

MINUTES

PUBLIC UTILITIES COMMISSION

CIVIC CENTRE
ROOM 212

SEPTEMBER 6, 2005
4:00 PM

PRESENT: Chairman Bryon Fluker, Commissioners Janet McGuigan, Frank Vercouteren, Tom McGregor, Joe Faas, Mayor Diane Gagner, Acting CAO Gerry Wolting, General Manager, Water & Wastewater Services Jack Sonneveld, and Director, Scott Prail.

ABSENT: Commissioner Jim Brown, and Facility, Systems Manager Rob Bernardi.

1. **CALL TO ORDER**

Chairman Fluker called the meeting to order at 4:00 PM.

2. **DECLARATION OF PECUNIARY INTEREST**

NONE

3. **REPORTS**

a) Dresden Watermain Replacements Project Tender Award

MUNICIPALITY OF CHATHAM-KENT
INFRASTRUCTURE AND ENGINEERING SERVICES
PUBLIC UTILITIES COMMISSION

TO: PUC Chairperson and Commissioners
FROM: Nelson Cavacas, C.E.T.
Manager, Engineering and Traffic Division
DATE: August 31, 2005
Subject: Tender Award: Contract T05-150, Dresden Water Main Replacements, Community of Dresden

RECOMMENDATION

It is recommended that:

1. The tender in the amount of \$98,292.31 including GST for the Dresden Water main Replacements in the Community of Dresden be awarded to Huron and Erie Excavating Limited.

BACKGROUND

The watermain replacement on Queen Street West and looping extension on Strathglass Street in Dresden was identified as a project in the 2005 budget approved by the Public Utilities Commission (PUC). The existing water main consists of a 100mm diameter along Queen Street with no looping Street servicing 30 residential properties. These sections of water main are undersized according to Ministry of the Environment standard for urban areas. In addition, PUC staff have received complaints from area residents regarding pressures and confirmed these concerns with residual pressures and fire flows in this area by undertaking hydrant flow testing. The replacement of the existing lines with 150mm poly vinyl chloride (PVC) pipe will enhance the pressure, distribution grid and provide additional fire protection to this neighbourhood.

Stantec Consulting Limited carried out the project engineering. The Purchasing Officer received and opened tenders for the work on Tuesday August 23, 2005. The results are as follows:

QUEEN AND STRATHGLASS STREET WATERMAIN REPLACEMENT COMMUNITY OF DRESDEN		
Rank	Tenderer	Tender Amount
1	Huron and Erie Excavating Limited Sarnia, Ontario.	\$ 98,292.31
2	Murray Mills Excavating and Trucking Limited Sarnia, Ontario.	\$ 182,383.64
3	Ben Bruinsma and Sons Limited Chatham, Ontario.	\$ 189,775.20
4	Henry Heyink Construction Limited Chatham, Ontario.	\$ 194,312.00
5	Nordell Excavating Limited Sarnia, Ontario.	\$ 201,692.86
6	Sherway Contracting (Windsor) Limited Windsor, Ontario.	\$ 244,783.90
7	Delway Contractors Chatham, Ontario.	\$ 246,100.00

Stantec Consulting Limited has reviewed the tenders and advised that the tenders are complete in all respects. Their recommendation letter (Appendix A) is attached.

COMMENTS

The project consists of the installation of a new 150mm-replacement upgrade water main on Queen Street West from St. George Street to Metcalfe Avenue West and also a new 150mm water main extension on Strathglass Street from Queen Street West to Brown Street which establishes a loop for this water main. The project includes new water service connections, fire hydrants and appurtenances. A site map of the water main replacement has been attached for reference (see Appendix B).

The original project estimate for this project that is set out in the 2004 Lifecycle Water Main Replacements Budget was \$227,000. The engineering costs including design, tendering and contract administration are \$30,000. The engineer's most recent estimate for construction was \$171,050 including GST. Seven competitive bids were received on the project. The low tender received is 42.5% below the engineer's estimate and within the total overall approved budget amount for lifecycle water main replacements.

Considering the difference between the lowest tender with the engineer's estimate and the second lowest tender along with fact of unfamiliarity with Huron and Erie Excavating Limited, staff requested the Consultant complete an interview with the contractor to formulate a satisfactory recommendation. As a result of this meeting, Stantec Consulting were satisfied that Huron and Erie Excavating have competent supervisory staff available and the necessary equipment to undertake this type of construction project. Contractor also indicated because they are a fairly new company who have completed work mostly as a sub-contractor with directional drilling of lines, including water mains, have bid aggressively on this project in order to establish themselves as a reputable company in this field. Staff concurs with the recommendation to award the tender to Huron and Erie Excavating Limited who submitted the lowest tender bid.

In addition, all being said because the lowest tender received is below the \$100,000 value the current Municipality of Chatham-Kent construction securities requirement can be provided in the form of either a 10% Letter of Credit, 10% Certified Cheque, or a 100% Performance, Labour and Material Payment Bond may be used as an alternative. The contractor, Huron and Erie Excavating, has chosen to provide a Certified Cheque in the amount of \$9,850 which is in accordance with the Municipality of Chatham-Kent Construction Surety policy.

Construction Surety is seen as a formal way of guaranteeing performance and payment for labour and materials under any given Contract; therefore, not requiring surety would leave the owner in a state of financial exposure if the Contractor defaults on the Contract. Hence, the level of protection then becomes a matter of judgement on the part of the owner, depending on the degree of exposure the owner feels comfortable with and the experience of default in this industry. With this contract if awarded then the construction surety will be in the form of holding onto the Certified Cheque in the amount of \$9,850 until all work is satisfactorily completed and the Construction Lien Act provisions are satisfied.

The project breakdown is summarized in the Financial Implications section of this report.

COMMUNITY STRATEGIC PLAN

The recommendation in this report supports the following objective and strategic direction:

B. Economy – We are a prosperous community

B3: Maintain and enhance new and existing infrastructure to support economic and smart growth opportunities

Desired Outcomes / Proposed Activities

- **Support new infrastructure investments and modernize existing infrastructure**

The recommendation will not adversely impact on the remainder of the Community Strategic Plan.

CONSULTATION

The Tenders were opened by the Purchasing Officer and reviewed by the Tendering Committee comprised of the Purchasing Officer, Corporate and Development Services, the Manager, Financial Services/Treasurer, Corporate and Development Services and the Director, Engineering and Traffic Division, Infrastructure and Engineering Services.

The General Manager of Water and Wastewater Services was consulted in the preparation of this report and supports the recommendation.

FINANCIAL IMPLICATIONS

The project summary is set out in the following table.

<u>WATER LINE REPLACEMENTS</u>		
<u>QUEEN AND STRATHGLASS STREET, COMMUNITY OF DRESDEN</u>		
<u>CONTRACT T05-150</u>		
A) Project Funding:	Watermain Replacement Budget Estimate	\$ 227,000.00
B) Project Costs:	Low Tender, incl. GST	\$ 98,292.31
	Engineering Design & Inspection	\$ 30,000.00
	Less GST Rebate 7%	-\$ 6,430.34
	Project Total	\$ 121,861.97
	Cost Avoidance	\$ 105,138.03
C) Water main Replacement Budget Update Summary	Total Approved Budget	\$ 1,250,000.00
	Previously Approved	-\$ 640,170.00
	Current Project	-\$ 121,861.97
	Balance Remaining	\$ 487,968.03

Projects are still pending in Wallaceburg that account for the balance of the 2005 Lifecycle Water Main replacement budget.

Prepared by:

Reviewed by:

Nelson Cavacas, C.E.T.
Manager
Engineering and Traffic Division

Gary Northcott, P. Eng.
Director
Engineering and Traffic Division

Reviewed by:

Reviewed by:

Leo Denys, P. Eng.
General Manager
Infrastructure and Engineering Services

Acting Chief Administrative Officer
Gerry Wolting, B.Math, CA

Moved by Commissioner Vercouteren and seconded by Commissioner Faas.

“That the tender in the amount of \$98,292.31 including GST for the Dresden Water main Replacements in the Community of Dresden be awarded to Huron and Erie Excavating Limited.”

Motion carried

b) Wheatley Watermain Replacements Project Tender Award

**MUNICIPALITY OF CHATHAM-KENT
INFRASTRUCTURE AND ENGINEERING SERVICES
PUBLIC UTILITIES COMMISSION**

TO: PUC Chairperson and Commissioners
FROM: Nelson Cavacas, C.E.T.
 Manager, Engineering and Traffic Division
DATE: August 24, 2005
Subject: Tender Award: Contract T05-167, Talbot Road
 Water Main Replacement, Community of Wheatley

RECOMMENDATION

It is recommended that:

1. The tender in the amount of \$273,486 including GST for the Talbot Road Water Main Replacement in the Community of Wheatley be awarded to D'Amore Construction (2000) Limited.

BACKGROUND

The Public Utilities Commission (PUC) approved \$1,250,000 amount for the 2005 Lifecycle Water Main budget of which some of this amount was allocated to be spent in Wheatley. Although the PUC was originally planning to replace the water main along Talbot Road starting at Klondyke Road heading westerly with its replacement upgrade. The municipality has approved the replacement of the sidewalk along Talbot Road from Victoria Street to Little Street to be completed this year. During the design of this Wheatley sidewalk replacement, the water main was identified as requiring replacement due to age. The existing water main is approximately 75 years old and consists of a 150mm diameter along Talbot Road. The water main work will be completed and coordinated under a separate contract prior to the sidewalk work commencing to minimize concrete sidewalk and curb restoration being required under this water main replacement project.

In addition, PUC staff has confirmed concerns with fire flows and residual pressures in this area by undertaking hydrant flow testing in this area. The replacement of the existing lines with 200mm and 300mm poly vinyl chloride (PVC) pipe will enhance the pressure, distribution grid and provide additional fire protection to this area.

Dillon Consulting Limited carried out the project engineering. The Purchasing Officer received and opened tenders for the work on Tuesday August 23, 2005. The results are as follows:

TALBOT ROAD WATER MAIN REPLACEMENT COMMUNITY OF WHEATLEY		
Rank	Tenderer	Tender Amount
1	D'Amore Construction (2000) Limited Windsor, Ontario.	\$ 273,486.65
2	Henry Heyink Construction Limited Chatham, Ontario.	\$ 283,229.00
3	Jeff Shepley Excavating Limited Essex, Ontario.	\$ 283,929.26
4	Sherway Contracting (Windsor) Limited Windsor, Ontario.	\$ 329,388.80
5	Delway Contractors Chatham, Ontario.	\$ 379,716.25**

** Note: A mathematical error was corrected but it did not impact the tender outcome.

Dillon Consulting Limited has reviewed the tenders and advised that the tenders are complete in all respects. Their recommendation letter (Appendix A) is attached.

COMMENTS

The project consists of the installation of a new 200mm-replacement upgrade water main on Talbot Road from Erie Street to Little Street and also a new 300mm-replacement upgrade water main on Talbot Road from Erie Street to Victoria Street which establishes a necessary water supply to support future proposed commercial and residential development which is approximately 17.0 hectares in area within in the community of Wheatley. This will also provide for a secondary loop to the Wheatley water system to run north through these lands to be developed and connect back into the 300mm water main on Erie Street North next to the Wheatley Area Public School.

Municipal staff has met with the stakeholders of this development earlier this year and they have agreed to the costs for over sizing this section of water main to 300mm to be recovered through recovery clauses within the development agreements when these lands are developed. The cost for this over sizing utilizing the lowest tender prices is \$13,220 as shown in the Financial Implications section of this report.

The project also includes new water service connections, fire hydrants and appurtenances. A site map of the water main replacement has been attached for reference (see Appendix B).

The engineering costs including design, tendering and contract administration are \$28,086. The engineer's most recent estimate for construction was \$242,500 including GST. Five competitive bids were received on the project. Although the lowest bid received is 12.8% above the engineer's estimate, the three lowest tenders received are within 4% of each other and the lowest tender is within the total overall approved budget amount for lifecycle water main replacements. The project breakdown is summarized in the Financial Implications section of this report.

Staff concurs with the recommendation to award the tender to D'Amore Construction (2000) Limited who submitted the lowest tender bid.

COMMUNITY STRATEGIC PLAN

The recommendation in this report supports the following objective and strategic direction:

B. Economy – We are a prosperous community

B3: Maintain and enhance new and existing infrastructure to support economic and smart growth opportunities

Desired Outcomes / Proposed Activities

- **Support new infrastructure investments and modernize existing infrastructure**

The recommendation will not adversely impact on the remainder of the Community Strategic Plan.

CONSULTATION

The Tenders were opened by the Purchasing Officer and reviewed by the Tendering Committee comprised of the Purchasing Officer, Corporate and Development Services, the Manager, Financial Services/Treasurer, Corporate and Development Services and the Director, Engineering and Traffic Division, Infrastructure and Engineering Services.

The General Manager of Water and Wastewater Services was consulted in the preparation of this report and supports the recommendation.

FINANCIAL IMPLICATIONS

The project summary is set out in the following table.

WATER LINE REPLACEMENTS		
TALBOT ROAD, COMMUNITY OF WHEATLEY		
CONTRACT T05-167		
A) Project Costs:	Low Tender, incl. GST	\$ 273,486.65
	Engineering Design & Inspection	\$ 29,250.00
	Less 300mm Over Sizing Costs	-\$ 13,220.00
	Less GST Rebate 7%	-\$ 17,891.65
	Project Total	\$ 271,625.00
C) Water main Replacement Budget Update Summary	Total Approved Budget	\$ 1,250,000.00
	Previously Approved	-\$ 368,545.00
	Current Project	-\$ 271,625.00
	Balance Remaining	\$ 609,830.00

Projects are still pending in Dresden and Wallaceburg that account for the balance of the 2005 Lifecycle Water Main replacement budget.

Prepared by:

Reviewed by:

Nelson Cavacas, C.E.T.
Manager
Engineering and Traffic Division

Gary Northcott, P. Eng.
Director
Engineering and Traffic Division

Reviewed by:

Reviewed by:

Leo Denys, P. Eng.
General Manager
Infrastructure and Engineering Services

Acting Chief Administrative Officer
Gerry Wolting, B.Math, CA

Moved by Commissioner Faas and seconded by Commissioner McGuigan.

“That the tender in the amount of \$273,486 including GST for the Talbot Road Water Main Replacement in the Community of Wheatley be awarded to D’Amore Construction (2000) Limited.”

Motion carried

4. NEXT MEETING

The next P.U.C. Commission meeting is scheduled for Thursday, September 22, 2005 at 4:00 PM in the PUC Boardroom.

5. ADJOURNMENT

Moved by Commissioner Vercooterren and seconded by Commissioner Faas.

“That the meeting be adjourned at 4:15 PM.”

Motion carried