Agenda – Council – April 3, 2020

Standing Policy Committee on Water and Waste, Riverbank Management and the Environment - Reports

Item No. 1 Award of Contract for Jefferson East Combined Sewer Relief – Contract 5 – Semple Trunk Sewer

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the City award, enter into, execute and deliver a Contract for Tender No. 1045–2019B, with McNally Construction Inc., the bidder who submitted the lowest responsive bid, in the amount of $17,130,800.00, plus a possible site occupancy bonus payment not to exceed 2% of the total bid price ($342,616.00), GST extra as applicable, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

2. That the Proper Officers of the City do all things necessary to implement the foregoing.

ADMINISTRATIVE REPORT

Title: AWARD OF CONTRACT FOR JEFFERSON EAST COMBINED SEWER RELIEF – CONTRACT 5 – SEMPLE TRUNK SEWER TENDER NO. 1045-2019B

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	M. L. Geer, CPA, CA, Director, Water and Waste Department	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

This report is for the award of a contract to McNally Construction Inc. for the Jefferson East Combined Sewer Relief – Contract 5 – Semple Trunk. The procurement is through the Tender process. This capital project is financed from the approved 2012-2019 Capital Budgets for Combined Sewer Overflow (CSO) and Basement Flood Management Strategy Program.

The recommendation of this report is compliant with the Materials Management Policy and applicable trade agreements.

RECOMMENDATIONS

1. That the City award, enter into, execute and deliver a Contract for Tender No. 1045–2019B, with McNally Construction Inc., the bidder who submitted the lowest responsive bid, in the amount of $17,130,800.00, plus a possible site occupancy bonus payment not to exceed 2% of the total bid price ($342,616.00), GST extra as applicable, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements”).

2. That the Proper Officers of the City do all things necessary to implement the foregoing.

REASON FOR THE REPORT

The total bid amount exceeds $5,000,000.00; therefore 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.

IMPLICATIONS OF THE RECOMMENDATIONS

Award of this contract will be funded from the amount of $136,644,186.00 which is included in the approved 2012-2019 Capital Budgets for CSO and Basement Flood Management Strategy Program, Account Distribution No. 444 181000 200752 20380001YY Contractex.

HISTORY/DISCUSSION

The work of this contract consists of the construction of a new land drainage sewer (LDS) that is approximately 1500 m (1.5 km) in length by trenchless methods. The main LDS consists of pipe diameters ranging from 1800mm to 2100mm; stub connections for future contracts; and connections to the existing LDS surface infrastructure (inlets).

The major components of the project are as follows:

A. Implementation of traffic controls for each stage of the project;
B. Construction of shafts to facilitate tunneling;
C. Carry out preparative work for tunneling, including the development of the launch shaft and laydown area;
D. Install and monitor instrumentation of surface and subsurface features and buildings to identify potential settlements caused by the tunneling operation;
E. Construct the Semple LDS trunk from Scotia Street to McKenzie Street;
F. Installation of stub-out sewers and catch basin connections to the new trunk;
G. Install manholes above tunnel;
H. Connect the existing catch basins and LDS leads from adjacent properties along newly installed LDS to the new LDS; and
I. Surface restoration and related works.

A Request for Qualifications (RFQ 1045-2019A) was completed by the Water and Waste Department before publishing the tender due to the complexity and estimated value of the proposed work. A total of nine (9) bidders prequalified for the project using equivalent trenchless pipe installation methods.

This project includes the use of site occupancy as a means for monitoring and administering the progress of the project. Site occupancy involves the Contract Administrator setting a completion date for the project along with a daily contract administration cost (site occupancy cost) for each Working Day the Contractor is able to perform work. The Contractor bids the number of anticipated Working Days to complete the project, and depending on the actual Working Days to complete the project, there may be a bonus payment or deduction applied to the final payment. The cost of site occupancy is determined by the amount of declared Working Days by the contractor multiplied by the set daily cost for site occupancy. The total value is then added to the total bid price to form the total evaluated bid price.

The Tender closed on February 6, 2020, with seven (7) bids being received as follows:

	Total Bid Price	Total Evaluated Bid Price	Bid Responsive
McNally Construction Inc.	$17,130,800.00	$17,971,800.00	Yes
Dibco Underground Limited	$17,287,981.00	$18,472,481.00	Yes
C&M McNally Engineering Corp.	$18,265,849.20	$19,403,849.20	Yes
Innovative Pipeline Crossings Inc.	$19,195,713.38	$20,683,313.38	Yes
Nelson River Construction Inc.	$21,835,621.00	$22,633,621.00	Yes
Ward & Burke Microtunnelling Ltd.	$25,761,520.00	$26,378,520.00	Yes
Technicore Underground Inc.	$31,180,431.05	$32,281,808.65	Yes

Pre-bid Estimate $22,700,000.00

The low total evaluated bid price bid of $17,971,800.00 is approximately 20.8% lower than the pre-bid estimate.

The pre-bid estimate was determined using recent tunneling project costs for the City of Winnipeg from 2016 – 2019. Because the scope of work allowed for vendors to utilize either a two pass or a pipe jacking installation methodology, the pre-bid estimate was based on a blended average cost format for both installation methodologies, and therefore subject to some level of cost variability.

A Pre-Award meeting by phone call was held on February 10, 2020, to confirm that the Contractor had the resources and ability to complete the work by the Substantial and Total Performance dates as specified in the Tender Document. McNally Construction Inc. provided confirmation that their Bid submitted was accurate and were satisfied that they could complete the project under the terms detailed in the Tender Document, and as documented in the Pre-Award Meeting Minutes, dated February 10, 2020.

The total cost of the project including the contract works and a possible site occupancy bonus payment not to exceed 2% of the total bid price will be $17,473,416.00, which is within the budget funds provided.

Engineering Services of the Water and Waste Department is satisfied that the low Bidder has the necessary resources to perform all of the work in accordance with the requirements of the specifications. The low Bidder has satisfactorily carried out previous construction works of a similar nature.

The proposed Contractor is from Ontario and has a Certificate of Recognition (COR) from the Ontario Infrastructure Health and Safety Association. McNally Construction Inc. is in the process of obtaining their Manitoba COR™ Equivalency for the Contract. The Canadian Federation of Construction Safety Associations has equivalency programs between the provinces of Manitoba and Ontario, which recognize and credit members as COR equivalent, in the province they are planning to work in.

The Manager of Materials has advised that each of the bid submissions was accompanied by a satisfactory bid security.

The financial status of the CSO and Basement Flood Management Strategy Program is as follows:

Authorized Capital		$ 136,644,186.00
Amount of Previous Awards or Expenditures	$ 110,679,424.89	
Amount of this Award	$ 17,130,800.00	
Amount of 2% Site Occupancy Bonus	$ 342,616.00	
Total Estimated Cost	$ 128,152,840.89	$ 128,152,840.89
Estimated Residual for Remaining Projects		$ 8,491,345.11

The bid recommended for acceptance is the low bid meeting all requirements of the specifications. This offer is open for acceptance until June 5, 2020.

Construction will not commence prior to the award of contract.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 18, 2020

Project Name:

First Year of Program **2020**

AWARD OF CONTRACT FOR JEFFERSON EAST COMBINED SEWER RELIEF – CONTRACT 5 – SEMPLE TRUNK SEWER
TENDER NO. 1045-2019B

	2020	2021	2022	2023	2024
Capital					
Capital Expenditures Required	$ 17,473,416	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	17,473,416	-	-	-	-
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 CSO and Basement Flood Management Strategy Program, Account Distribution No. 444 181000 200752 20380001YY. This project is financed by the Environmental Projects Reserve.

"Original signed by L. Szkwarek, CPA, CGA"
Lucy Szkwarek, CPA, CGA
Manager of Finance and Administration

bah
14-Feb-20

CONSULTATION

This Report has been prepared in consultation with:

Materials Management, Corporate Finance Department
Legal Services Department (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg Reference: Environment

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

SUBMITTED BY

Department: Water and Waste
Division: Engineering Services
Prepared by: J. Friesen, C.E.T.
Date: February 19, 2020
File No.: D-412