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<b>TO:</b>	<b>CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON MAY 26, 2014</b>
<b>FROM:</b>	<b>JOHN BRAAM, P. Eng. MANAGING DIRECTOR, ENVIRONMENTAL &amp; ENGINEERING SERVICES &amp; CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>CONTRACT AWARD: TENDER NO. 14-08 2014 INFRASTRUCTURE LIFECYCLE RENEWAL PROGRAM CONTRACT 1: SIMCOE STREET AND HENRY STREET RECONSTRUCTION IRREGULAR RESULT</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Environmental & Engineering Services & City Engineer, the following actions **BE TAKEN** with respect to the award of contracts for the 2014 Infrastructure Lifecycle Renewal Program, Contract 1: Simcoe Street and Henry Street Reconstruction Project:

- (a) the bid submitted by Tri-Con Excavating Incorporated, at its tendered price of \$3,217,385.41, excluding HST, for the 2014 Infrastructure Lifecycle Renewal Program, Contract 1 project, **BE ACCEPTED**; it being noted that the bid submitted by Tri-Con Excavating Incorporated represents the 2<sup>nd</sup> lowest compliant bid (third lowest of seven bids received) and meets the City's specifications and requirements in all areas;
- (b) Spriet Associates London Limited (Spriet), 155 York Street, London ON, N6A 1A8, **BE AUTHORIZED** to carry out the resident inspection and contract administration for the said project in accordance with the estimate, on file, at an upset amount of \$249,474.50, including contingency and excluding HST, based upon the Fee Guideline for Professional Engineering Services, recommended by the Ontario Society of Professional Engineers; and in accordance with Section 15.2 (g) of the City of London's Procurement of Goods and Services Policy, noting that this firm completed the engineering design for this project;
- (c) minor future additional annual operating costs of \$450.00 **BE RECOGNIZED** as a result of this project noting that these costs are as a result of new infrastructure installation and will be considered and accommodated within future Wastewater & Treatment operating budgets;
- (d) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix "A";
- (e) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;
- (f) 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 (Tender 14-08); and
- (g) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- Appointment of Consulting Engineers, Infrastructure Lifecycle Renewal Program 2014-15 (Contract 1), Civic Works Committee, May 27, 2013, Agenda Item # 13

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## BACKGROUND

### Purpose:

This report recommends award of a tender to a contractor and continuation of consulting services for the reconstruction of:

- Simcoe Street between Clarence Street and Colborne Street
- Henry Street between Horton Street and Simcoe Street

This work includes installation of new storm sewers, replacement of existing sanitary sewers, watermain and lead water service replacement, construction of new sidewalks, curb and gutter, and asphalt road.

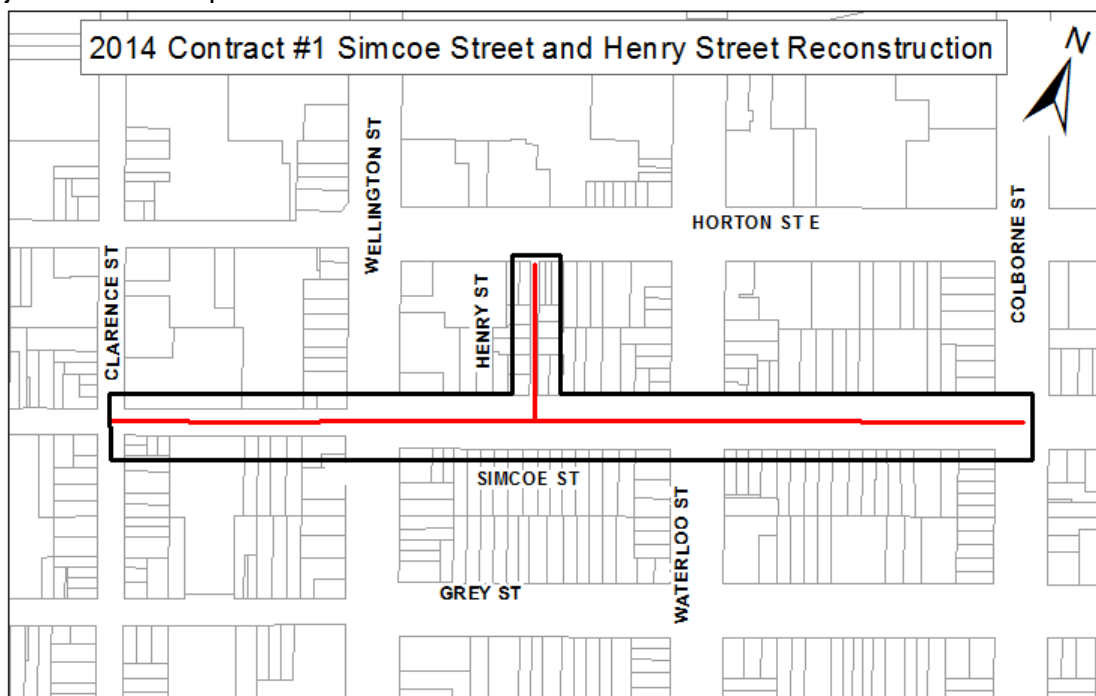
Infrastructure replacement needs have been coordinated with Wastewater & Drainage Engineering (WADE), Water Engineering, Transportation Planning & Design, and London Hydro for efficient use of funds during construction.

The design of the Simcoe/Henry Street project was included in the approved 2013 Wastewater & Treatment and Water Capital Works Budgets. This construction was included in the approved 2014 Wastewater & Treatment and Water Capital Works Budgets.

### Discussion:

Simcoe Street has been identified as a high priority in the replacement programs due to the age and poor condition of the municipal infrastructure and the need to separate existing combined sewers. The existing combined sewers, private drain connections and cast iron watermains were originally installed in 1880-1915 (one block of watermain on Simcoe (Clarence to Wellington) is 1975 Ductile Iron pipe) and have reached the end of their life expectancy.

A project location map is included for reference.



This project removes 500 meters of existing combined sewers on Simcoe Street between Wellington Street and Colborne Street. New, separate sanitary and storm sewers effectively removes storm water from the sanitary sewer, which reduces the risk of basement flooding and sewer overloading. It also provides the added benefit of reduced treatment costs to the City at the Wastewater Treatment Plants. Removing these extraneous flows also will result in fewer combined sewer overflows, which provides direct environmental benefits such as the water quality and aquatic habitat of the Thames River.

The construction program also includes replacement of lead water services within the City's right-of-way, replacement of private drain connections where requested, replacement of curb and gutter, new sidewalks and full asphalt road replacement for the full limits of construction. London Hydro will be installing new plant underground in conjunction with this project.

A public information centre was held on December 5, 2013 specifically for all owners and residents within and immediately bordering the project area to address questions and concerns.

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In conjunction with the construction of this Capital Works Project, the City is administering the Private Drain Connection (PDC) program which allows property owners within the projects limits an opportunity to voluntarily replace their PDC's at a subsidized cost under the authority of City By-laws. As part of this project, the water service connection will be replaced to the property line at the City's cost and the property owner may elect to replace their private side connection at their cost. Homeowners may be eligible to participate in the Lead Service Extension Replacement Loan Program.

**Tender Summary:**

Tenders for the 2014 Infrastructure Lifecycle Renewal Program, Contract #1 project were opened on February 19, 2014, Seven (7) contractors submitted tender prices as listed below, excluding HST.

CONTRACTOR		TENDER PRICE SUBMITTED	CORRECTED TENDER PRICE
1.	Bre-Ex Construction Inc.	\$3,062,470.51	\$3,041,308.33
2.	Elgin Construction Ltd.	\$3,073,305.06	
3.	Tri-Con Excavating Inc.	\$3,217,385.41	
4.	291 Construction Ltd.	\$3,408,127.58	
5.	United Contracting	\$3,429,249.00	\$3,426,809.00
6.	Omega Contractors Inc.	\$3,561,231.13	\$3,561,445.13
7.	L82 Construction Ltd.	\$3,703,141.62	

All tenders have been checked by the Environmental and Engineering Services Department and the City's consultant, Spriet. Three of the submitted tenders were found to contain minor mathematical errors; however the order of the bidders remains unchanged.

Following review of the bids, it was found that the bid submitted by Bre-Ex Construction Inc. was not in conformance with Sections 9(b) and 9(g) of the Information to Tenders section of the tender.

Section 9(b) of the Information to Tenderers states that "the Tenderer shall submit the Form of Tender issued by the Contract Administrator". In this case, Bre-Ex incorrectly submitted the form of tender (FT-1, FT-2) from T14-04.

Section 9(g) of the Information to Tenderers states that "the Tenderer shall not apply any conditions whatsoever to the Total Contract Price". The Form of Tender submitted by Bre-Ex identifies a project completion date of October 31, 2014 which is inconsistent with the official contract of 110 working days.

The City of London formally rejected the low bid submitted for this project as a non-compliant bid. The resulting appeal by Bre-Ex was denied by Council on May 6, 2014. At that time, the tendered contract was beyond the 60 day price validity period. The bidding contractors were no longer obligated to hold their submitted tendered bids. The City had two options to consider: re-tender the project in 2015, or offer the project to the next lowest bidder with the condition that if accepted, the bidder must adhere to all terms and conditions of the original submitted bid, including no changes to pricing.

It is desirable to complete this project in 2014 since it allows for the work to be completed as scheduled and avoids additional costs associated with deferring this project including, but not limited to, consulting fees and annual construction cost increases.

The City contacted Elgin Construction, as they were the 2nd lowest bid on this project, with an offer to award them the project under the same terms and conditions of the original tender on May 7, 2014. Elgin Construction formally turned down the offer to complete this project via email on May 8, 2014.

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The City subsequently contacted Tri-Con Excavating on May 8, 2014 to offer this project under the same terms and conditions of the original tender as Tri-Con Excavating submitted the 3rd lowest bid for this project. Tri-Con Excavating provided formal acceptance of the offer via email on May 9, 2014 indicating that Tri-Con Excavating is interested in undertaking this project under the same terms and conditions offered to the City in their original bid submission. This award is an Irregular Result as per section 8.10 (d) of the Procurement of Goods and Services Policy.

The tender estimate just prior to tender opening was \$ \$2,900,000.00, excluding HST. All tenders include a contingency allowance of \$250,000.00, excluding HST.

Minor future additional annual operating costs of \$450.00 are recognized as a result of this project noting that these costs are attributed to new infrastructure installation and will be considered and accommodated within future Wastewater & Treatment operating budgets.

**Consulting Services:**

Spriet was awarded the detailed design by Council on May 27, 2013. Due to their knowledge and experience with this project, Spriet was requested to submit a proposal to carry out the contract administration and resident supervision for this project. In accordance with Section 15.2 (g) of the City of London’s Procurement of Goods and Services Policy, the administration is recommending that Spriet be authorized to carry out the remainder of engineering services to complete this project for the provided fee estimate of \$249,474.50, excluding HST, noting the upset amount for total engineering services for the project is \$463,677.50, excluding HST, spread over 2013 – 2014.

**Conclusions:**

Award of the 2014 Infrastructure Lifecycle Renewal Program, Contract #1 to Tri-Con Excavating Inc. will allow the project to be completed in 2014 under the same terms and conditions of the original tender and allows objectives to be met within the available budget.

The use of Spriet Associates London Limited for the remainder of engineering services for this project is in the best financial and technical interests of the City.

**Acknowledgements:**

This report was prepared within the Wastewater and Drainage Engineering Division by Kyle Chambers, P.Eng., Environmental Service Engineer, Wastewater and Drainage Engineering, and John Freeman, Manager, Purchasing and Supply.

<b>SUBMITTED BY:</b>	<b>RECOMMENDED BY:</b>
<b>TOM COPELAND, P. ENG. DIVISION MANAGER, WASTEWATER &amp; DRAINAGE ENGINEERING</b>	<b>JOHN LUCAS, P. ENG. DIRECTOR, WATER AND WASTEWATER</b>
<b>CONCURRED BY:</b>	
<b>JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL &amp; ENGINEERING SERVICES &amp; CITY ENGINEER</b>	

May 21, 2014

Attach: Appendix “A” – Sources of Financing

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c.c.	Roland Welker	Pat Shack	John Simon	Rick Pedlow
	Justin Lawrence	Geoff Belch	Dave Munteer	Mike Turner
	Tri-Con Excavating Inc.		Chris Lierman – Spriet	