



Report to: General Committee

Report Date: March 31, 2014

SUBJECT: Award of Contract 030-T-14 Hydrant Replacement at Various Locations

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 030-T-14 Hydrant Replacement at Various Locations" be received;
- 2) AND THAT the Contract for Hydrant Replacement at Various Locations be awarded to the lowest priced bidder, VM Dimonte Construction Ltd., in the total amount of \$547,941.98 inclusive of HST;
- 3) AND THAT a contingency in the amount of \$54,794.20 (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 Water System Upgrade Program (account 053 6150 14322 005) in the amount of \$602,736.18, inclusive of HST;
- 5) AND THAT the balance remaining in the amount of \$68,879.82 in the Waterworks project for Water System Upgrade Program (account 053 6150 14322 005) after contract award be returned to original funding source;
- 6) AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain Council's approval to award Contract 034-T-14 hydrant replacement at various locations.

BACKGROUND:

Markham has three hundred and forty eight (348) model CT fire hydrants manufactured by Canron Inc. at various locations within the City. The model CT hydrants were installed in the 1970s and early 1980s in the City with ages ranging from 30 to 40 years. Canron CT hydrants are obsolete, and no longer manufactured. Parts for these hydrants are no longer available which makes it very difficult to service and repair when necessary. The hydrant replacement project is to ensure that the fire hydrants are in good working condition for fire protection needs.

A three year plan is set to replace all the existing Canron CT hydrants from 2012 to 2014. A total of two hundred and thirty four (234) of these hydrants were replaced during the 2012 and 2013 hydrant replacement contracts. After completion of the 2013 contract, it has been confirmed that the number of remaining hydrants to be replaced is 114. Among them, twenty four (24) hydrants have been scheduled for replacement as part of the on-going watermain replacement program and therefore are excluded from this award.

The remaining ninety (90) Canron CT hydrants at various locations within the City (refer to Attachment No. 1 for project locations) are included in the 2014 Contract. Completion of the 2014 Contract will conclude the three year plan for Canron CT hydrants replacement.

OPTIONS/ DISCUSSION:

Bid Information:

Advertised, place and date	ETN
Bids closed on	March 18, 2014
Number of Bidders picking up bid documents	8
Number of Bidders responding to bid	4*

* The bid document included the mandatory requirement for bidders to submit an agreement to bond. One bid was rejected / disqualified as non-compliant, for not meeting this mandatory requirement. *“As per the bid document, an agreement to bond must be submitted with all bids. Bids submitted without these required documents will be disqualified”.*

Detailed Pricing Information:

Bidders	Total Price, incl. HST impact
VM Dimonte Construction Ltd.	\$ 547,941.98
Trisan Construction	\$ 991,215.67
Sam Rabito Construction Ltd.	\$1,113,437.57

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

Compared with the 2013 hydrant replacement contract, the 2014 contract has increased by 22.1%. Staff believe the following factors have contributed to the increase cost:

- 2014 quantities have decreased by 25% compared to 2013 contract, which results in lower economies of scale
- 2014 contract includes over 40% of the hydrants located within York Region right-of-ways which results in more costs for traffic control and working near a greater number of existing utilities. The 2013 contract did not have hydrants located within York Region right-of-ways
- Increase in hydrant and other material costs

FINANCIAL CONSIDERATIONS AND TEMPLATE:

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

Original Budget from Account #053-6150-14322-005	\$671,616.00	Amount set aside for fire replacement at various locations in 2014
Less Construction Cost	\$547,941.98	Award to VM Dimonte
Less Construction Contingency (10%)	\$ 54,794.20	Construction Ltd.
Total Award Cost	\$602,736.18	
Budget Remaining	\$ 68,879.82	*(including HST impact)

*120 hydrants were budgeted to be replaced in 2014 at \$5,596.80 each based on high level estimate while actual award will be for 90 hydrants at \$6,697.07 each (including contingency and all provisional items). The section below segregates the variance of \$68,879.82 between volume and price driven variance.

	Budget	Actual	Variance
Volume	120	90	30
Unit Price	\$ 5,596.80	\$ 6,697.07	\$ (1,100.27)
Total	\$ 671,616.00	\$ 602,736.18	\$ 68,879.82

Volume Driven Variance = Volume Variance x Budgeted Unit Price = 30 x \$5,596.80 = \$167,904

Price Driven Variance = Unit Price Variance x Actual Volume = (\$1,100.27) x 90 = (\$99,024.18)

In summary, the volume difference of 30 hydrants generated a volume driven variance of \$167,904. This is offset by a price driven variance of (\$99,024.18) to net to a budget remaining of \$68,879.82 to be returned to original funding source.

HUMAN RESOURCES CONSIDERATIONS:

Not Applicable.

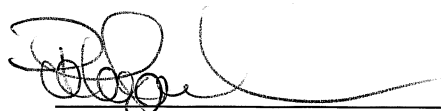
ALIGNMENT WITH STRATEGIC PRIORITIES:

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

Attachments

Attachment No. 1 - Project Location Map