

STAFF REPORT: INFRASTRUCTURE AND PUBLIC WORKS

REPORT TO: Council
MEETING DATE: April 20, 2015
REPORT NO.: CSPW.15.002
SUBJECT: Award of Tender 2015-05-T-EPW
– Hoover / Teskey Sanitary Servicing
PREPARED BY: John Caswell, Manager of Water & Wastewater Services on behalf of the Tender / Proposal Award Committee (TPAC)

A. Recommendations

THAT Council receive Staff Report CSPW.15.002 entitled, “Award of Tender 2015-05-T-EPW – Hoover / Teskey Sanitary Servicing”;

AND THAT Council approve increasing the Hoover / Teskey Wastewater Servicing construction budget by \$500,263 from \$577,161 to \$1,077,424;

AND THAT Council approve the utilization of a 20 year financing period for the cost recovery of the Hoover / Teskey Wastewater Servicing Project;

AND THAT Council approve the award of the Hoover / Teskey Sanitary Servicing Contract (2015-05-T-EPW) to B&J Contracting in the amount of \$1,077,424 which includes provisional items totalling \$168,730 and a contingency of \$60,000 excluding HST;

AND THAT the Mayor and Clerk be authorized to execute the contract for the Hoover / Teskey Sanitary Servicing with B&J Contracting.

B. Background

The Hoover / Teskey Service Area is identified as a full service area for both water and wastewater services in Town of The Blue Mountains’ Official Plan. The properties along Hoover Lane / Teskey Drive, located along the waterfront parallel to Highway 26 East of Grey Road 40, are currently serviced by the municipal water supply. The Town has prioritized the extension of sewer services to these properties. The properties affected by the sanitary service extension are displayed below in Figure 1.

Figure 1 – Proposed Hoover / Teskey Sanitary Service



A low pressure sanitary sewer system was determined as the most efficient solution for servicing Hoover Lane / Teskey Drive due to lack of sufficient grades to accommodate a gravity system. The low pressure sewer system will be installed at a depth of 1.9 m primarily along the centre line of the road.

Currently, residents who live within the proposed service area utilize septic systems. If the project proceeds, existing septic systems will be decommissioned at the cost of the homeowners. Additionally, the installation of service lines from the property line to the house and the installation and maintenance of grinder pumps will be assumed by respective property owners.

Several requests in writing have been sent for easement permissions from several properties at Hoover Lane East for sewer trunk placement. TOBM has not obtained easement permission from all of the property owners at this time. Easement permissions are necessary due to the fact that part of the sanitary service extension must pass through a private road. Efforts will be made to ensure as little disruption as possible to affected property owners. Following construction, properties affected by the easement will be restored to pre-construction conditions or better. The same is true of roads and ditches along the trunk path.

In May 2014, the Town issued Tender 2014-16-T-EPW which closed on June 12, 2014. This initial bid bundled sanitary works for Hoover Lane / Teskey Drive / Arlberg Crescent; at that time, the Town received one non-compliant bid. It was determined that Hoover Lane / Teskey Drive and Arlberg Crescent sanitary servicing would be treated as two separate projects moving into 2015.

On January 21, 2015 the Town issued Tender, 2015-05-T-EPW for the sanitary servicing of Hoover Lane and Teskey Drive. Upon closing on February 12, 2015 the Town received two bids, one from Arnott Construction Ltd. and one from B&J Contracting.

Both bids were received by the Manager of Purchasing & Risk Management and passed along to CC Tatham & Associates Ltd. (CCTA) to prepare a Tender Report (CCTA Tender Report) on the results.

Town Staff received the CCTA Tender Report (Attachment #1) on February 20, 2015. In it, CCTA concluded that the Arnott Construction Ltd. bid is non-compliant as it does not contain two posted Addenda. CCTA recommend awarding the Tender to B&J Construction in the amount of \$1,077,424 excluding HST.

The following charts offer a breakdown of costs 'per unit', based on the 2014 Town Budget Estimate and the recent 2015 Tender Cost.

Town Budget Estimates

Total Capital Charge – Wastewater	
Local Costs (estimated)	\$10,166
Hwy 26 Trunk Sewer Main	\$ 6,546
Thornbury Wastewater Plant	\$ 5,326
Total Cost Per Equivalent Unit	\$22,038

2015 Tender Cost

Total Capital Charge – Wastewater	
Local Costs (estimated)	\$18,985
Hwy 26 Trunk Sewer Main	\$ 6,546
Thornbury Wastewater Plant	\$ 3,596
Total Cost Per Equivalent Unit	\$29,127

C. Options

Since the lowest Tender price is 46% higher than the 2014 Town estimates, Council has options by which to proceed and still satisfy the affordability guidelines of the Town¹. These options are detailed in the cost and financing comparison found in Attachment #2.

A) Council approves a 20 year financing term extended to benefitting property owners in the estimated amount of \$29,127 or \$1,924 per year. This is reflected as Option A in Attachment #2. This option includes \$77,718 from the Road Reserve which will be allocated to the storm work component of the project; this is an increase of \$12,718 as compared to the initial budget. This option does meet the affordability guidelines established in 2006 and indexed to the current year.

OR

A) B) Council approves a 15 year financing term extended to the benefitting property owners in the estimated amount of \$23,638 or \$1,912 per year. This is

¹ Affordability Guidelines, as established in 2006, has been indexed according to CPI and is a total repayment equal to \$1,960 per fiscal year.

reflected as Option B in Attachment #2. This option includes \$318,337 from the Wastewater Asset Replacement Reserve Fund which will be allocated to reinstating the affected road sections and \$77,718 from the Roads Reserve which will be allocated to the storm work component of the project. This Option will reduce the local improvement by \$5,489 per unit as well reduced interest payments by \$4,302 for the benefitting owners that choose to finance the costs.

Staff recommends that Council approve the utilization of a 20 year financing period for the cost recovery of the Hoover / Teskey Wastewater Servicing Project because the costs are within the Town's affordability guidelines.

Staff also recommends that Council approve increasing the Hoover / Teskey Wastewater Servicing construction budget by \$500,263 from \$577,161 to \$1,077,424.

Staff also recommends that Council approve the award of the Hoover / Teskey Sanitary Servicing Contract (2015-05-T-EPW) to B&J Contracting in the amount of \$1,077,424 which includes provisional items totalling \$168,730 and a contingency of \$60,000 excluding HST.

D. The Blue Mountains' Strategic Plan

Completing sanitary service works on Hoover Lane / Teskey Drive supports Strategic Goal #2, "Addressing the Town's municipal infrastructure needs".

E. Environmental Impacts

The primary impact of this project will be to connect the properties along Hoover Lane / Teskey Drive to the municipal wastewater system running along Highway 26 and Camperdown Road. This will eliminate the aging septic systems currently in use by residents.

While the construction activities will generate greenhouse gases, noise and dust as is typical with such work, Staff will ask the Contractor to participate in the Town's anti-idling program and will monitor the overall project to minimize disturbances.

F. Financial Impact

The Wastewater Asset Replacement Reserve Fund has a balance of \$14.6M at the end of 2014 therefore using \$318,337 (2% of the overall balance) to fund these works (Option B) will not jeopardize any scheduled worked. However if the Town does use funding from this reserve fund the current users of the system are effectively funding the extension. Although the Town has historically fund small parts of service extensions Staff recommend that the Town does not for this capital work as it meets the affordability guidelines of the Town.

G. In Consultation With

Ruth Prince, Manager of Revenue & Acting Director of Finance & IT Services
John Metras, Town Solicitor
Sam Dinsmore, Financial Analyst
Serena Wilgress, Manager of Purchasing & Risk Management

H. Attached

1. Engineering Report on Tenders from Kevin Samson, B.A.Sc., P.Eng., CCTA Re: Hoover Lane / Teskey Drive Sanitary Servicing Tender No. 2015-05-T-EPW
2. Hoover / Teskey Financing Options - 15 Year Financing Term & 20 Year Financing Term

Respectfully submitted,

John Caswell
Manager of Water & Wastewater Services

Infrastructure & Public Works
Office: 519-599-3131 Ext.226
Fax: 519-599-7723
icaswell@thebluemountains.ca

Approved:

Troy Speck
Chief Administrative Officer
Town of The Blue Mountains

Serena Wilgress
Manager of Purchasing &
Risk Management

Reg Russwurm
Director, Infrastructure &
Public Works



Attachment #1
CSPW.15.002

C.C. Tatham & Associates Ltd.

Consulting Engineers

Collingwood Bracebridge Orillia Barrie

115 Sandford Fleming Drive, Suite 200
Collingwood, Ontario L9Y 5A6
Tel: (705) 444-2565
Fax: (705) 444-2327
Email: info@cctatham.com
Web: www.cctatham.com

February 20, 2015

via e-mail & mail
CCTA File 113161

John Caswell

Superintendent of Environment Services
Town of The Blue Mountains
32 Mill Street, P.O. Box 310
Thornbury, ON N0H 2P0

**Re: Hoover Lane/Teskey Drive Sanitary Servicing Tender No. 2015-05-T-EPW
Engineering Report on Tenders**

Dear John:

We are pleased to present our Report on Tenders for Hoover Lane/Teskey Drive Sanitary Servicing, Tender No. 2015-05-T-EPW.

Tendering Process

Tender documents were publicly posted and available for download on the Town of The Blue Mountains (Town) website on January 21, 2015.

Two questions were received during the tendering process and responded to by the Town as Addendum No. 1 and 2 which were posted on the Town's website on January 30, 2015 and February 6, 2015 respectively.

Tenders were received at the Town up to 2:00 pm on February 12, 2015. Two tenders were received and opened publicly. The bid amounts were disclosed immediately following the Official Closing Time. The bid amounts were also recorded on an Unofficial Bid Results sheet and posted on the Town's website the same day. A copy of the Unofficial Bid Result sheet is attached to this Report.

Tender Results

The tender results, in ascending order, are from B&J Contracting (B&J), and Arnott Construction (Arnott), as shown below.

Tenderer	Tender Price (corrected and rounded to nearest dollar)
B&J	\$1,077,424
Arnott	\$1,189,000

The tenders were checked for mathematical errors and omissions. It is noted that Arnott's schedule of items and prices excluded Item 15.01 Pre-Construction Structure Survey (provisional) item in the amount of \$7,500 and

thus their tender price was increased accordingly (the tender price includes the provisional items and a contingency allowance). The tenders are valid for 90 days.

Each tender was checked in accordance with the Tender Form to verify compliance with the requirements. The review revealed that Arnott did not acknowledge or include either Addendum No. 1 or 2. Therefore, their submission is non-compliant with respect to the mandatory tender submission criteria and according to Section 20 Mandatory Criteria, should be disqualified. It is noted that neither Addendum 1 nor 2 would likely have had an impact on their tender amount.

Engineer's Estimate

The Engineer's Estimate for the project is \$686,670 (excluding HST). The Engineer's Estimate is significantly lower than the submitted tender bids primarily due to items related to the low pressure sewer, flushing connections and granular A material.

Review of Tender Prices

The lowest tender submitted by B&J is approximately 10% lower than the second lowest tender and approximately 40% higher than the Engineer's cost estimate.

During our analysis of the summary, we observed several unit prices in both tenders that were significantly higher than typical unit prices we would expect to see for this type of construction. Specifically, these items included the low pressure sewers (all diameters) and flushing connections. Due to the extensive length of sewer to be installed, the higher unit prices resulted in significantly higher costs than the Engineer's Estimate. We also observed higher than anticipated Granular A prices which also contributed to the increase from the Engineer's Estimate.

A summary of the Schedule of Items and Unit Prices was prepared for the tenders and is attached for reference.

Review of Past Experience, Ability and Performance

B&J listed two projects in their Bidder's Ability and Experience Form both of which were with the City of Barrie. We spoke with one of the references from the City who had the following comments which are summarized below.

- Fair claims for extras.
- Maintained schedule.
- Consistent, competent, experienced.
- Good quality work.
- No safety issues.
- Not argumentative.

B&J declared in their tender they intend on using the following sub-contractor:

- Surface Treatment: Duncor

The value of the sub-contractor's work as listed in B and J's bid is 10% which is somewhat misleading as the value of the tar and chip items amounts to approximately \$30,000 which is closer to 3%.

Arnott listed several projects in the Bidder's Ability and Experience Form, including several with C.C. Tatham & Associates Ltd. We contacted two of the references listed who had the following comments which are summarized below.

- Delayed schedule at times.
- Competent and qualified.
- Good to excellent quality of workmanship.
- Mostly cooperative and reasonable.
- No safety issues.
- Overall good contractor and would/will be working with them again.

Arnott declared in their tender they intend on using the following main sub-contractors:

- Surface Treatment: Duncor

The value of the sub-contractor's work as listed in Arnott's bid is \$25,000 which corresponds to the amounts in their tender.

Recommendation

Based on our evaluation it has been determined that B&J are qualified, experienced and they have performed well on past projects. Therefore, it is our opinion their bid is deemed most favourable to the interest of the Town and we recommend the tender from B&J Contracting in the amount of \$1,077,424.25 be accepted for Hoover Lane/Teskey Drive Sanitary Servicing Tender No. 2015-05-T-EPW.

We trust this Report on Tenders meets your requirements. Should you require any further information or clarification, please do not hesitate to call.

Yours truly,
C. C. Tatham & Associates Ltd.



Kevin Sansom, B.A.Sc., P.Eng.
Project Manager
KRS:rlh
Encl.

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Unofficial Bid Results

Project: Hoover Lane / Teskey Drive Sanitary Servicing
Project #: 2015-05-T-EPW
Closing Date: February 12, 2015 – 2:00 pm local time

No.	Bidders Name	Date Bid Received	Security Received	Total Base Bid Amount
1.	1579137 Ontario Ltd o/a SMRS Construction			
2.	B&J Contracting	Feb 12/15	✓	\$1,077,424.25
3.	Roto-Mill Inc.			
4.	Harold Sutherland Construction			
5.	J. B. Enterprises			
6.	Maacon Construction Corp.			
7.	Arnott Construction Limited	Feb 12/15	✓	\$1,181,500.00
8.	Porter's			
9.	MGI Construction			
10.	Carson Supply			
11.	Avertex Utility Solutions			
12.	Greenfield Contracting			

The above results are preliminary and no conclusion of award should be made from the information indicated above.

Hoover / Teskey Sanitary Servicing Financing Options

Option A	
Site Work	\$9,700
Sanitary Work	\$442,939
Road Work	\$318,337
Storm Work	\$77,718
Provisional	\$168,730
Contingency	\$60,000
Total Cost	\$1,077,424
Engineering	\$101,401
Financing Option A	
Local Costs	\$18,985
Hwy 26 Trunk Sewer Main	\$6,546
Thornbury Wastewater Plant	\$3,596
Total Cost per Equivalent Unit	\$29,127
58 Equivalent Units	
Amortization Schedule	
Payment/Year	\$1,923.56
Total Interest	\$9,344.25
Interest Rate	2.81%
Number of Years	20
Road Reserve	\$77,718

Option B	
Site Work	\$9,700
Sanitary Work	\$442,939
Road Work	\$318,337
Storm Work	\$77,718
Provisional	\$168,730
Contingency	\$60,000
Total Cost	\$1,077,424
Engineering	\$101,401
Financing Option B	
Local Costs	\$13,496
Hwy 26 Trunk Sewer Main	\$6,546
Thornbury Wastewater Plant	\$3,596
Total Cost per Equivalent Unit	\$23,638
58 Equivalent Units	
Amoritization Schedule	
Payment/Year	\$1,911.97
Total Interest	\$5,041.51
Interest Rate	2.52%
Number of Years	15
Road Reserve	\$77,718
WW Reserve	\$318,337