

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

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

Subject: RFT-2024-049 Greenway Incinerator Rebuild Tender Award
– Irregular Result

Date: May 22, 2024

Recommendation

That, on the recommendation of the Deputy City Manager, Environment and Infrastructure, the following actions **BE TAKEN** with respect to the award of contract for rebuilding the incinerator at Greenway Wastewater Treatment Plant:

- a) The bid submitted by Lor-Don Limited at its tendered price of \$10,168,921.95, excluding HST, for the rebuild of the Greenway Incinerator **BE ACCEPTED**;
- b) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix “A”;
- c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;
- d) the approval given, herein, **BE CONDITIONAL** upon the Corporation entering into a formal contract, or issuing a purchase order for the material to be supplied and the work to be done, relating to this project; and
- e) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

Executive Summary

Incineration is the final process in the solids handling facility at Greenway, enabling the safe disposal of the waste solids generated at London’s five wastewater treatment plants. Re-building the incinerator now will restore it for reliable service over the next 10 years, over which time new alternatives for solids disposal will also be developed and adopted.

This report recommends the award of a tender to Lor-Don Limited to undertake the rebuild of the incinerator at Greenway Wastewater Treatment Plant. The tender returned an irregular result because only one bidder submitted a tender. That single tender was from a pre-qualified contractor with good experience at Greenway WTP, and the cost was within budget and pre-tender estimates.

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.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- Approval of a Roster of Vendors for Wastewater Solids Disposal Services. Civic Works Committee. April 30, 2024.
- Planned Rebuild of Incinerator Systems at Greenway Wastewater Treatment

Plant – Procurement Approvals. Civic Works Committee. October 24, 2023.

- Planned Rebuild of Incinerator Systems at Greenway Wastewater Treatment Plant – Single Source. Civic Works Committee. March 21, 2023.

2.0 Discussion and Considerations

2.1 Discussion

Greenway Wastewater Treatment Plant is the City's largest treatment plant. It is also the location of a centralized solids handling facility that processes the waste sludge removed from wastewater at all five City wastewater treatment plants in preparation for disposal. The final treatment process at Greenway is incineration, which takes the solids removed from wastewater through the treatment process and burns them at temperatures approaching 900 degrees Celsius. This reduces the solids to an inert ash that is ready for safe disposal.

The current incinerator and many associated parts were initially installed in 1986. By rebuilding the incinerator now, the intent is to provide reliable operation for the next 10 years. City staff are evaluating various potential strategies that will be put in place prior to the next end-of-life cycle.

2.2 Project and Procurement Description

The project involves demolishing the existing incinerator, rebuilding it in place, and replacing the key related infrastructure like ductwork, expansion joints and dampers.

The work is scheduled to take 180 working days to substantially complete and will start summer 2024. While the incinerator is out of service, solids disposal will need to be completed through the roster of vendors previously approved by Council. Since costs of alternative solids disposal methods are higher than incineration, incentive and disincentive clauses have been built into the construction contract to ensure that the timeline is met or improved upon.

The procurement of a general contractor to complete the Greenway Incinerator rebuild was conducted as a two-part process, with prospective contractors first pre-qualified to bid based on their experience, expertise and capacity as determined by RFPQ-2023-270, which was published publicly on November 9, 2023. These pre-qualified contractors were then invited to submit tenders. Of the three firms who were pre-qualified, only one submitted a tender: Lor-Don Limited. The tender price of \$10,168,921.95, excluding HST, was within the pre-tender estimate and available budget. As per Section 13.2 of the Procurement of Goods and Services Policy, Committee and City Council must approve award of tenders greater than \$6,000,000.

Since there was only one compliant tender submitted, Section 19.4 of the Procurement of Goods and Services policy was applied. The decision was jointly made by the Senior Manager, Procurement and Supply and the Deputy City Manager, Environment and Infrastructure to open the single bid, which was subsequently found to be compliant and acceptable.

3.0 Financial Impact/Considerations

The detailed source of financing is included in Appendix 'A' of this report. Costs will be funded from existing capital accounts.

Conclusion

The re-build of the Greenway Incinerator is essential work that needs to be undertaken to ensure the continued effective disposal of waste solids from the wastewater treatment process. Lor-Don Limited submitted the only tender in a competitive process and is considered well-qualified to undertake the work required. Staff recommends that the contract be awarded on this basis.

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

Submitted by: Ashley M. 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"

#24087

May 22, 2024
(Award Contract)

Chair and Members
Civic Works Committee

RE: Greenway Incinerator Rebuild
(Subledger FS23GW01)
Capital Project ES3080 - Greenway Incinerator Refurbishment
Capital Project ES5022 - Biosolids Processing Upgrades
Lor-Don Limited - \$10,168,921.95 (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 is:

Estimated Expenditures	Approved Budget	Committed To Date	This Submission	Balance for Future Work
ES3080 - Greenway Incinerator Refurbishment				
Engineering	2,190,684	2,184,618	0	6,066
Construction	11,066,712	6,157,851	2,318,821	2,590,040
City Related Expenses	613,962	613,962	0	0
Vehicle and Equipment	5,545,287	5,545,287	0	0
ES3080 Total	19,416,645	14,501,718	2,318,821	2,596,106
ES5022 - Biosolids Processing Upgrades				
Engineering	237,313	237,313	0	0
Construction	11,199,822	50,854	8,029,074	3,119,894
Vehicle and Equipment	487,868	487,868	0	0
ES5022 Total	11,925,003	776,035	8,029,074	3,119,894
Total Expenditures	\$31,341,648	\$15,277,753	\$10,347,895	\$5,716,000

Sources of Financing

ES3080 - Greenway Incinerator Refurbishment				
Capital Sewer Rates	7,526,136	7,526,136	0	0
Debenture By-law No. W.-5590-307	1,812,530	0	0	1,812,530
Drawdown from Sewage Works Renewal Reserve Fund	10,077,979	6,975,582	2,318,821	783,576
ES3080 Total	19,416,645	14,501,718	2,318,821	2,596,106
ES5022 - Biosolids Processing Upgrades				
Debenture Quota (Note 1)	7,026,956	0	3,907,062	3,119,894
Drawdown from Sewage Works Renewal Reserve Fund	4,898,047	776,035	4,122,012	0
ES5022 Total	11,925,003	776,035	8,029,074	3,119,894
Total Financing	\$31,341,648	\$15,277,753	\$10,347,895	\$5,716,000

Financial Note:	ES3080	ES5022	Total
Contract Price	2,278,716	7,890,206	\$10,168,922
Add: HST @13%	296,233	1,025,727	\$1,321,960
Total Contract Price Including Taxes	2,574,949	8,915,933	11,490,882
Less: HST Rebate	-256,128	-886,859	-\$1,142,987
Net Contract Price	\$2,318,821	\$8,029,074	\$10,347,895

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 ES5022 - Biosolids Processing Upgrades for the net amount to be debentured of \$7,026,956

Jason Davies
Manager of Financial Planning & Policy