nd lowest priced bidder and 49% lower than the next lowest priced bidder. Staff contacted FDM regarding the possibility of extending the existing contract and they are willing to continue managing the program for two (2) additional years at the current (2021) prices.

Ongoing pandemic creates uncertainties

The ongoing Covid-19 pandemic has had significant impacts on the delivery of service. Contractors continue to deal with increased costs associated with labour and equipment (fuel). The Consumer Price Index (CPI), which measures the average price change for goods and services in Canada, has increased 4.4% in September including gas prices. (*Source: Sept. Ontario All-Items CPI annual increase including gas prices*). Fuel prices are at their highest levels as compared with pre-pandemic levels and it is anticipated that Winter 2021/22 will have record high gas prices, as the combination of a strong recovery in demand and extreme weather events have led to tighter markets resulting in higher prices.

Staff are recommending that the existing contract be extended for two (2) additional years. Staff anticipate that challenges associated with Covid-19 will subside in 2023 as the global economy recovers and releasing a new bid in late 2023 will provide a better outcome.

FDM Contracting Co. Ltd. have been working with the City on routine & emergency sewer and watermain infrastructure repairs since 2018 and staff are satisfied with their performance. The extension of the current contract will ensure the continuity / interoperability of existing services.

FINANCIAL CONSIDERATIONS:

The following table summarizes this award's 2022 budget impact by account:

Account Name	Account #	Budget Available	Cost of Award	Budget Remaining/ (Shortfall)
Watermain Breaks	760-100-5300	393,008	393,008	-
T&D Residential Lines	760-111-5300	46,642	46,642	-
T&D Valves	760-113-5300	47,651	47,651	-
T&D Hydrants	760-115-5300	95,679	95,679	-
Sewer Line Breaks	760-500-5300	32,176	32,176	-
T&D Sewer Main Lines	760-510-5300	100,000	100,000	-
Manhole Maintenance	760-560-5300	15,000	15,000	-
Storm Sewer Pipes Emergency Repairs	750-101-5399-22189	57,200	57,200	-
Emergency Storm Repairs	700-100-5399-22146	100,000	100,000	-
Totals:		887,355	887,355	-

HUMAN RESOURCES CONSIDERATIONS:

None

LEGAL CONSIDERATIONS:

The City is subject to the following trade agreements, which apply to public sector procurements above a certain dollar threshold: the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), the Canadian Free Trade Agreement (CFTA), and the Ontario-Quebec Trade and Cooperation Agreement (OQTCA).

The recommended contract extension complies with the trade agreements.

ALIGNMENT WITH STRATEGIC PRIORITIES:

It is important to have uninterrupted services provided by key contractors in order to maintain key municipal services such as all services provided by Waterworks. This can ensure any interruption such as watermain breaks are being repaired promptly in order to minimize service interruption and impact to city's residents and businesses

BUSINESS UNITS CONSULTED AND AFFECTED:

The Procurement and Financial Services Departments have been consulted in the preparation of this report.

RECOMMENDED BY:

Eddy Wu
Director, Environmental Services

Alice Lam
Director, Operations

Morgan Jones,
Commissioner, Community Services