Minutes – Executive Policy Committee – February 13, 2018

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – February 1, 2018

Item No. 3 Design Build of The City of Winnipeg's North End Sewage Treatment Plant Power Supply Upgrade Project
Request for Proposal No. 599-2015B

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment and submitted the following to Council:

1. That the City execute, deliver and perform the agreement to Design Build the City of Winnipeg' s North End Sewage Treatment Plant Power Supply Upgrade Project ("the Design Build Agreement") and all such other agreements ancillary to the Design Build Agreement as deemed necessary by the Director of Legal Services and City Solicitor (the "Ancillary Agreements"), and that authority be delegated to the Chief Administrative Officer to approve the terms and conditions of, and deliver, the Design Build Agreement and all Ancillary Agreements.

2. That Black & McDonald Limited, being the Proponent which obtained a "Pass" on each Pass/Fail Submission component and that scored the highest number of possible points for its combined Technical and Financial Submission, be selected as the Preferred Proponent and awarded the contract to Design Build the City of Winnipeg's North End Sewage Treatment Plant Power Supply Upgrade Project (RFP 599-2015B) in the amount of $35,061,209.00 including MRST, GST extra.

3. That the Chief Administrative Officer be delegated the authority to approve over-expenditures for the above Design Build Agreement provided monies are available within the applicable capital budget as approved by Council.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – February 1, 2018

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

That the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On February 1, 2018, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **DESIGN BUILD OF THE CITY OF WINNIPEG'S NORTH END SEWAGE TREATMENT PLANT POWER SUPPLY UPGRADE PROJECT REQUEST FOR PROPOSAL NO. 599-2015B**

Critical Path: **The Standing Policy Committee on Water and Waste, Riverbank Management and the Environment**

AUTHORIZATION

Author	Department Head	CFO	CAO
G. K. Patton, P.Eng. Manager of Engineering Services	T. W. Shanks, M. Eng. P. Eng., Acting Director, Water and Waste Department	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

This report is for the selection of the Preferred Proponent and Award of Contract for the Design Build of the City of Winnipeg's North End Sewage Treatment Plant (NEWPCC) Power Supply Upgrade Project. The Work of this contract consists of the design and construction of a new electrical service for the NEWPCC Facility in preparation for the increased electrical loads required by the Nutrient Removal Upgrade. The procurement is through the Request for Proposal process. This capital project is financed from the approved Capital Budget for 2004-2017 Capital Budgets for North End Sewage Treatment Plant – Nutrient Removal/Upgrade.

RECOMMENDATIONS

1. That the City execute, deliver and perform the agreement to Design Build the City of Winnipeg' s North End Sewage Treatment Plant Power Supply Upgrade Project ("the Design Build Agreement") and all such other agreements ancillary to the Design Build Agreement as deemed necessary by the Director of Legal Services and City Solicitor (the "Ancillary Agreements"), and that authority be delegated to the Chief Administrative Officer to approve the terms and conditions of, and deliver, the Design Build Agreement and all Ancillary Agreements.

2. That Black & McDonald Limited, being the Proponent which obtained a "Pass" on each Pass/Fail Submission component and that scored the highest number of possible points for its combined Technical and Financial Submission, be selected as the Preferred Proponent and awarded the contract to Design Build the City of Winnipeg's North End Sewage Treatment Plant Power Supply Upgrade Project (RFP 599-2015B) in the amount of $35,061,209.00 including MRST, GST extra.

3. That the Chief Administrative Officer be delegated the authority to approve over-expenditures for the above Design Build Agreement provided monies are available within the applicable capital budget as approved by Council.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

REASON FOR THE REPORT

As the total contract amount including GST exceeds $30,000,000.00*, and there are funds in a budget approved by Council, the award must be approved by The Standing Policy Committee on Water and Waste, Riverbank Management and the Environment pursuant to the Materials Management Policy and Administrative Standard FM-002.

**The Chief Administrative Officer has the delegated authority to approve contract awards for upcoming South and North End sewage treatment plant capital projects where the value of each contract does not exceed $30 million and there are sufficient funds in a budget approved by Council as delegated by Council on May 19, 2010.*

IMPLICATIONS OF THE RECOMMENDATIONS

Funds in the amount of $795,589,958.00 are included in the 2004-2017 Capital Budgets for North End Sewage Treatment Plant (NEWPCC) – Nutrient Removal/Upgrade, Account Distribution No. 444 181000 200752 203110013B Contractex.

HISTORY / DISCUSSION

The Work of this contract consists of the design and construction of a new electrical service for the NEWPCC Facility in preparation for the increased electrical loads required by the Nutrient Removal Upgrade. The Work will include the construction of a new switchyard to house redundant 30 MVA transformers, a new Electrical Building, as well as electrical distribution to feed existing electrical distribution equipment on the Site. In addition, the Work includes replacement of electrical distribution equipment within the Secondary Clarifier facility. All Work shall be performed while minimizing impact on the operating NEWPCC Facility.

On December 9, 2015, the City issued a Request for Qualifications (RFQ) for the design build of the NEWPCC Power Supply Upgrade Project. Five RFQ submissions were received by the deadline of February 12, 2016. The intention was to select up to three (3) bidders for the Request for Proposals (RFP) process. On May 4, 2016 the WSTP Approval Committee approved two Prequalified Parties, Black & McDonald Limited and Wescan Electrical Mechanical Services.

The Proponents were granted access to the Request for Proposal documents on March 31, 2017. The Prequalified Parties were invited to participate in three (3) prescheduled Commercially Confidential Meetings to provide feedback to the City on the Design Build Agreement as well as submit design information for feedback from the City on their compliance with the Technical Requirements of the project.

Both Proponents submitted Proposals prior to the September 22, 2017 submission deadline. The proposal validity period expires February 18, 2018. There is a provision in the RFP for the extension of the proposal validity period for the Preferred Proponent.

Each of the Proposals was accompanied by an acceptable bid security.

The evaluation categories contained in the RFP are set out in Table 1 below. As well, the RFP outlined the following Evaluation and Disqualification Provisions:

- A Proponent's Technical Submission must receive a score of at least 60% (240 out of 400 points) in order to achieve a "pass" in the evaluation process;
- Only those Proponents that receive a "pass" on their Technical Submissions have their Financial Submissions scored;
- To be selected as Preferred Proponent a Proponent must obtain a 'Pass' on each Pass/Fail Submission component;
- Each Submission will be evaluated in accordance with the evaluation criteria set out in the Evaluation Categories table; and
- The highest scoring Submission will be considered the highest ranking Proponent.

TABLE 1 – Evaluation Categories and Scoring specified in the Request for Proposals

No.	Evaluation Categories	Maximum Points	Pass Threshold
1	Management Systems and Plans	80	
2	Project Schedule	20	
3	Civil	20	
4	Geotechnical	12	
5	Architectural	20	
6	Structural	20	
7	Mechanical	20	
8	Electrical – General and Configuration	32	
9	Electrical – Layouts	24	
10	Electrical – Equipment Specifications	12	
11	Electrical – Switchyard and Site Arrangement	12	
12	Electrical – Secondary Clarifiers	8	
13	Automation	20	
14	Construction Phasing and Power Availability	36	
15	Maintenance and Operability Considerations	32	
16	Asset Service Life	20	
17	Conformance with Standards	12	
	TOTAL	**400**	**240**

Black & McDonald, the highest ranked proponent, received a pass on the technical evaluation and submitted a bid of $ 35,061,209.00 which is below the Pre-bid estimate of $36,760,991.00.

Black & McDonald Bid $ 35,061,209.00

Pre-bid Estimate $ 36,760,991.00

The nature of Design Build contracts is for most of the design to be done by the Design Builder therefore the Pre-bid estimate provided by KGS Group is a Class 3 estimate. This includes the scope and requirements included in the Request for Proposals with an expected accuracy range of -20% to +30%. The time frame of this Design Build project will be approximately three years from 2018 to 2020.

The Design Build Agreement has provision for Relief Events, where the Design Builder may, in accordance with the agreement, receive schedule and monetary relief for designated risk-type events. The Relief Events include typical Force Majeure events but also events such as unforeseeable site conditions and pre-existing environmental damage or degradation. The Department has requested delegated over-expenditure approval to expeditiously address these types of events.

Engineering staff of this Department is satisfied that Black & McDonald has the necessary resources to perform all of the work in accordance with the requirements of the specifications. Black & McDonald has satisfactorily carried out previous construction works of a similar nature.

The recommended Design Builder, Black & McDonald has a (COR) Certificate of Recognition provided by the Construction Safety Association of Manitoba, Certification No. 12902-04.

The financial status of the North End Sewage Treatment Plant (NEWPCC) – Nutrient Removal/Upgrade project is as follows:

Authorized Capital		$795,589,958.00
Amount of Previous Awards or Expenditures	$ 53,158,647.78	
Amount of this Award	$ 35,061,209.00	
Total Estimated Cost	$ 88,219,856.78	$ 88,219,856.78
Estimated Residual for Remaining Projects		$707,370,101.22

Construction will not commence prior to award of Contract.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 22, 2017

Project Name:

First Year of Program **2018**

DESIGN BUILD OF THE CITY OF WINNIPEG'S NORTH END SEWAGE TREATMENT PLANT POWER SUPPLY UPGRADE PROJECT
REQUEST FOR PROPOSAL NO. 599-2015B

	2018	2019	2020	2021	2022
Capital					
Capital Expenditures Required	$ 3,506,121	$ 16,128,156	$ 15,426,932	$ -	$ -
Less: Existing Budgeted Costs	3,506,121	16,128,156	15,426,932	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funds for this project are included in the approved Capital Budgets for North End Sewage Treatment Plant (NEWPCC) – Nutrient Removal/Upgrade, Account Distribution No. 444 181000 200752 203110013B Contractex. This project is financed by the Environmental Projects Reserve, and Retained Earnings. WSTP projects are exempt from Corporate Interest and Administration charges.

"Original signed by Nancy Neumann for"
Lucy Szkwarek, CPA, CGA
Manager of Finance and Administration

js/lt
15-Dec-17

CONSULTATION

In preparing this report there was consultation with:

Materials Management Division, Corporate Finance Department

Legal Services Department, (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

This report is in accordance with the OurWinnipeg policies through protecting the environment. This power upgrade is required for the successful completion of the North End Sewage Treatment Plant (NEWPCC) – Nutrient Removal/Upgrade. This overall upgrade of the NEWPCC Facility will reduce the environmental impact of our citizens on the Red River and the downstream lakes and rivers. It is in collaboration with the Regulatory Licence requirements issued by the Province of Manitoba.

OurWinnipeg Reference: Section 02-2 Environment

SUBMITTED BY

Department: Water and Waste
Division: Engineering Services
Prepared by: Virginia Fisher, P. Eng., PMP
Date: December 27, 2017
File No.: S-961

c: Director of Legal Services/City Solicitor, Legal Services Department (email**)**
Manager of Materials, Corporate Finance Department (email)
WWD-Report-Processor (email)
L. Toews, Water and Waste Department (email)