

<b>TO:</b>	<b>CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON FEBRUARY 6, 2018</b>
<b>FROM:</b>	<b>KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>CONTRACT AWARD: TENDER NO. T17-56 NORTH LAMBETH P9 STORMWATER MANAGEMENT FACILITY (ESSWM-DCNLP9)</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Environmental and Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the award of contract for the North Lambeth P9 Stormwater Management Facility project:

- (a) the bid submitted by J-AAR Excavating Limited, at its tendered price of \$4,724,216.75, excluding HST, **BE ACCEPTED**, it being noted that the bid submitted by J-AAR Excavating Limited was the lowest of six (6) bids received;
- (b) the engineering fees for Stantec Consulting Limited., in the total amount of \$373,238.25 (including contingency), excluding HST, **BE ACCEPTED** to carry out the construction administration and inspection in accordance with Section 15.2(g) of the Procurement of Goods and Services Policy.
- (c) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached, hereto, as Appendix 'A';
- (d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;
- (e) 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. T17-56); and
- (f) 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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Civic Works Committee – July 31, 2017 – Department of Fisheries and Oceans Canada Habitat Banking Arrangement

Civic Works Committee – February 7, 2017 – By-Law of Abandonment of Anguish Municipal Drain

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

Civic Works Committee – December 1, 2015 – Appointment of Consulting Engineer for Design and Construction of Stormwater Management Facilities

Civic Works Committee – May 5, 2015 – Stormwater Servicing and Tributary Works for the North Lambeth P9 Stormwater Management Facility Municipal Class Environmental Study

## 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 North Lambeth P9 Stormwater Management (SWM) Facility project (location map provided in Appendix 'B'). This report also recommends the award of engineering fees for construction administration and inspection to a qualified engineering consultant.

### Context

The North Lambeth P9 SWM Facility is a Growth Management Implementation Strategy (GMIS) project that will allow approximately 127 ha of development in the North Talbot area, including approximately 1446 units (980 single family and 466 medium 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

An Environmental Assessment (EA) for the North Lambeth P9 Stormwater Management Facility and tributary works was completed in 2015. The preferred alternative included the construction of a stormwater pond and the re-naturalization of a channel directly downstream. Following the Just-In-Time Process, the SWM facility was tendered in late 2017, with construction set for 2018. The SWM facility will be constructed on the east side of Colonel Talbot Road to the north of the Lambeth Walk properties as shown in Appendix 'B' Location Map.

Subsequent to the completion of the Municipal Class EA, Stantec Consulting Ltd. (Stantec) was retained by the City to complete the design of the SWM facility (December 1, 2015, CWC) and to support the City's application for regulatory authority approvals. The City has received all regulatory approvals necessary to proceed with construction of the SWM facility.

### Tender Summary

Tenders for construction of the North Lambeth P9 SWM Facility project were opened on January 16, 2018. Six (6) contractors submitted tender prices as listed below, excluding HST.

<b>Contractor</b>		<b>Tender Price Submitted</b>
1.	J-AAR Excavating Limited	\$4,724,216.75
2.	DeKay Construction (1987) Ltd.	\$4,761,725.55
3.	291 Construction Ltd.	\$4,971,742.70
4.	Bre-Ex Construction Inc.	\$5,113,726.88
5.	L82 Construction Ltd.	\$5,382,000.00
6.	Blue-Con Construction	\$6,828,282.00

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

The pre-tender estimate just prior to tender opening was \$5,387,077.25, excluding HST. The low tender is approximately 12% below the pre-tender estimate indicating a competitive environment. All tenders include a contingency allowance of \$600,000.

### **Consulting Services**

Stantec was retained to complete the functional design, detailed design, construction administration and inspection for this project, under a previous report (December 1, 2015, CWC), through a two-stage procurement process. The current appointment includes the construction administration and supervision services required to construct the project. This assignment will ensure that there is the necessary supervision throughout the construction duration of the SWM facility and that proper oversight and management is in place to create a high quality, environmentally friendly, and functional SWM facility. It is also noted that the SWM facility construction contains a complex natural channel outlet that requires expert inspection and oversight.

An overall work extension of \$373,238.25 (including contingency), excluding HST, is recommended. The previously approved budget of \$563,206.80 (December 1, 2015, CWC), combined with this recommended increase, provides a total award of \$936,445.05 for functional design, detailed design, construction administration and inspection engineering services. It should be noted that there is approximately \$93,325.00 in provisional items from the previously approved budget that will not be utilized and released upon project completion.

## **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 North Lambeth P9 SWM Facility project is \$5,150,000.00. Given the expenditures to date, including previous engineering services, land purchase, and the current recommended contract award, the total budget requirement is \$7,226,927. A budget increase of \$2,076,927, requiring additional drawdowns on the development charges funded City Services Reserve fund, is requested. An explanation of the cost increase is included below.

### **SWM Facility Land Purchase**

The location of the SWM facility was identified through an environmental assessment process and confirmed by an Ontario Municipal Board (OMB) decision. The environmental assessment recommended that the SWM facility be located within the regulatory flood plain, with an outlet to the Anguish Drain, optimizing the water resource management for the catchment areas. Through the development process, the

delineation of the flood lines within the SWM facility location was revised, and subsequently the portion of the SWM facility located outside of the flood lines increased. This led to a higher land value for the SWM block purchase than initially anticipated due to a larger portion of the SWM facility land being assessed as developable land.

### **Naturalized Channel versus Storm Sewer Pond Outlet**

The recommended environmental assessment alternative provided the flexibility for the stormwater pond outlet to be constructed as either a naturalized channel or as a storm sewer. During the design phase of this project, it was apparent that the naturalized channel would be more costly than the storm sewer option but would provide a significant environmental benefit through the creation of aquatic and terrestrial habitat and by allowing groundwater infiltration. Due to the many benefits, it was decided to construct the pond outlet as a naturalized channel.

The naturalization efforts will also be registered with the Department of Fisheries and Oceans (DFO) as part of the City's habitat bank. Further information on the habitat banking initiative is provided in a July 31, 2017, Civic Works Committee report titled "Department of Fisheries and Oceans Canada Habitat Banking Arrangement".

### **Inflation**

The North Lambeth P9 SWM Facility was initially scheduled for 2016. As per the Just-In-Time Process, the construction of the pond was delayed by 2 years, resulting in construction occurring in 2018. Over this period construction prices have 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 DC funded stormwater projects are anticipated to come in under budget, which will mitigate the budget increase for North Lambeth P9 SWM Facility.

<b>CONCLUSION</b>
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Award of the contract for construction of the North Lambeth P9 SWM Facility to J-AAR Excavating Limited will allow the project to proceed and for development to occur in the North Talbot area. There has been an appreciable increase in the cost of the North Lambeth P9 SWM Facility; however, the final SWM facility design provides significant enhancements from a technical and environmental perspective than originally anticipated in the budgeted design.

Continuing the work scope for Stantec Consulting Limited. will provide supervision throughout the construction duration of the SWM facility, ensuring that proper oversight and management is in place to create a high quality, environmentally friendly, and aesthetically pleasing SWM facility.

This report was prepared by Chris McIntosh, P.Eng., Environmental Services Engineer, Stormwater Engineering Division.

<b>SUBMITTED BY:</b>	<b>REVIEWED AND CONCURRED BY:</b>
<b>DAVID GOUGH, P.ENG. ACTING DIVISION MANAGER, STORMWATER ENGINEERING</b>	<b>SCOTT MATHERS, MPA, P. ENG. DIRECTOR, WATER AND WASTEWATER</b>
<b>RECOMMENDED BY:</b>	
<b>KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR ENVIRONMENTAL &amp; ENGINEERING SERVICES AND CITY ENGINEER</b>	

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

cc. John Freeman, Manager, Purchasing and Supply  
Gary McDonald, Budget Analyst  
Chris McIntosh, Environmental Services  
J-AAR Excavating Limited  
Stantec Consulting Ltd.