

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON SEPTEMBER 26, 2017
FROM:	KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	CONTRACT AWARD: TENDER NO. T17-28 OLD VICTORIA STORMWATER MANAGEMENT FACILITY NO. 1 (ESSWM-OV1)

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services & City Engineer, the following actions **BE TAKEN** with respect to the award of contract for the Old Victoria Stormwater Management Facility No. 1 project:

- (a) the bid submitted by DeKay Construction (1987) Ltd., at its tendered price of \$2,260,548.22, excluding HST, **BE ACCEPTED**; it being noted that the bid submitted by DeKay Construction (1987) Ltd., was the lowest of four (4) bids received;
- (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 (Tender No. T17-28); and
- (e) 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
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Civic Works Committee – July 21, 2016 – Appointment of Consulting Engineer for the Functional and Detailed Design of Old Victoria No. 1 Stormwater Management Facility

Strategic Priorities & Policy Committee - May 15, 2017 - Growth Management Implementation Strategy (GMIS): 2018 Annual Review & Update

Civic Works Committee – March 27, 2017 – Appointment of Consulting Engineer for Construction Administration of Old Victoria Stormwater Management Facility No. 1 (ESSWM-OV1)

2015 – 2019 STRATEGIC PLAN

The following report supports the 2015 – 2019 Strategic Plan through the strategic focus areas of Building a Sustainable City including:

- Robust Infrastructure 1B – Manage and improve water, wastewater, and stormwater infrastructure; and
- Responsible Growth 5B – Build new transportation, water, wastewater and stormwater infrastructure as London grows.

BACKGROUND

Purpose

This report recommends the award of a tender to a contractor for construction of the Old Victoria Stormwater Management (SWM) Facility No. 1 project (location map provided in Appendix 'B').

Context

The Old Victoria SWM Facility No. 1 is a Growth Management Implementation Strategy project that will allow approximately 26.4 ha of development in the Old Victoria area including, approximately 430 units (240 single family, 80 medium density, and 110 high density units). Following the City's just-in-time process, construction of the SWM facility is required immediately due to near term residential development in the area by two developers.

DISCUSSION

The Old Victoria Drainage and Stormwater Management Municipal Class Environmental Assessment (EA) was completed in 2007 and included two stormwater management facilities. The first of these facilities was constructed in 2013 and is located west of Hamilton Road. The Old Victoria No. 1 Facility will be constructed on the east side of Hamilton Road and services land both east and west of Hamilton Road.

Subsequent to the completion of the Municipal Class EA, AECOM Canada Ltd. was retained by the City to complete the functional and detailed design of the SWM facility and to support the City's application for regulatory authority approvals. The City has received all regulatory authority approvals necessary to proceed with construction of the SWM facility.

Tender Summary

Tenders for construction of the Old Victoria SWM Facility No. 1 project were opened on August 16, 2017. Four (4) contractors submitted tender prices as listed below, excluding HST.

	Contractor	Tender Price Submitted
1.	DeKay Construction (1987) Ltd.	\$2,260,548.22
2.	Bre-Ex Construction Inc.	\$2,407,914.06
3.	Van Bree Drainage and Bulldozing Limited	\$2,677,196.50
4.	L82 Construction Ltd.	\$2,987,000.00

All tenders have been checked by the Environmental and Engineering Services Department and the City's consultant, AECOM.

The tender estimate just prior to tender opening was \$2,458,040.00, excluding HST. The low tender is approximately 9% below the estimate indicating a competitive environment. All tenders include a contingency allowance of \$220,000.00.

Consulting Services

AECOM was retained to provide construction administration services for the project under a previous report (March 17, 2017, CWC).

FINANCIAL CONSIDERATIONS

Following the just-in-time process, construction of the SWM facility is required immediately due to near-term residential development in the area by two developers. The current approved budget amount for the Old Victoria No. 1 project is \$2,264,938.00. Given the expenditures to date including engineering services, the land purchase, and the current contract award, the total budget requirement is \$3,085,061.22. A budget increase of \$820,123.22 is requested requiring additional drawdowns on the development charges funded City Services Reserve fund. An explanation of the cost increase are included below.

SWM Facility Locations

The location of the SWM Facility was identified through an environmental assessment process. The environmental assessment recommended that the SWM facility be located within the natural heritage system and within a Hydro One corridor. Through the design process the SWM facility was relocated outside the environmentally sensitive area and on to developable land. This led to a higher land value for the SWM block purchase.

The SWM facility is also located within an existing Hydro One corridor with overhead power lines and support towers. Locating with SWM Facility within the hydro corridor resulted in higher construction costs due to the physical limitations of completing work within the hydro corridor. Working under high voltage hydro line requires adjustment in construction techniques and a more complex staging approach.

Geotechnical Issues

Working through the design process it was determined that a traditional strategy for managing groundwater within the SWM Facility, a clay liner, would not be appropriate. The construction of the SWM facility requires a construction of a more expensive ground water cut-off wall due to the high ground water elevation in the area. This is more costly than a traditional clay liner.

Inflation

The Old Oak SWM Facility No. 1 was initially scheduled for 2014. As per the just-in-time process the construction of the pond was delayed by 3 years resulting in construction occurring in 2017. Over this period construction prices has increased appreciably.

2018 GMIS– Development Charges Reserve Fund Analysis

As part of the 2018 Growth Management Implementation Strategy (GMIS), Staff reviewed the cash flow projections for each service component funded by Development Charges (DCs). This analysis included closely monitoring reserve fund revenues and drawdown activity in several high-cost service components including Stormwater Management that rely heavily on debt to facilitate the timing of infrastructure construction. The analysis concluded that significant changes made during last year's 2017 GMIS process and the favourable variance in 2016 DC revenues helped to stabilize the DC reserve fund and have better positioned the DC reserve funds to afford the future growth infrastructure plan. However, budget increases such as this one have an adverse impact on the overall health of the DC-supported reserve funds. In contrast to this increase, several other development charges funded stormwater projects are

anticipated to come in under budget, which will mitigate the budget increase for Old Victoria SWM No. 1.

CONCLUSION

Award of the contract for construction of the Old Victoria SWM Facility No. 1 to DeKay Construction (1987) Ltd. will allow the project to proceed and for development to occur in the Old Victoria area. There has been an appreciable increase in the cost of the Old Victoria No. 1 SWM Facility; however, the final facility location and design provides significant enhancements from a technical and environmental perspective than originally anticipated in the budgeted design.

This report was prepared by David Gough, P.Eng., Environmental Services Engineer, Stormwater Engineering Division with input from Paul Yeoman, Director, Development Services and Matt Feldberg, Manager, Development Finance.

SUBMITTED BY:	REVIEWED AND CONCURRED BY:
ASHLEY RAMMELOO, P.ENG. ACTING DIVISION MANAGER, STORMWATER ENGINEERING	SCOTT MATHERS, MPA, P. ENG. DIRECTOR, WATER AND WASTEWATER
RECOMMENDED BY:	
KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER	

Attach: Appendix 'A' – Sources of Financing
 Appendix 'B' – Location Map

cc. John Freeman, Manager, Purchasing and Supply
 Gary McDonald, Budget Analyst
 David Gough, Environmental Services
 DeKay Construction (1987) Ltd.
 AECOM Canada Ltd.