

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee
From: Kelly Scherr, P.Eng., MBA, FEC
Deputy City Manager, Environment and Infrastructure
Subject: Contract Award: Tender RFT21-121
Greenway UV Upgrade Construction – Irregular Result
Date: April 20, 2022

Recommendation

That on the recommendation of the Deputy City Manager, Environment and Infrastructure, the following actions **BE TAKEN** with respect to the award of the construction contract for upgrades to the UV disinfection system at the Greenway Wastewater Treatment Plant:

- (a) the bid submitted by Kingdom Construction Limited at its tendered price of \$3,372,250.00, excluding HST, for upgrades to the UV disinfection system at Greenway Wastewater Treatment Plant, **BE ACCEPTED** in accordance with Section 19.3 (a) of the City of London's Procurement of Goods and Services Policy, it being noted that the bid submitted by Kingdom Construction Limited was the only bid received in response to RFT21-121;
- (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 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 (RFT21-121); and
- (e) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

Executive Summary

Purpose

This report recommends award of a tender to a contractor for the construction of new channels and the installation of new UV equipment at the Greenway Wastewater Treatment Plant.

Context

Greenway is the City's largest wastewater treatment plant. The existing UV disinfection system is at the end of its useful life and is no longer supported by the manufacturer. Replacement equipment was pre-purchased. This contract is to construct new infrastructure to house the new equipment and install it. Despite tendering this work twice, only a single bidder submitted a tender in response to RFT 21-121.

Linkage to the Corporate Strategic Plan

The following report supports the Strategic Plan in the following areas:

- Building a Sustainable City:

- London's infrastructure is built, maintained, and operated to meet the long-term needs of our community

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- Civic Works Committee – April 20, 2021 – Greenway Wastewater Treatment Plant UV Disinfection Equipment Single Source

2.0 Discussion and Considerations

2.1 Project Description

Greenway Wastewater Treatment Plant is the City's largest plant, treating approximately 60% of all the wastewater generated in the City. An important part of the treatment process is to disinfect the plant's treated effluent prior to discharging to the Thames River. This is accomplished using ultraviolet (UV) radiation.

The current UV disinfection system at Greenway was installed in 1998. It replaced the previous chlorine disinfection system. That disinfection system, installed almost 24 years ago, has exceeded its life expectancy and requires replacement. Civic Administration previously reported to Council and obtained approval to purchase a new UV disinfection system from Trojan Technologies, but a contract is required in order to remove the existing UV system and install the new system.

Accordingly, a request for tender was issued that included the following scope:

- Construct a new UV disinfection channel,
- Complete installation of new UV disinfection system, including mechanical and electrical connections, and,
- Remove existing disinfection equipment.

2.2 Procurement Process

A Request for Tender (RFT 21-104) closed on November 10, 2021. At that time only a single bid was received. Due to perceived challenges that may have limited the response to the RFT, it was decided that the project would be re-tendered with longer timelines, thereby reducing risk to the contractor and improving response.

As a result, RFT 21-121 was issued with a completion date extended to the end of 2022. That tender closed on March 11, 2022, again with a single bidder. Unfortunately, there are no longer any design or schedule modifications that can be made. In addition, this work is required to be completed in advance of April 2023, so there is insufficient time available for a third tender process. As a result, it was decided to open the single bid in accordance with Section 19.4 (b).

3.0 Financial Impact/Considerations

3.1 Tender Summary

The single tender bid received in response to RFT 21-121 for the UV Upgrades at Greenway WWTP was opened on March 15, 2022. The tender price was as follows, excluding HST.

Table 1: Summary of submitted tender prices

Contractor	Tender Price Submitted
Kingdom Construction Limited	\$3,372,250.00

The tendered price includes a contingency allowance of \$200,000. The tender was checked by the Wastewater Treatment Operations Division and AECOM. No errors were found, nor did the bid submission contain unbalanced item prices which would negatively affect the City. The submitted price substantially exceeds the City’s pre-tender estimate of \$2.2 million. However, the impacts of COVID and conflict in Europe, coupled with a high availability of contracts for tender in the region, are expected to be driving higher commodity prices and lower bid competition respectively. As a result, it is not expected that re-tendering the work a third time would result in a significant cost saving. The delays associated with such a process would also place the City at risk of failing to meet treatment compliance limits through the 2023 season. Therefore, the regulatory obligation of the City prioritizes this project over other work. Funding is available in the approved wastewater treatment capital budget per the source of financing attached as appendix ‘A’. Future projects planned under this capital budget will be adjusted in timing and scope to accommodate the increased cost of this project.

Conclusion

Civic Administration has reviewed the single tender bid received in response to RFT 21-121. While the price that was submitted is high, the work needs to be completed and the likelihood of obtaining better pricing through a third tender is low. Administration therefore recommends Kingdom Construction Limited be awarded the contract for the UV Upgrades at Greenway Wastewater Treatment Plant at the submitted tender price of \$3,372,250.00 (excluding HST).

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Submitted by: Shawna Chambers, P.Eng., DPA
Acting Director, Water, Wastewater and Stormwater

Recommended by: Kelly Scherr, P.Eng., MBA, FEC, Deputy City Manager,
Environment and Infrastructure

CC: J. Freeman, S. Mollon

Appendix ‘A’ – Sources of Financing report