




**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
**Hamilton Water Division**

<b>TO:</b>	Mayor and Members Committee of the Whole
<b>COMMITTEE DATE:</b>	April 22, 2020
<b>SUBJECT/REPORT NO:</b>	Old Dundas Road (HC005) Wastewater Pumping Station Upgrades (PW20018) (Ward 12)
<b>WARD(S) AFFECTED:</b>	Ward 12
<b>PREPARED BY:</b>	Stuart Leitch (905) 546-2424 Ext. 7808
<b>SUBMITTED BY:</b>	Andrew Grice Director, Hamilton Water Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

- (a) That an additional \$900,000 be added to Project ID No. 5161267270 from Project ID No. 5161267273, to increase the total budget requirement to \$4,520,000 for C13-29-19 - Old Dundas (HC005) Wastewater Pumping Station Upgrades;
- (b) That E.S. Fox Limited be selected as the Successful Proponent for the Request for Tenders for Contract C13-29-19, for the Old Dundas (HC005) Wastewater Pumping Station Upgrades; and,
- (c) That the Mayor and City Clerk be authorized and directed to execute the contract with E.S. Fox Limited and any ancillary documents for Contract C13-29-19 for the Old Dundas (HC005) Wastewater Pumping Station Upgrades, with content acceptable to the General Manager of Public Works and in a form acceptable to the City Solicitor.

**EXECUTIVE SUMMARY**

The Old Dundas Road (HC005) Wastewater Pumping Station (WWPS) was constructed in 1974 and is located on Old Dundas Road between Millcreek Court and Montgomery Drive in Ancaster. Due to its age and condition, the station requires major upgrades in order to bring it up to existing safety and environmental standards.

**SUBJECT: Old Dundas Road (HC005) Wastewater Pumping Station Upgrades (PW20018) (Ward 12) - Page 2 of 5**

---

This report provides a recommendation to increase the project construction budget in order to award Contract C13-29-19 - Old Dundas (HC005) Wastewater Pumping Station Upgrades (C13-29-19) to the lowest compliant bid submitted by E.S. Fox Limited. Their bid, in the amount of \$4,216,719 (including a \$300,000 shown contingency), is approximately \$600,000 more than the current approved project construction budget of \$3,617,000. In addition to the \$600,000 budget shortfall, funding of \$300,000 is requested to supplement the current contingency identified in the tender document to allow for potential unknown conditions during construction. Therefore, the total additional funding request for this project is \$900,000.

Hamilton Water staff collaborated with Procurement, and with the approval of the General Manager of Public Works, arranged a meeting on February 18, 2020 with E.S. Fox Limited to discuss their bid for C13-29-19, with the intent of finding potential financial efficiencies. Due to the magnitude of the budget shortfall, the City of Hamilton's (City) project team was not able to arrive at a value that would result in an acceptable bid that would permit an award within the constraints of the current approved construction budget.

In accordance with Procurement Policy #2, Section 4.2 – Approval Authority, Subsection 3(b), staff is required to submit a report to the appropriate standing committee recommending award of an Request for Tender (RFT) when the final cost of the proposed project exceeds the amount provided in the Council approved capital budget for that project by \$250,000 or greater. Therefore, staff is hereby requesting Council's approval to award Contract C13-29-19 to the lowest compliant bidder, E.S. Fox Limited.

**Alternatives for Consideration – See Page 4**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: This Report is recommending that \$900,000 be added to supplement Project ID No. 5161267270 (Old Dundas (HC005) WWPS Upgrades) from Project ID No. 5161267273 (Bridlewood (DC010) Wastewater (WW) Outstation Upgrades) in order to increase the total budget requirement to \$4,520,000 for C13-29-19 - Old Dundas (HC005) WWPS Upgrades.

Staffing: N/A

Legal: N/A

## **HISTORICAL BACKGROUND**

The Old Dundas Road (HC005) WWPS is located on Old Dundas Road between Millcreek Court and Montgomery Drive in Ancaster, adjacent to the Ancaster Old Mill Inn. The station was originally constructed in 1974 and is a single storey building. The site has emergency back-up power and wastewater lift pumping associated process equipment.

AECOM (under Contract C11-11-17) was retained in August 2017 by the City for engineering services for upgrades to the Old Dundas Road (HC005) WWPS.

The objective of this Project is to design and construct upgrades to the Old Dundas Road WWPS in order to bring the station up to existing safety codes and environmental requirements to maintain sustainable and reliable service for the next 20 to 30 years. The upgrades include civil, structural, architectural, mechanical, process, electrical, and instrumentation and control modifications.

A Request for Tender for General Contractors was issued in 2019 and formally closed in January 2020. The low bid received from E.S. Fox Limited exceeds the approved construction budget by \$600,000. In addition to the low bid budget shortfall, additional funds of \$300,000 are requested to supplement the current contingency identified in the tender document. The total contingency would represent 14% of the total budget to allow for potential unknown conditions during construction. Project contingencies in the range of 15% are typical for complex refurbishment projects in an operational environment. Therefore, the total additional funding request is \$900,000.

It is not uncommon for tender prices to vary both higher and lower than the certified cost estimate. For this particular project, the low bid was higher than the cost estimate for structural steel, monorail and hoist, motor control centre/automatic transfer switch line-up, and instrumentation and controls. The low bid also incorporates all the addenda which were not included in the pretender cost estimates.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The policies affecting or impacting this Report include:

- By-Law No. 17-064 Procurement Policy #2, Section 4.2 Approval Authority
- By-Law No. 17-064 Procurement Policy #5.3 – Request for Tenders (\$100,000 and greater)

## **RELEVANT CONSULTATION**

The following groups have been consulted and are supportive of this recommendation:

- Finance, Corporate Services
- Procurement, Corporate Services

Procurement Policy 5.3 states in part "...where one or more bids have been received and are in excess of budgeted funds, the General Manager of the Client Department in consultation with the Manager of Procurement may enter into negotiations with the vendor submitting the Lowest Compliant bid, where it is agreed that the changes required to achieve an acceptable bid will not change the general nature of the requirement described in the RFT."

With the approval of Procurement and the General Manager, Public Works, staff met with the lowest compliant bid (E.S. Fox Limited) on February 18, 2020. Approval for this request was granted February 13, 2020 and a meeting was scheduled between the City and E.S. Fox Limited on February 18, 2020. Due to the magnitude of the budget shortfall, the project team was not able to identify any project savings that would result in an acceptable bid within the approved construction budget.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The Old Dundas Road (HC005) WWPS upgrades are required in order to bring the station up to existing safety codes and environmental requirements in order to maintain sustainable and reliable service for the next 20 to 30 years. As such, additional funds are requested to address the project needs in its entirety. In order to maintain project continuity, critical path schedule and minimize extra costs, it is in the best interest of the City to award Contract C13-29-19 to E.S. Fox Limited.

## **ALTERNATIVES FOR CONSIDERATION**

- (1) Negotiate reduced scope with lowest compliant bid tender, however, the value of credited items with a single vendor, typically do not receive full market value. In addition, the cost to re-tender removed scope under a future contract would likely carry additional costs.
- (2) Cancel Contract C13-29-19 and re-tender with a modified scope. This alternative is not recommended for a number of reasons. This delayed approach would put the existing station at future risk, as the station is in need of repairs. As well, increased construction and design costs would likely result because of potential market fluctuations and cost escalation due to inflation. Finally, the scope of work

would need to be reduced significantly to avoid or mitigate the risk of the City being cited for bid shopping.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

### **Built Environment and Infrastructure**

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

## **APPENDICES AND SCHEDULES ATTACHED**

N/A