



Report to: General Committee

Report Date: April 22, 2014

SUBJECT: Award of Contract 034-T-14 Kennedy Road Sewage Pumping Station Upgrade

PREPARED BY: Paul Li, Senior Infrastructure Project Engineer Ext. 2646
Robert Slater, Senior Construction Buyer Ext. 3189

RECOMMENDATION:

- 1) THAT the report entitled "Award of Contract 034-T-14 Kennedy Road Sewage Pumping Station Upgrade" be received;
- 2) AND THAT the Contract for Kennedy Road Sewage Pumping Station Upgrade be awarded to the lowest priced bidder, BGL Contractors Corp., in the total amount of \$355,549.44 inclusive of HST;
- 3) AND THAT a contingency in the amount of \$35,554.94 (10%), inclusive of HST, be established to cover any additional construction costs, and that authorization to approve expenditures of this contingency amount up to the specified limit be in accordance with the Expenditure Control Policy;
- 4) AND THAT the award be funded from the Waterworks project for Sanitary Sewer Construction/Replacement Program - Annual (account 053 6150 10329 005) in the amount of \$391,104.38, inclusive of HST;
- 5) AND THAT the funding shortfall in the amount of \$121,832.68 be funded from the Waterworks Stabilization/Capital Reserve;
- 6) AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not Applicable

PURPOSE:

The purpose of this report is to obtain Council's approval to award of Contract 034-T-14 Kennedy Road Sewage Pumping Station Upgrade.

BACKGROUND:

Kennedy Road Sewage Pumping Station (KR-SPS) is located south of the main entrance to Milliken Mills High School on Kennedy Road. KR-SPS receives sewage flows from Milliken Mills High School, Milliken Mills Community Centre and a City Parks Operations building. A condition assessment on KR-SPS in April 2013 had identified some station equipments/appurtenances (i.e. pumps, valves and pipes) which are at the end of their life cycles and require replacement and upgrade to other station facilities, including wet well cover, safety platform and control system to bring the facility to meet the current

health and safety standards, serviceability requirements and supervisory control and data acquisition (SCADA) needs, respectively.

In June 2013, Exp Services Inc. was retained by the City for the design, contract administration and inspection for the proposed works on KR-SPS.

OPTIONS/ DISCUSSION

Request for Tender (RFT 295-T-13) for Kennedy Road SPS Upgrade was released on December 18, 2013 and closed on January 21, 2014. The lowest bid price received was \$519,504.33 (inclusive of 10% contingency and HST) and over budget by \$196,951.09; subsequently staff assessed acceptability of the bid price and recommended to cancel this tender bid as lowest tendered price exceeded the initial budget.

Staff identified and evaluated several options in an attempt to reduce the overall project cost and agreed to make scope changes and divide the project into two parts, namely Part 1 and Part 2 with both to be completed in 2014.

Part 1 - The interceptor sewer and manhole work segregated from the initial tendered scope of work. Through a competitive quote process, the City retained a contractor specialized in sewer & watermain work to complete the Part 1 work at a cost of \$53,281.54 (inclusive of provisional amount, 10% contingency and HST). Part 1 work has been awarded and is to commence on April 18th, 2014.

Part 2 - Re-tender the revised scope of work, including wet well upgrade and electrical/ control replacement. Part 2 work to be completed in August 2014.

RFT 034-T-14 for the Part 2 work released on February 27, 2014 and closed on March 25, 2014 with three bids received; and the lowest tender bid price for this award was \$394,104.38 (inclusive of 10% contingency and HST, \$355,549.44 + \$35,554.94).

With the contract changes, the project cost has been reduced to \$447,385.92 (inclusive of 10% contingency and HST) (\$53,281.54 + \$394,104.38). When compared to the initial tender (RFT 295-T-13) result of \$519,504.33, this represents a total cost reduction of \$72,118.41. The cost reductions can be attributed to the following drivers:

- Part 1 work (interceptor sewer and manholes)
 - Reschedule the work from March Break to the Easter weekend avoiding winter construction
 - Direct quote request and award to a sewer/watermain contractor for competitive pricing thus eliminating coordination cost and associated mark-up by a prime contractor;
- Temporary surface restoration in between Part 1 and Part 2 work as stipulated in RFT 295-T-13 is not required;
- Part 2 work (wet well upgrade and electrical/control replacement) - is to be completed in one stage requiring less efforts in mobilization/demobilization, sewage by-pass, traffic control and allow the successful bidder to use the control sequence development software which has previously been paid for and used by another City pumping station.

Bid Information:

Advertised, place and date	ETN
Bids closed on	March 25, 2014
Number of Bidders picking up bid documents	8
Number of Bidders responding to bid	3

Detailed Pricing Information:

Bidders	Total Price, incl. HST impact
BGL Contractors Corp.	\$ 355,549.44
Alpeza General Contracting Inc.	\$ 448,970.21
E.S. Fox Ltd.	\$ 528,886.41

The bids have been verified for accuracy and compliance with the Request for Tender terms and conditions.

Staff has reviewed the references of the lowest priced bidder, BGL Contractors Corp. and is satisfied with the references provided. Staff is recommending the award of the Kennedy Road Sewage Pumping Station Upgrade contract to BGL Contractors Corp. as their bid satisfied the project requirements.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

The following table is a summary of the financial considerations for this report:

Budget allocated to the Kennedy Rd Sewage Pumping Station Upgrade	\$322,553.24	Account #053- 6150-10329-005
Amount awarded for Part 1 work	\$53,281.54	
Current Budget Available	\$269,271.70	
Less Construction Cost	\$355,549.44	Award to BGL Contractors Corp.
Less Construction Contingency (10%)	\$ 35,554.94	
Total Award Cost	\$391,104.38	
Budget Remaining (Shortfall)	(\$121,832.68)	*(including HST impact)

* Budget shortfall in the amount of \$121,832.68 will be funded from the Waterworks Stabilization/Capital Reserve.

The budget shortfall of \$121,832.68 can be attributed to the following drivers:

- Longer than originally projected sewage by-pass pumping - this resulted in an increase in cost of about \$15,000;
- Need to retrofit the wet well with necessary health and safety measures for working in confined quarters - this resulted in a cost increase of about \$42,000;
- Standardization of electrical and control equipment, and software programming to meet the City's standards for sewage pumping stations, which was finalized in 2013 - the standard equipment approach will make maintenance of the station more efficient and reduce operation risks, and this resulted in an increase in cost of about \$40,000;
- Added voltage step up transformer and accessories enabling the use of a City owned mobile emergency power generator to power the station in case of power outage - this resulted in a cost increase of about \$5,000; and
- Decline in the exchange rate between Canadian and US dollars - this resulted in a cost increase of about \$20,000 for those equipment which are priced in US dollars.

HUMAN RESOURCES CONSIDERATIONS:

Not Applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not Applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Purchasing Department and Finance Department have been consulted, provided input and reviewed this report.

RECOMMENDED BY:



Peter Loukes, P.Eng.
Director, Environmental Services



Brenda Librecz
Commissioner, Community &
Fire Services