

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING OF WEDNESDAY, JUNE 8, 2016
FROM:	JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER
SUBJECT	WICKERSON PUMPING STATION UPGRADES ADDITIONAL FUNDING EW3653

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the Wickerson Pumping Station Upgrades:

- (a) The current construction contract in place with H2 Ontario Inc. **BE INCREASED** by \$80,000 (excluding H.S.T.) from \$375,898 to \$455,898 in accordance with Section 20.3(e) of the City of London's Procurement of Goods and Services Policy;
- (b) the financing for this request **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.

It being noted that this is a growth related project and is 100% funded from Development Charges and adequate funds are available in the project budget.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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[Appointment of Consulting Engineer Detailed Design of the Wickerson Road Water Pumping Station Upgrade - EW3653](#)

BACKGROUND

Purpose

This report seeks the approval of the Municipal City Council for \$80,000 to fund the Wickerson Pumping Station Upgrades due to unforeseen additional costs and to restore the project's original contingency.

Discussion

The pumping station upgrades are intended to improve flow capacity and pressure in the Wickerson service area, which is located just west of Byron.

New subdivisions in this service area are currently awaiting completion of the pumping station in order to develop. The scope of the work includes: upgrading the three pumps which are currently in operation, replacement of the electrical drives for each pump, and piping modifications.

Complex projects of this nature are often undertaken in two stages, equipment pre-selection and the main construction contract. Major mechanical equipment may be selected in advance of completion of the final design and tendering of the construction contract for one or more of the following reasons:

- To provide equipment having the lowest life cycle cost versus the lowest purchase cost.
- To provide adequate lead time for exceptionally long delivery equipment whereas the construction contract may be relatively short duration.
- To provide dimensional and loading (weight) information for large pieces of equipment which may influence the final design of the building/structure.

Once the equipment is selected in discussion with City staff and our project Consultant, the equipment supplier is named and then specified, along with a firm price for the equipment, in the tender form of the main construction contract. Once the general contractor is selected through the tender process, they are obligated to purchase the equipment from the named supplier at the stated price.

In this particular situation the equipment and supplier were selected in the fall of 2015 and the construction contract was tendered in December, 2015. Throughout the first few months of 2016, our Consultant was attempting to acquire information from the pump supplier to confirm the pump order. At some point, it became evident that pre-selected supplier did not have the support of the manufacturer and may not have been or had recently lost their designation as an authorized supplier which affected the quality of their submission. In addition, the warranty submitted from the pump manufacturer did not apply to the pumps that we selected. In discussions with the supplier it was agreed that they would withdraw their submission and the pre-selection would be cancelled after consultation with the City's Purchasing and Supply & Legal Departments.

Given the urgency of the project, the low construction contract bidder was engaged in problem solving discussions and awarded the construction contract administratively in April, 2016, with the understanding that they would purchase the specified pumps from an authorized supplier who also participated in the pre-selection process and maintain the price offered by them at that time. The price differential between the original supplier and the authorized supplier is approximately \$60,147.

H2 Ontario Inc. is anxious to move the project forward and has started construction planning and have requested certified shop drawings for the pumps from the authorized supplier. Pump delivery is expected in September, 2016 at which time payment releases will begin.

CONCLUSIONS

Staff is recommending that funding of \$80,000 be approved to order the pumps and retain the projects contingency allowance. The project budget is available to cover this expense. This will bring the total project cost to \$455,898 (excluding H.S.T.).

Acknowledgements

This report was prepared by Kevin Graham, E.I.T. in the Water Engineering Division.

PREPARED BY:	REVIEWED & CONCURRED BY:
ROLAND WELKER, P. ENG. DIVISION MANAGER WATER ENGINEERING	JOHN LUCAS, P. ENG. DIRECTOR, WATER AND WASTEWATER
RECOMMENDED BY:	
JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER	

Appendix "A" – Sources of Financing

CC: Alan Dunbar, Manager III, Financial Planning & Policy
 John Freeman, Manager, Purchasing and Supply