

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

From: Kelly Scherr, P.Eng., MBA, FEC
Deputy City Manager, Environment & Infrastructure

Subject: Single Source: Adelaide Wastewater Treatment Plant Section 1 Restoration Design and Contract Administration

Date: February 21, 2024

Recommendation

That, on the recommendation of the Deputy City Manager, Environment & Infrastructure, the following actions **BE TAKEN** with respect to the Adelaide Wastewater Treatment Plant Section 1 Restoration project:

- a) The contract for engineering design services **BE AWARDED** to CIMA Canada Inc., in the amount of \$468,886.00 including contingency but excluding HST, as a single source award in accordance with Article 14.4.e of the Procurement of Goods and Services Policy;
- b) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix 'A'; and
- c) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.
- d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project.

Executive Summary

Section 1 at Adelaide Wastewater Treatment Plant has been out of service for decades, with all treatment occurring in Section 2. However, flows have increased to the point that the treatment capacity of Section 1 must be restored. Some design work was completed for the restoration by another consultant, but additional engineering effort is required to bring that work to a tender-ready stage.

CIMA was previously awarded the design and contract administration for flood protection at Adelaide through a competitive procurement. The timing of both projects necessitates that the work be undertaken concurrently. As a cost-saving and time-saving measure, staff plan to tender all works under a single construction contract, which would be better handled by a single design engineer and contract administrator.

The purpose of this report is to seek approval to a single source assignment to CIMA Canada Inc. for engineering services related to the restoration of Section 1 at Adelaide Wastewater Treatment Plant.

Linkage to the Corporate Strategic Plan

This report supports the 2023-2027 Corporate Strategic Plan in the following areas:

- Build infrastructure to support future development and protect the environment;
- Improve London's resiliency to respond to potential future challenges; and

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Greenway and Adelaide Wastewater Treatment Plants Climate Change Resiliency Consulting Fees Value Increase. Civic Works Committee. August 15, 2023.

Greenway and Adelaide Wastewater Treatment Plants Climate Change Resiliency Detailed Design Consultant Award. Civic Works Committee. October 4, 2022.

Adelaide WWTP Climate Change Resilience Class EA – Notice of Completion. Civic Works Committee. April 20, 2022.

Disaster Mitigation and Adaptation Fund – Contribution Agreement. Civic Works Committee. March 29, 2022.

Greenway and Adelaide Wastewater Treatment Plants Climate Change Resiliency Class Environmental Assessment Consultant Award. Civic Works Committee. March 2, 2021.

Adelaide Wastewater Treatment Plant Upgrades Consultant Award. Civic Works Committee. May 26, 2020.

2.0 Discussion and Considerations

2.1 Project History – Adelaide WWTP Section 1 Restoration

The Adelaide Wastewater Treatment Plant (WWTP) currently provides sanitary servicing for north and northeast London. It has a rated capacity of 36,400 m³/d, making it London's third-largest treatment plant. The majority of this capacity is through Section 2 at the plant, and while Section 1 still forms part of the rated treatment capacity, it is older and requires upgrades to restore it to full treatment duty. Flows in the Adelaide sewershed have increased over the past five years as a result of increased wastewater from new development and unwanted water getting into the sewer system. These flow increases mean that the treatment capacity of Section 1 will need to be fully restored in order to treat future flows. It is important that a plant has sufficient capacity both to comply with the plant's Provincial operating approval and to reduce the volume and frequency of wastewater by-passes to the Thames River.

In 2020, a Consultant was hired, through a competitive Request for Proposals process, to provide the preliminary and detailed design services to restore Section 1 and allow it to return to service. The upgrades will include the removal of outdated and inoperable equipment, installation of a modern grit removal system, channel and piping modifications, new sludge pumps, new aeration equipment, and new settling tank equipment. That Consultant has provided their final drawing set to the City.

2.2 Project History – Adelaide WWTP Flood Protection

With climate change, the City of London and other communities are experiencing more frequent and intense wet weather events, which increases the potential for flooding. Flooding is a concern at the City's wastewater treatment plants for two main reasons: damage of treatment plant components due to inundation by rising river levels; and, environmental impacts associated with the bypass of untreated or partially treated wastewater for several days following an intense wet weather event. The City of London secured the opportunity for federal funding in the amount of 40% of eligible costs through the Disaster Mitigation and Adaptation Fund to improve the resilience of the Adelaide WWTP through flood protection.

A Request for Proposals was issued for the design and contract administration of flood protection at Adelaide WWTP which followed Municipal Class Environmental

Assessment recommendations accepted in 2022. The contract was awarded to CIMA Canada Inc.

During the preliminary design and value engineering discussions, several items outside the original scope were identified as beneficial to include within this design. These items generally advance capital renewal and upgrades that would have been completed in the near future and the City will benefit from capital cost savings realized by completing these items alongside work already in design. In addition, an opportunity to construct another previously planned project at Adelaide WWTP was pursued in order to save on contract administration costs and reduce overall risk to the City. Further discussion on each additional scope item is detailed in the following sections. All items have the support of City staff for the incorporation into the overall design.

2.3 Concurrent Timelines and Opportunities for Savings

The Section 1 Restoration and Flood Protection projects at Adelaide were originally intended to be separate contracts. However, delays in delivering the design of the Section 1 project and restriction on the timing of the federal funding program for the Flood Protection project have resulted in significant overlap of the two construction periods. City staff previously recommended that the Section 1 restoration project be incorporated into the overall flood protection construction contract and that Contract Administration services should be provided by one Consultant (CIMA Canada Inc.). The reduction in duplicated services is expected to provide an overall benefit to the City in both cost and coordination capacity. Contract administration services have already been awarded to CIMA.

However, upon further review, the drawing package provided previously was found to be lacking details and design features considered important to the overall tender package. As a result, staff requested and received a proposal from CIMA to revise the design and produce a final sealed tender package to be incorporated into the flood protection project. The total value of that proposal is \$468,886.00, including contingency but excluding HST.

2.4 Procurement of Services

Staff are recommending the award of these design and tendering services to CIMA Canada Inc. as a single source award in accordance with Article 14.4.e of the Procurement of Goods and Services Policy: "The required services are to be supplied by a particular supplier having special knowledge, skills, expertise or experience." CIMA's status as the design engineer and contract administrator for the Adelaide Flood Protection project, coupled with the financial advantages available to the City through consolidating the two construction and contract administration contracts, uniquely positions CIMA to provide these services to the City.

In order to maintain timelines required under the Disaster Mitigation and Adaptation Fund, staff also invoked Article 4.3.d of the Policy and instructed CIMA to proceed with the first stages of the design revision on February 6, 2024. That Article references the Deputy City Manager's authorization to award services without competitive procurement in the presence of a triggering event.

In this case, the triggering event was the determination that additional design services were required in order to successfully tender the works for the restoration of Section 1. If those works are not incorporated into the Flood Protection project, then the Section 1 Restoration project would need to be delayed by two (2) years to allow Flood Protection to be completed. The Flood Protection project cannot be delayed without jeopardizing over \$8 million in federal funding. A failure to tender the Section 1 Restoration project in 2024 poses an operational risk to the City that Adelaide WWTP may not be capable of meeting future treatment capacity needs and a financial risk in that opportunities for efficiency through project consolidation would be lost and material cost escalations are expected to occur over 2-3 years.

3.0 Financial Impact/Considerations

The detailed source of financing is included in Appendix A of this report. The additional engineering services scope can be funded from existing capital sources as shown.

Conclusion

The upgrades described in this report will provide the City with a more robust and resilient treatment facility that will service future growth in north-west London. By completing both the Flood Protection and Section 1 restoration projects concurrently, the overall cost and risk to the City is expected to be reduced. It is recommended that a consulting assignment to create a tender-ready design for the restoration of Section 1 at Adelaide WWTP be awarded to CIMA Canada Inc. in the total amount of \$468,886.00 plus HST be approved for this project.

Prepared by: Kirby Oudekerk, MPA, P.Eng.
Division Manager, Wastewater Treatment Operations

Submitted by: Ashley Rammeloo, MMSc., P. Eng.
Director, Water, Wastewater and Stormwater

Recommended by: Kelly Scherr, P. Eng., MBA, FEC
Deputy City Manager, Environment & Infrastructure

Appendix 'A' Source of Financing

cc: Steve Mollon, Senior Manager, Procurement and Supply
Jason Davies, Manager III, Financial Planning and Policy
Zeina Nsair, Financial Business Administrator, Finance and Corporate Services

Appendix "A"

#24027

February 21, 2024
(Award Contract)

Chair and Members
Civic Works Committee

RE: Single Source: Adelaide Wastewater Treatment Plant Section 1 Restoration Design and Contract Administration
(Subledger FS20AD02)
Capital Project ES5234 - Adelaide WWTP Flood Protection
CIMA Canada Inc. - \$468,886.00 (excluding HST)

Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget and that, subject to the approval of the recommendation of the Deputy City Manager, Environment and Infrastructure, the detailed source of financing for this purchase is:

Estimated Expenditures	Approved Budget	Committed To Date	This Submission	Balance for Future Work
Engineering	1,362,525	885,387	477,138	0
Construction	9,059,969	12,980	0	9,046,989
Total Expenditures	\$10,422,494	\$898,367	\$477,138	\$9,046,989

Sources of Financing

Debenture Quota (Note 1)	1,000,000	0	0	1,000,000
Drawdown from Sewage Works Renewal Reserve Fund	9,422,494	898,367	477,138	8,046,989
Total Financing	\$10,422,494	\$898,367	\$477,138	\$9,046,989

Financial Note:

Contract Price	\$468,886
Add: HST @13%	60,955
Total Contract Price Including Taxes	529,841
Less: HST Rebate	-52,703
Net Contract Price	<u>\$477,138</u>

Note 1: Note to City Clerk: Administration hereby certifies that the estimated amounts payable in respect of this project does not exceed the annual financial debt and obligation limit for the Municipality from the Ministry of Municipal Affairs in accordance with the provisions of Ontario Regulation 403/02 made under the Municipal Act, and accordingly the City Clerk is hereby requested to prepare and introduce the necessary by-laws.

An authorizing by-law should be drafted to secure debenture financing for project ES5234 -Adelaide WWTP Flood Protection for the net amount to be debentured of \$1,000,000.

Jason Davies
Manager of Financial Planning & Policy

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