

TO:	CHAIR AND MEMBERS BUILT AND NATURAL ENVIRONMENT COMMITTEE MEETING ON SEPTEMBER 26, 2011
FROM:	RON STANDISH, P. Eng. DIRECTOR, WASTEWATER AND TREATMENT PLANNING, ENVIRONMENTAL AND ENGINEERING SERVICES
SUBJECT:	CONTRACT AWARD: TENDER 11-91 (ID1168-3A AND ID2058-3A) INNOVATION PARK INDUSTRIAL SUBDIVISION PHASE 3 SANITARY SEWER EXTENSION

RECOMMENDATION

That, on the recommendation of the Director, Wastewater and Treatment, Planning, Environmental and Engineering Services, the following actions **BE TAKEN** with respect to the award of a contract for the Innovation Park Industrial Subdivision Phase 3 Sanitary Sewer Extension Project (ID1168-3A and ID2058-3A):

- (a) the bid submitted by L82 Construction Ltd., 270 Huron Street, Ste. A, London, ON, N5V 5A7 at its tendered price of \$554,715.58 (excluding HST), for the construction of the Innovation Park Industrial Subdivision Phase 3 Sanitary Sewer Extension Project, **BE ACCEPTED**; it being noted that the bid submitted by L82 Construction Ltd. was the lowest of nine (9) bids received and meets the City's specifications and requirements in all areas;
- (b) the contract with AECOM, 410-250 York Street, Citi Plaza, London ON, N6A 6K2, **BE INCREASED** by \$81,312 to carry out the resident inspection and contract administration for the said project; it being noted that this new and additional scope of work increases the original upset limit to \$1,613,877 (excluding HST) in accordance with the estimate on file, noting that this firm completed the engineering design, based upon the Fee Guideline for Professional Engineering Services, 2006, recommended by the Ontario Society of Professional Engineers; and in accordance with: Section 15.2 g) of the Procurement of Goods and Services Policy;
- (c) minor future additional annual operating costs of \$1,000 **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 the project **BE APPROVED** in accordance with 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: (i) 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 11-91); and (ii) the completion of the land sale to Dr. Oetker; and
- (g) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

- ETC Report of 2009-06-22, Agenda Item #12: "Appointment of Consulting Engineer Innovation Park – Phase 3 Pre-Design"
- ETC Report of 2009-07-20, Agenda Item #15: "Appointment of Consulting Engineer

- Innovation Park – Phase 3 Detail Design”
- BOC Report of 2009-11-04, Agenda Item #2: “Contract Award – Tender No. 09-104 ID2058-1239, Innovation Park Industrial Area Sanitary Trunk Sewer Extension”
- BOC Report of 2010-02-10, Agenda Item #4: “Infrastructure Stimulus Fund Contract Award – Tender No. 10-12 ID1168-1239, ID2058-1239, and EW3606-1239, Innovation Park Industrial Subdivision Phase 3”
- Council Minutes of 2011-05-09, 17th Report of the Committee of the Whole, Item 3, “Offer from Dr. Oetker Canada Ltd to Purchase Block 3 and Part of Block 4, Plan 33M-627 Innovation Park Phase 3”

The reports and minutes noted above can be found at:

<http://www.london.ca/d.aspx?s=/meetings/ccminutes.htm>

BACKGROUND

Purpose:

AECOM completed the design and tender for Innovation Park Industrial Subdivision Phase 3 Sanitary Sewer Extension. The purpose of this report is to recommend that L82 Construction Ltd. be awarded the construction contract for this project and that AECOM be authorized to complete the resident inspection and contract administration for this project.

Discussion:

Innovation Park is a key part of the City’s Industrial Land Development Strategy (ILDS). The overall Airport Road South Industrial Area is generally bounded by Old Victoria Road to the west, Thames River to the north, City of London boundary to the east and Highway 401 to the south. The total area is in the order of 600 gross hectares (1500 acres), of which the City owns approximately 242 gross hectares (598 acres). The City’s development, Innovation Park, has been developed in phases and stages that have been subject to demand and funding. Phase 3 is located west of Veterans Memorial Parkway and south of Bradley Avenue and provides approximately 50 hectares (124 acres) of serviced industrial land.

This sanitary sewer extension project is a result of recent negotiations to purchase approximately 27 hectares (67 acres) of Block 3 and part of Block 4 within Innovation Park Phase 3 by Dr. Oetker Canada Ltd. As part of the terms of the Agreement of Purchase and Sale, the City has agreed to extend and realign the existing trunk sanitary sewer to allow for a larger development to be accommodated on Block 3 for Dr. Oetker (see Appendix “B” for reference map). The City has also agreed to complete this sanitary sewer work within 6 months of the closing of the land deal. This contract has been structured such that it will proceed to construction once the land sale to Dr. Oetker has been completed.

The preliminary design, detail design and tender of this project were new and additional scope of work to the original AECOM engineering assignment. The fees for the preliminary design, detail design and tender of this project are being accommodated within the existing engineering assignment as a scope change. The engineering fees for the resident inspection and contract administration required for the construction of this project are also new and additional scope of work to the original assignment. The fees for the resident inspection and contract administration are recommended to be accommodated for by increasing the upset limit of the original AECOM engineering assignment to account for this new scope of work.

Tenders for the Innovation Park Industrial Subdivision Phase 3 Sewer Extension Project were opened on September 14, 2011. Nine (9) contractors submitted tender prices as listed below (exclusive of HST):

CONTRACTOR		TENDER PRICE SUBMITTED	CORRECTED TENDER PRICE
1.	L82 Construction Ltd.	\$554,715.58	-
2.	Blue-Con Construction	\$571,786.50	-
3.	Van Bree Drainage	\$600,100.00	-
4.	J-Aar Excavating	\$609,062.15	-
5.	291 Construction	\$634,442.77	-
6.	CH Excavating	\$640,438.75	\$640,439.77
7.	Ingerwood Construction	\$670,465.90	\$670,546.42
8.	AAR-Con Excavating	\$674,810.00	-
9.	Elgin Construction	\$768,175.36	-

All tenders have been checked by the Finance and Corporate Services Department, Planning, Environmental and Engineering Services Department, and AECOM. Two (2) of the tender bids contained a mathematical error. The corrected amount had no effect on the ranking of the tenders. The tender estimate just prior to tender opening was \$721,500 (excluding HST). All tenders include a contingency allowance of \$150,000.00 (excluding HST).

Conclusions:



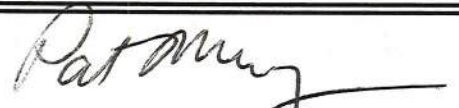
L82 Construction Ltd. has successfully completed numerous projects of similar size and nature to this project for the City. The City's consultant for this project, AECOM has reviewed the submitted tender as well as additional information provided by L82 Construction and AECOM is recommending that the tender be awarded to L82 Construction. Administration is in agreement with AECOM's recommendation; therefore, it is recommended that L82 Construction Ltd. be awarded the construction contract for the Innovation Park Industrial Subdivision Phase 3 Sanitary Sewer Extension Project in the amount of \$554,715.58 (including contingency), exclusive of HST. The implementation of this contract is contingent upon the completion of the land sale with Dr. Oetker.

AECOM has demonstrated an understanding of the City's requirements for this project and will provide value to the City. Their proposal and work program meet the schedule and delivery requirements of the City and they have provided excellent service. Therefore, it is recommended that AECOM be authorized to complete the resident supervision and general administration as well as development related support for this project in the amount of \$81,312, exclusive of HST. This engineering consultant assignment is in compliance with the Procurement of Goods and Services Policy clause 15.2 'g'. It being noted that this work was not included in the original scope of work previously awarded AECOM and increases the total engineering fees for the Innovation Industrial Park Phase 3 engineering assignment to an upset limit of \$1,613,877 (excluding HST).

Minor future additional annual operating costs of \$1,000 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.

Acknowledgements:

This report was prepared within the Planning, Environmental and Engineering Services Department by Steve Mansell, Senior Technologist, Shawna Milanovic, Environmental Services Engineer, and Robert Sutton, P.Eng., Acting Manager, Industrial Land Development and reviewed with Bill Warner, Manager, Realty Services.

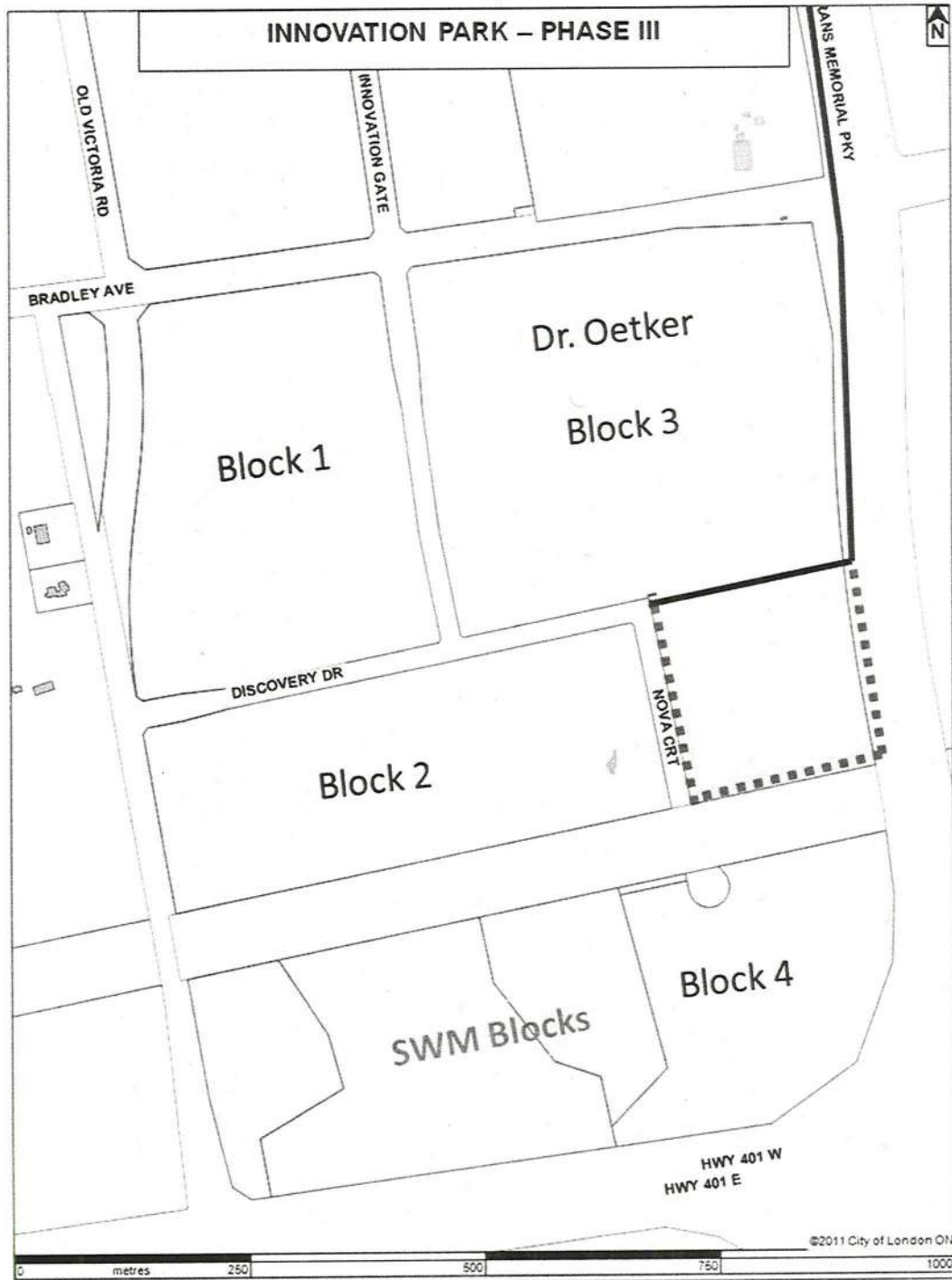
SUBMITTED BY:	RECOMMENDED BY:
	
ROBERT SUTTON, P. Eng. ACTING MANAGER INDUSTRIAL LAND DEVELOPMENT	RON STANDISH, P.ENG. DIRECTOR, WASTEWATER AND TREATMENT – PLANNING, ENVIRONMENTAL AND ENGINEERING SERVICES
REVIEWED & CONCURRED BY:	
	
PAT MCNALLY, P.ENG. EXECUTIVE DIRECTOR OF PLANNING, ENVIRONMENTAL AND ENGINEERING SERVICES	

September 19, 2011

Attach: Appendix "A" – Sources of Financing
Appendix "B" – Reference Map

c.c.: L82 Construction Ltd.
AECOM
John Braam, City Engineer
Tom Johnson, Corporate Assets
Carolyn Malott, Administrative Services

APPENDIX "B" REFERENCE MAP



LOCATION MAP

EXISTING SANITARY SEWER —————

SANITARY SEWER EXTENSION - - - - -

CITY-OWNED INDUSTRIAL LANDS □



Chair and Members
 Built and Natural Environment Committee

September 16, 2011
 (Award Contract)

RE: Innovation Park Industrial Subdivision Phase 3 Sanitary Sewer Extension
New Capital Budget Project ID1168-3A - Innovation Park - Dr. Oetker
New Capital Budget Project ID2058-3A - Innovation Park - Sewer Oversizing Dr. Oetker
L-82 Construction Ltd. - \$554,715.58 (excluding H.S.T.)
AECOM - \$81,312 (excluding H.S.T.)

FINANCE DEPARTMENT REPORT ON THE SOURCES OF FINANCING:

Finance Department confirms that the cost of this project can not be accommodated within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Director, Wastewater and Treatment, the detailed source of financing for this project is:

	Approved Budget	Revised Budget	This Submission
ESTIMATED EXPENDITURES			
ID1168-3A - Innovation Park-Dr. Oetker			
Engineering	\$0	\$45,509	\$45,509
Construction	0	310,463	310,463
City Related Expenses	0	29,028	29,028
	0	385,000	385,000
ID2058-3A - Innovation Park-Sewer Oversizing Dr.Oetker			
Engineering	0	37,235	37,235
Construction	0	254,016	254,016
City Related Expenses	0	23,749	23,749
	0	315,000	315,000
NET ESTIMATED EXPENDITURES	\$0	\$700,000	\$700,000
SOURCE OF FINANCING:			
ID1168-3A - Innovation Park-Dr. Oetker			
Drawdown from Industrial Land Reserve Fund	2) \$0	\$385,000	\$385,000
ID2058-3A - Innovation Park-Sewer Oversizing Dr.Oetker			
Drawdown from Industrial Oversizing Sewer Reserve Fund	3) 0	287,620	287,620
Drawdown from City Services - Sewers Reserve Fund (Development Charges)	3&4) 0	27,380	27,380
	0	315,000	315,000
TOTAL FINANCING	\$0	\$700,000	\$700,000

1) **Financial Note:**

	AECOM Engineering	L-82 Construction	City Related Expenses	Total
Contract Price	\$81,312	\$554,716	\$51,865	\$687,893
Add: HST @13%	10,571	72,113	6,742	89,426
Total Contract Price Including Taxes	91,883	626,829	58,607	777,319
Less: HST Rebate	9,139	62,350	5,830	77,319
Net Contract Price	\$82,744	\$564,479	\$52,777	\$700,000

- 2) The funding requirement of \$385,000 is available as a drawdown from the Industrial Land Reserve Fund. The uncommitted balance in this reserve fund will be approximately \$102,000 with the approval of this project.
- 3) The funding requirement of \$287,620 is available as a drawdown from the Industrial Oversizing Sewer Reserve Fund and \$25,642 from the City Services - Sewer Reserve Fund (Development Charges). The uncommitted balance in the Industrial Oversizing Sewer Reserve Fund will be approximately \$5,563,400 with the approval of this project.
- 4) Development charges have been utilized in accordance with the underlying legislation and the Development Charges Background Studies completed in 2009.
- 5) Minor future additional annual operating costs of \$1,000.00 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.


 Larry Palarchio
 Director of Financial Planning & Policy