



**Special Council  
June 11, 2009**

**PICTON WASTE WATER TREATMENT PLANT - AWARD OF  
DESIGN/BUILD CONTRACT**

**Recommendation:**

**The CAO, Commissioner of Corporate Services and the Deputy Public Works Engineer recommends:**

**THAT, County Council authorize the construction of a new wastewater treatment plant for the Ward of Picton with the total project cost not to exceed \$29,000,000.**

**That Contract No. 2009-PW-038, as reviewed by the County solicitor, for Construction of the Picton Wastewater Treatment Plant Replacement be awarded to Maple Reinders Constructors Ltd., in the negotiated amount of \$24,707,250.00 plus G.S.T. and that the Mayor and Clerk be authorized to execute the contract on behalf of the County.**

**THAT, a consulting engineering services contract for Contract Administration services for the Picton Wastewater Treatment Plant construction project be awarded to Willowshore Associates Inc. in the upset amount of \$160,000.00 plus GST.**

**THAT, a consulting engineering services contract for Construction Administration services for the Picton Wastewater Treatment Plant construction project be awarded to J.L. Richards and Associates Limited in the upset amount of \$590,000.00 plus GST.**

**Background/Purpose:**

Project background and chronology was provided in the report titled "*Picton Wastewater Treatment Plant Procurement Project Process*" included on the same Special Council agenda as this report.

At the April 28<sup>th</sup> Council meeting the following motions were carried:

**PWWTP-42-2009**

**THAT the proposal from Maple Reinders Constructors Ltd., dated April 21, 2009, for the Design/Build and Commissioning of the new Picton Wastewater Treatment Plant in the amount not to exceed \$24,924,350. excluding GST, subject to the following:**

- a) further information related to the proposal to be provided by Maple Reinders Constructors and reported to Council by the Commissioner of Public Works, and
- b) the development of an agreement satisfactory to the municipality.

**PWWTP-43-2009**

**THAT Willowshore Associates Inc., Lynn Morgan, P. Eng. be retained to provide project management services related to the development of the design-build contract and construction of the Picton Wastewater Treatment Plant; and**

**THAT an agreement be prepared for Council approval.**

**PWWTP-44-2009**

**THAT J.L. Richards and Associates Limited be retained as technical advisors and construction administrators for the development of the design-build contract and construction of the Picton Wastewater Treatment Plant; and**

**THAT an agreement be prepared for Council approval.**

This report has been prepared to obtain the endorsement by Council of a firm project cost and to award the Design/Build Contract for the new Picton Wastewater Treatment Plant and to award the above consultant agreements / contracts.

**Analysis/Comment:**

Construction Contract

As noted in the “*Picton Wastewater Treatment Plant Procurement Project Process*” report, negotiations have been ongoing with Maple Reinders Constructors Ltd. (Maple) to develop a Design /Build Contract that will meet the requirements of the County. The negotiation team for the County has included the Commissioner of Public Works, Director of Water and Wastewater Services; County Solicitor Mr. Harold Van Winssen; Project Manger Lynn Morgan and project consultants JL Richards Associates.

Negotiations have been completed and the team is pleased to announce that agreement has been reached on a contract and price with Maple. The final negotiated price is \$24,707,250.00 plus GST and it is recommended that that County enter into a contract with Maple for the construction of a new wastewater treatment plant for Picton Ward in the negotiated amount of \$24,707,250.00 plus GST.

Summary of Project Costs

In addition to the construction contract costs per the negotiated Maple contract, there will be other expenses incurred in the delivery this project. All together these costs will comprise the overall project costs eligible for COMRIF subsidy and which require formal approval so as to establish a final Project Cost. Such items include:

<b>PROJECT COMPONENTS</b>	<b>ACTION BY:</b>	<b>TOTAL COST (net GST)</b>
Costs incurred to December 31, 2008 including design costs, RFEI costs, legal costs, etc.		\$1,139,000

<b><i>Additional Items</i></b>		
Professional Services & RFP Costs from Jan. 1, 2009 to date		\$125,000
Building & other regulatory permits	PEC, Quinte Conservation, MOE	\$300,000
Trunk Sanitary Sewer Replacement	By local quotation	\$175,000
Granular "B" to be stockpiled	County to supply	\$66,000
Supply & delivery of Granular "A" & delivery of Granular "B" to site	Maple	\$194,700
Installation of power lines to site by Hydro One	Hydro One	\$50,000
New Outfall Structure	Maple	\$114,700
Asphalt Paving of site	Maple	\$95,000
Upgrade to "Neuros" Turbo Blowers (possible for Green Municipal Fund grant)	Maple	\$176,000
Install Turbine Generator in Outfall (contingent on Green Municipal Fund grant)	Maple	\$147,000
Install Effluent Heat Recovery System (contingent on Green Municipal Fund grant)	Maple	\$292,950
	<b>Total Additional Items</b>	<b>\$1,736,350</b>
<b><i>Project Management</i></b>		
Project Management	Willowshore	\$160,000
Inspection and Certifications	JL Richards	\$590,000
	<b>Total Project Management</b>	<b>\$750,000</b>

### ***Project Management***

With a complex project such as this; and with a requirement to track costs and submit regular subsidy applications to the COMRIF office, it will be necessary to engage a qualified Project Manager. In this regard, we have negotiated an extension to Willowshore Associates Inc. (Willowshore) project management engineering assignment to retain Willowshore as our Project Manager for this project. As Council may recall, Willowshore had been retained as our Project Manager for the detail design component of this project. An Agreement for Consulting Engineering Services with Willowshore in the upset amount of \$160,000 plus GST has been developed and it is recommended that the Mayor and Clerk be authorized to execute this agreement on behalf of the County.

It will also be necessary to engage a qualified engineering consultant to provide construction inspection and administration services. Construction inspection is necessary on a large project such as this so as to ensure that the new project is being constructed in accordance with the approved plans and specifications. Since Willowshore does not provide inspection services we have negotiated an extension to J.L. Richards and Associates Limited (JLR) engineering assignment to retain JLR as our Contract Administrators for this project. As Council may recall, JLR had been retained as expert peer review engineer consultant for the DBFO process. An Agreement for Consulting Engineering Services with JL Richards Associates in the upset amount

of \$590,000 plus GST has been developed and it is recommended that the Mayor and Clerk be authorized to execute this agreement on behalf of the County.

Contingency Allowance

While substantial effort has been made to date to address every design detail and possible contingency, with a large and complex project such as this there is a possibility that some unforeseen event(s) may occur which could result in additional costs being added to the project. Claims for delays while managing these unforeseen events are another example of typical common extras. Approving a Contingency Allowance in advance minimizes the possibility of such claims for delay against PEC and are typically provided for such projects. Therefore it is recommended that such an allowance be allocated for this project which will enable staff and our project managers to negotiate resolutions for any unforeseen events and minimize additional expenses related to delays. In this regard it is recommended that a Contingency Allowance of \$667,400 be allocated to this project. Any extra work or unforeseen issues will be reported to Council so as to provide an ongoing update and accountability for the project.

**Strategic Plan Implications:**

Reporting on tender awards supports Strategic Plan objective “Provide an efficient, effective and responsive municipal government”.

**Financial Implications:** (Note: All costs quoted herein this report are net G.S.T.)

The final Project Costs being recommended for Council’s approval are summarized as follows:

<b>Costs Incurred to Dec. 31/08</b>		\$1,139,000
<b>Construction Contract Cost</b>	<b>Maple Reinders</b>	\$24,707,250
<b>Additional Items</b>	<b>Trunk sewer, granular materials, building and regulatory permits, etc.</b>	\$1,736,350
<b>Project Management</b>	<b>Willowshore Associates &amp; JL Richards</b>	\$750,000
<b>Contingency Allowance</b>		\$667,400
<b>TOTAL PROJECT COST</b>		<b>\$29,000,000</b>

It is recommended that Council endorse the Total Project Cost of \$29,000,000 for the construction of the new Picton Wastewater Treatment Plant.

COMRIF has allocated approximately \$10.3M dollars in subsidy towards this project. Green Municipal Funding will be requested for two items; the turbine generator in the outfall and the effluent heat recovery system; these would only be included in the project if fully funded by this program. The total Green Municipal Fund Grant request would total \$439,950.

The Project Costs to be funded by the County can be summarized as follows:

<b>TOTAL PROJECT COST</b>	<b>\$29,000,000</b>
(less) approved COMRIF Funding	\$10,300,000
(less) Green Municipal Fund Grant	\$439,950
<b>NET TOTAL COST TO COUNTY</b>	<b>\$18,260,050</b>

In anticipation of securing necessary financing for the project, the County Treasurer has a received loan approval from OPIC for a loan in the amount \$18,700,000; slightly more than the \$18,260,050 net total cost. Repayment of the County's loan will be funded through the Water and Sewer rates and Connection Charges; not through the municipal tax levy.

**Policy Implications:**

The County's Purchasing Policy in Section 11 permits negotiation under certain conditions where one or more of the specified criteria exist therefore award of this negotiated contract would be permissible under Section 11(ix) of the Policy.

In regard to the Willowshore and JLR consulting contracts, the County's Purchasing Policy in Section 11(vi) permits negotiation where the extension of an existing Contract would be more cost effective or beneficial to the Corporation. Given that the fees quoted are reasonable when compared to industry standards and are within acceptable project allowances, awarding a negotiated consulting contact extension to Willowshore and JLR would be permissible under the Purchasing Policy.

**Summary:**

It is recommended that County Council endorse the Picton WWTP construction project at a total project cost not to exceed \$29,000,000.00 and that Contract No. 2009-PW-038 for the Picton Wastewater Treatment Plant Replacement be awarded to Maple Reinders in the negotiated amount of \$24,707,250.00.

**Attachments: N/A**

**Submitted by:**



Director of Water and Wastewater Services

**Approved by:**



Deputy Public Works Engineer

Commissioner of Corporate Services, Jun 8/09

**CAO Approval:**



8/June/09