

<b>TO:</b>	<b>CHAIR AND MEMBERS BUILT AND NATURAL ENVIRONMENT COMMITTEE MEETING ON AUGUST 15, 2011</b>
<b>FROM:</b>	<b>RON STANDISH, P. Eng. DIRECTOR, WASTEWATER AND TREATMENT PLANNING, ENVIRONMENTAL AND ENGINEERING SERVICES</b>
<b>SUBJECT:</b>	<b>INFRASTRUCTURE STIMULUS FUND CONTRACT AWARD: TENDER 11-78 (ID1168-1239 AND ID1168) INNOVATION PARK INDUSTRIAL SUBDIVISION PHASES 1 AND 2 SITE GRADING AND SURFACE WORKS</b>

<b>RECOMMENDATION</b>
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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 Infrastructure Stimulus Fund Program – Innovation Park Industrial Subdivision Phase 1 and 2 Site Grading and Surface Works Project (ID1168-1239 and ID1168).

- (a) the bid submitted by L82 Construction Ltd., 2070 Huron Street, London, ON, N5V 5A7 at its tendered price of \$2,777,750.00 (excluding HST), for the construction of the Innovation Park Industrial Subdivision Phase 1 and 2 Site Grading and Surface Works Project, **BE ACCEPTED**; it being noted that the bid submitted by L82 Construction Ltd. was the lowest of 3 bids received and meets the City's specifications and requirements in all areas;
- (b) the financing for the project **BE APPROVED** in accordance with 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 11-78);
- (e) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations; and
- (f) it **BEING RECOGNIZED** that this project is being made possible through the ISF Program, funded jointly by the federal and provincial governments and by the City. These investments in jobs total almost \$100 million for London and will provide an immediate and positive impact on our community and our economy, it being noted that the award of this contract is in compliance with the Corporation's purchasing bylaw and policy, it being further noted that this project reflects a successful Project Scope Change Application in an effort to fully utilize available stimulus funding.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- 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"
- FAC Report of 2010-12-15, Agenda Item #21: Infrastructure Stimulus Funding Program Update"
- FAC Report of 2011-01-19, Agenda Item #1a: "Infrastructure Stimulus Funding Program Extension Request"

The reports noted above can be found at:

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

## BACKGROUND

### **Purpose:**

The purpose of this report is to recommend that L-82 Construction be awarded the construction contract to complete the Infrastructure Stimulus Fund Program – Innovation Park Industrial Subdivision Phase 1 and 2 Site Grading and Surface Works 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 (1,500 acres), of which the City owns approximately 242 gross hectares (598 acres). The City's development, Innovation Park, is being developed in phases and stages subject to demand and funding (see Appendix "B" for reference map).

Phase 3 of Innovation Industrial Park is receiving financial assistance from the Governments of Canada and Ontario and the City of London under the Infrastructure Stimulus Fund (ISF). These investments in jobs total almost \$100 million for London and will provide an immediate and positive impact on our community and our economy. This ISF project is part of the Wastewater Infrastructure Category and the original total funding allocation from the three levels of government is \$14.1 million.

An ISF application was submitted for Innovation Industrial Park Phase 3 and on June 5, 2009, the Federal and Provincial Governments officially announced the awarding of \$14.1 million in funding for this project. On November 9, 2009 Council awarded the first of two main contracts, Tender 09-104, to J-AAR Excavating for the extension of the trunk sanitary sewer for Innovation Park Phase 3 and the continuation of consulting services to AECOM for the trunk sewer construction. On February 15, 2010, Council awarded the second contract, Tender 10-12, to Murphy Contracting Co. Ltd for the construction of Innovation Park Phase 3 and continuation of consulting services to AECOM for the Phase 3 construction. The first contract was substantially completed in the spring of 2010 and the second contract was substantially completed in the fall of 2010. As noted in the February 10, 2010 BOC report for the second contract, significant dollars, estimated at \$1.4 million, were projected to remain unspent for this particular ISF Infrastructure Category project.

In November 2010 and as noted in the December 15 report to FAC, Civic Administration estimated that approximately \$3.3 million of the over \$103 million of ISF would not be spent by the original March 31, 2011 program deadline due to unspent contingencies and lower than anticipated tender prices. Of this \$3.3 million, \$500,000 from the Innovation Park Phase 3 project was estimated to be unspent by March 31, 2011 deadline. Administration identified and submitted new eligible projects for consideration by the November 26, 2010 deadline and the additional projects were approved on February 4, 2011. The approval of these new projects resulted in the lowering of the Innovation Park Phase 3 ISF budget from the original \$14.1 million to \$13.6 million.

During the same time period and in order to maximize the current job creation potential as well as provide the City with the opportunity to utilize the majority of the ISF funding for this project, Administration investigated other possible projects related to Innovation Industrial Park. Strategic investments in block grading, landscaping and other surface works for Innovation Industrial Park were identified as desirable items and on December 1, 2010, Civic Administration submitted a Project Scope Change Application to the Provincial and Federal Governments. The Project Scope Change was approved on February 8, 2011. In addition, on December 2, 2010, the Provincial and Federal Governments announced the extension of the deadline for the completion of stimulus projects funded under the ISF from March 31, 2011 to October 31, 2011. It being noted that a successful extension request for this project was submitted by the Administration and approved on February 25, 2011.

With the approval of the Project Scope Change, Administration continued to investigate

additional work options that could be substantially completed by the extended ISF deadline of October 31, 2011. The goal of this additional work was to provide the City with further economic opportunities throughout the Innovation Park complex. Administration worked collaboratively with the City's consultant for these phases of Innovation Park, AECOM, to develop strategic grading options in order to maximize marketing potential of some of the unsold lots in Phase 1 and 2 of Innovation Park. AECOM then completed the design and tender for the Innovation Park Industrial Subdivision Phase 1 and 2 Site Grading and Surface Works Project. The surface works component of this project includes selected road base and curb repairs, new sidewalks, minor boulevard repairs and surface asphalt to all of the roads north of Concept Drive in Phase 1. In addition, a separate City contract will plant boulevard trees within the same limits as the surface works. These surface works are intended to satisfy the City's obligations as a Subdivider of Innovation Industrial Park Phase 1 (33M-544) and to allow for the assumption of the completed sections of road within Phase 1. The engineering work that was required to complete the above noted work utilized previously approved engineering fees. In addition, no new engineering fees are required to complete the resident inspection and general administration for this project and this engineering work is in accordance with the City of London's Procurement of Goods and Services Policy.

Tenders for the Innovation Park Industrial Subdivision Phase 1 and 2 Site Grading and Surface Works Project were opened on August 3, 2011. Three (3) contractors submitted tender prices as listed below (exclusive of HST):

	CONTRACTOR	TENDER PRICE SUBMITTED	CORRECTED TENDER PRICE
1.	L82 Construction Ltd.	\$2,777,502.50	\$2,777,750.00
2.	Ron Murphy Contracting Ltd.	\$3,066,234.05	
3.	WM. Johnson Construction Ltd.	\$3,637,683.20	

All tenders have been checked by the Finance and Corporate Services Department, Planning, Environmental and Engineering Services Department, and AECOM. One (1) 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 \$2,808,060 (excluding HST). All tenders include a contingency allowance of \$400,000.00 (excluding HST).

With the award of this last tender, all major costs will be committed for the Innovation Industrial Park Phase 3 ISF projects and Civic Administration currently project that all of the \$13.6 million ISF will be spent by the October 31, 2011 deadline. Project costs in excess of the \$13.6 million ISF will be accommodated within existing Innovation Industrial Park budgets and consideration of reallocating any remaining City portion of ISF program funding to reinstate the project to the original \$14.1 million funding allocation.

As the ISF program approaches the October 31, 2011 deadline, Civic Administration continues to review all of the ISF projects and will be providing a Status Update to Council this fall. As part of the review of all of the ISF projects, Administration will determine the total amount of unspent ISF from the \$103 million and provide a recommendation of the reallocation of any of the City's portion of funding that remains unspent.



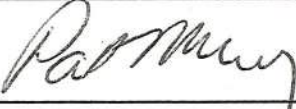
#### **Conclusions:**

L82 Construction Ltd. has successfully completed numerous projects of similar size and nature to this project for the City, including the original servicing contracts for Innovation Park Phase 1, 2 and 4. The City's consultant for this project, AECOM has reviewed the submitted tender as well as additional information provided by L82 Construction Ltd. and AECOM is recommending that the tender be awarded to L82 Construction Ltd. 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 1 and 2 Site Grading and Surface Works Project in the amount of \$2,777,750.00.

There are no anticipated additional operating costs to the Planning, Environmental and Engineering Services budget in 2012 and subsequent years associated with the approval of this tender.

**Acknowledgements:**

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

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

August 4, 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

Chair and Members  
Built and Natural Environment Committee

August 5, 2011  
(Award Contract)

RE: Innovation Park Industrial Subdivision Phase 1 and 2  
Capital Project ID1168-1239 - Innovation Industrial Park Phase 3 - Industrial Land  
Capital Project ID2058-1239 - Innovation Industrial Park Phase 3 - Sewer  
Capital Project EW3606-1239 - Innovation Industrial Park Phase 3 - Water  
Capital Project ID1168 - Innovation Park  
L82 Construction Ltd. - \$2,777,750 (excluding HST)

**FINANCE DEPARTMENT REPORT ON THE SOURCES OF FINANCING:**

Finance Department confirms that the cost of this project can 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	Budget Adjustment 2)	Revised Budget	Committed to Date	This Submission	Balance for Future Work	
<b>ESTIMATED EXPENDITURES</b>							
<b>ID1168-1239-Innovation Ind. Park Phase 3</b>							
Engineering	\$941,859		\$941,859	\$941,859		\$0	
Construction	7,659,796	634,000	8,293,796	7,564,303	729,493	0	
City Related Expenses	98,345		98,345	98,345		0	
	8,700,000	634,000	9,334,000	8,604,507	729,493	0	
<b>ID2058-1239-Innovation Ind. Park - Sewer</b>							
Engineering	625,000		625,000	625,000		0	
Construction	3,950,000	(600,000)	3,350,000	3,350,000		0	
City Related Expenses	25,000		25,000	25,000		0	
	4,600,000	(600,000)	4,000,000	4,000,000	0	0	
<b>EW3606-1239-Innovation Ind. Park - Water</b>							
Engineering	30,000		30,000	30,000		0	
Construction	260,000	(34,000)	226,000	226,000		0	
City Related Expenses	10,000		10,000	10,000		0	
	300,000	(34,000)	266,000	266,000	0	0	
<b>ID1168 - Innovation Park</b>							
Engineering	2,198,745		2,198,745	2,075,085		123,660	
Construction	4,765,892		4,765,892	4,209,503		556,389	
Construction-MIII	8,820,000		8,820,000	5,188,012	2,097,146	1,534,842	
Relocate Utilities	1,600,000		1,600,000	1,503,660		96,340	
Relocate Utilities-MIII	3,700,000		3,700,000	3,423,610		276,390	
Street Lights	720,000		720,000			720,000	
City Related Expenses	980,000		980,000	857,051		122,949	
	22,784,637	0	22,784,637	17,256,921	2,097,146	3,430,570	
<b>NET ESTIMATED EXPENDITURES</b>	<b>\$36,384,637</b>	<b>\$0</b>	<b>\$36,384,637</b>	<b>\$30,127,428</b>	<b>\$2,826,639</b> 1)	<b>\$3,430,570</b>	
<b>SOURCE OF FINANCING:</b>							
<b>ID1168-1239-Innovation Ind. Park Phase 3</b>							
Debenture By-law No. W.-2070(a)-93 (Serviced through Industrial Land R.F.)	2)	\$2,900,667	\$211,334	\$3,112,001	\$2,868,169	\$243,832	\$0
Federal Stimulus Funding	3)	2,899,666	211,333	3,110,999	2,868,169	242,830	0
Provincial Stimulus Funding	3)	2,899,667	211,333	3,111,000	2,868,169	242,831	0
		8,700,000	634,000	9,334,000	8,604,507	729,493	0
<b>ID2058-1239-Innovation Ind. Park - Sewer</b>							
Drawdown from Industrial Oversizing-Sewer Reserve Fund		1,516,766	(200,000)	1,316,766	1,316,766		0
Drawdown from City Services - Sewer Reserve Fund (Development Charges)		15,900		15,900	15,900		0
Federal Stimulus Funding		1,533,667	(200,000)	1,333,667	1,333,667		0
Provincial Stimulus Funding		1,533,667	(200,000)	1,333,667	1,333,667		0
		4,600,000	(600,000)	4,000,000	4,000,000	0	0
<b>EW3606-1239-Innovation Ind. Park - Water</b>							
Drawdown from Industrial Oversizing-Water Reserve Fund		85,800	(9,634)	76,166	76,166		0
Drawdown from City Services - Water Reserve Fund (Development Charges)		14,200	(1,700)	12,500	12,500		0
Federal Stimulus Funding		100,000	(11,333)	88,667	88,667		0
Provincial Stimulus Funding		100,000	(11,333)	88,667	88,667		0
		300,000	(34,000)	266,000	266,000	0	0
<b>ID1168 - Innovation Park</b>							
Debenture By-law No. W.-1960(a)-146 (Serviced through Industrial Land R.F.)		2,442,916		2,442,916			2,442,916
Drawdown from Industrial Land R.F.		3,390,000		3,390,000	305,200	2,097,146	987,654
Drawdown from Industrial Oversizing R.F.		2,206,637		2,206,637	2,206,637		0
MIII - Provincial Grant		9,110,000		9,110,000	9,110,000		0
Superbuild Funding		1,273,084		1,273,084	1,273,084		0
Drawdown from London Connect R.F.		3,491,000		3,491,000	3,491,000		0
Other Contributions		871,000		871,000	871,000		0
		22,784,637	0	22,784,637	17,256,921	2,097,146	3,430,570
<b>TOTAL FINANCING</b>		<b>\$36,384,637</b>	<b>\$0</b>	<b>\$36,384,637</b>	<b>\$30,127,428</b>	<b>\$2,826,639</b>	<b>\$3,430,570</b>

1) **Financial Note:**

Contract Price  
Add: HST @13%  
Total Contract Price Including Taxes  
Less: HST Rebate  
Net Contract Price

	ID1168-1239	ID1168	TOTAL
Contract Price	\$716,876	\$2,060,874	\$2,777,750
Add: HST @13%	93,194	267,914	361,108
Total Contract Price Including Taxes	810,070	2,328,788	3,138,858
Less: HST Rebate	80,577	231,642	312,219
Net Contract Price	\$729,493	\$2,097,146	\$2,826,639

**NOTES:**

2) Based on tender prices and to maximize the Stimulus Funding, the re-allocation of funding between the General, Wastewater and Water budgets is required to finance this contract. Additional debt of \$211,334 (serviced through the Industrial Land Reserve Fund) is being offset by a reduced drawdown from the Wastewater and Water Budget Reserve Funds.

**NOTE TO CITY CLERK:**

3) The City Clerk be authorized to increase Debenture By-Law No.-2070(a)-93 by \$45,333 from \$3,066,668 to 3,112,001.

  
Alan Dunbar  
Manager of Financial Planning & Policy

APPENDIX "B" REFERENCE MAP  
INNOVATION PARK

