Minute No. 249
Report - Standing Policy Committee on Public Works - March 9, 2004

Item No. 2 **Award of Contract - Hauling and Land Application of Biosolids from the NEWPCC Biosolids Dewatering Facility**
File GL-9

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submits the following to Council:

1. That a multi-year contract for Tender No. 569-2003 be awarded to Mulder Construction and Materials Ltd., the lowest evaluated responsive bidder meeting the specifications in the amount of $5,691,945.69 plus G.S.T. for the period of July 1, 2004 to June 30, 2009.

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

Minutes - Executive Policy Committee - March 17, 2004

Report - Standing Policy Committee on Public Works - March 9, 2004

DECISION MAKING HISTORY:

Moved by Councillor Gerbasi,
That the recommendation of the Standing Policy Committee on Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On March 9, 2004, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submitted the matter to Executive Policy Committee and Council.

Re: AWARD OF CONTRACT FOR THE HAULING AND LAND APPLICATION OF BIOSOLIDS FROM THE NEWPCC BIOSOLIDS DEWATERING FACILITY, TENDER NO. 569-2003

FOR SUBMISSION TO: THE STANDING POLICY COMMITTEE ON PUBLIC WORKS

ORIGINAL REPORT SIGNED BY: The Director of the Water and Waste Department

REPORT DATE: March 2, 2004

RECOMMENDATION(S):

That a multi-year contract for Tender No. 569-2003 be awarded to Mulder Construction and Materials Ltd., the lowest evaluated responsive bidder meeting the specifications in the amount of $5,691,945.69 plus GST for the period of July 1, 2004 to June 30, 2009.

Report Summary

KEY ISSUES: This award is for a multi-year contract worth over $1,000,000.00 per year.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications

	None
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
X	Involves a multi-year contract

Comment: The term of this contract is from July 1, 2004 to June 30, 2009.

Policy Implications

X	No
	Yes - Comment(s):

Environmental Implications

X	No
	Yes - Comment(s):

Human Resources Implications

X	No
	Yes - Comment(s):

Financial Implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment: Funds for future years are not in an approved budget.

REPORT

REASON FOR THE REPORT:

The award of a multi-year contract must be authorized by Council in accordance with Section 8(e) of the City of Winnipeg Purchasing Policy, which states that a recommendation shall be forwarded to Council for funding the difference between budgetary provision and the consideration for the proposed contract.

HISTORY:

Funds in the amount of $1,232,000.00 for the hauling and land application of biosolids are included in the 2004 Current Budget identified as Sewage Disposal System Fund - Sewage Interception and Treatment - Account Number 444-521020-201111. Funds for future years of the contract will be included in subsequent annual Current Budgets.

DISCUSSION:

The work of this contract consists of providing year round hauling and land application services for the disposal of biosolids from the NEWPCC. The major component of the work is the hauling, spreading and incorporating of 50,000 tonnes of biosolids per year on agricultural lands presently located in the R. M. of MacDonald.

Tenders closed on February 13, 2004 with one bid being received as follows:

Mulder Construction & Materials Ltd.	$5,691,945.69

Engineering staff of this Department are satisfied that the low tenderer has the necessary resources to perform all of the work in accordance with the requirements of the specifications. The low tenderer is also the current contractor for this work and has satisfactorily carried out this work for the last 13 years.

The Manager of Materials Management Division has advised that the tender submission was accompanied by a bid bond and an agreement to bond, which have been certified by the Legal Services Division.

The City received only one bid for this tender. Interest was expressed by two other bidders through attendance at a bidder's meeting and telephone inquiries. However, this activity did not result in any other tender submissions. The work of this contract is very specialized and has the potential for being environmentally sensitive in case of an accidental biosolids spill. There are a limited number of Contractors qualified to do this unique and limited type of work.

The annual price for the first year of this contract is 0.7% higher than the final year of the current 3-year contract but 13.5% less than the pre-tender estimate. The City's pre-tender estimate was

based on an anticipated equipment cost increase for new equipment requirements under the new contract plus additional hauling and fuel costs.

This Contract is for a 5-year term, which allows contractors to submit bids that reflect the amortization of equipment costs over a 5-year period. By the end of this 5-year period, it is anticipated that the City will have received a new Environment Act License, which will specify new terms and conditions for biosolids disposal. Through an environmental review process and the Biosolids Disposal Study which is almost complete, the future strategy and direction for the City's biosolids handling and disposal will be formulated which will have a bearing on future disposal contracts to be issued.

There is a possibility that the new license may contain restrictions on land application rates and winter spreading, which may affect the term of the contract. Clause GC 7.5 of the General Conditions of the Contract states that the quantities of the contract can be changed up to a maximum of 20%. There is a risk that the reduction may be greater than 20%. If the reduction is greater than 20% the City may have to negotiate compensation with the Contractor.

The tender recommended for acceptance is the low bid meeting all requirements of the specifications. This offer is open for acceptance until May 13, 2004.

FINANCIAL IMPACT:

The following financial impact statement for this project has been prepared in accordance with the recommendation adopted by Council on December 13, 2000.

Financial Impact Statement

Date: March 2, 2004

Project Name: THE HAULING AND LAND APPLICATION OF BIOSOLIDS FROM THE NEWPCC BIOSOLIDS DEWATERING FACILITY, TENDER NO. 569-2003

First Year of Program 2004

	2004	2005	2006	2007	2008
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
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	$ 610,703	$ 1,238,874	$ 1,274,680	$ 1,312,265	$ 1,351,741
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 610,703	$ 1,238,874	$ 1,274,680	$ 1,312,265	$ 1,351,741
Less: Existing Budget Amounts	610,703	1,238,874	1,274,680	1,312,265	1,351,741
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: This is a five year contract with funds included every year in the annual Current Budget. The amount for 2004 is in an adopted Current Budget. The amounts shown in subsequent years are the amounts anticipated to be included every year in the annual Current Budget as required for this work.

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Moira L. Geer C.A.
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH AND CONCURRENCE BY: N/A

Corporate Services, Legal Services Division
Corporate Finance, Materials Management Branch

THIS REPORT SUBMITTED BY:

Water and Waste Department
Engineering Division
Prepared by: Dwight Gibson, P. Eng.
Processed by: Shirley Teranishi/John Elias
File No. S-588

Attachment

c: Manager of Legal Services/City Solicitor, Corporate Services Department
Manager of Materials, Corporate Finance Department
N. Vollrath, Finance and Administration, Water and Waste Department
J. Elias, C.E.T., Water and Waste Department

THE CITY OF WINNIPEG
WATER AND WASTE DEPARTMENT

TENDER TABULATION

FOR

HAULING AND LAND APPLICATION OF BIOSOLIDS FROM THE NEWPCC BIOSOLIDS DEWATERING FACILITY

Tender No. 569-2003 **File No.** WW/S-588

Tenderer	Total Tendered Price	Completion Date	Deposit	Remarks
Mulder Construction & Materials Ltd.	$5,691,945.69	June 30, 2009	Bid Bond	

Pre-tender Estimate	$6,581,248.60
Recommended Amount	$5,691,945.69