



Staff Report

Report To: Dan Best, Chief Administrative Officer
From: **Don Giberson, Environmental Services Director**
Date: September 5 2017
Report: ESD.17.23
Subject: Tender Results for Exeter Sewage Lagoon Aeration System Replacement

Recommendations:

That South Huron Council receive the report from Don Giberson, ESD Director RE: Tender Results for Exeter Sewage Lagoon Aeration System Replacement; and

That South Huron Council accept the tender received from the low bidder J.M.R. Electric Ltd. and authorize award of a contract for Exeter Sewage Lagoon Aeration System Replacement in the amount of \$395,733.01 (including HST).

Purpose:

The purpose of this report is to notify Council of the results of the tender for the Exeter Sewage Lagoon Aeration System Replacement and to recommend award of a contract to the low bidder.

Background and Analysis:

The tender for the Exeter Sewage Lagoon Aeration System Replacement was posted on the Municipal web site and on the Engineers web site, along with social media notification on July 21, 2017 in accordance with the current Procurement Policy and Procurement By-law #33-2017.

The tender closed on Friday August 18, 2017 at 1:00pm and three (3) tenders were received by the Municipality. Tenders were opened by Councillor DeLuca, in the presence of Angela Shipway, Financial Analyst, Don Giberson, Environmental Services Director, Andrew Garland, BM Ross Engineers and one contractor.

The following are the tender results:

Sewage Lagoon Aeration System Upgrades				
	Contractor	Price	HST	Total Cost
		(Excluding HST)		(Including HST)
1	JMR Electric	\$350,199.00	\$45,526.00	\$395,725.00
2	Birnam Excavating	\$478,388.13	\$62,190.46	\$540,578.59
3	Elgin Construction	\$628,829.72	\$81,747.86	\$710,577.58

Tenders were checked by the Engineer; found to be complete and in conformance with the drawings/specifications. A minor mathematical error was found in the J.M.R. Electric Ltd tender. However, this error did not change the bidders' position.

The following is a summary of the corrected tender results:

Sewage Lagoon Aeration System Upgrades - CORRECTED Tender Results				
	Contractor	Price	HST	Total Cost
		(Excluding HST)		(Including HST)
1	JMR Electric	\$350,206.00	\$45,526.78	\$395,732.78
2	Birnam Excavating	\$478,388.13	\$62,190.46	\$540,578.59
3	Elgin Construction	\$628,829.72	\$81,747.86	\$710,577.58
**NOTE: Corrections were mathematical errors				

A copy of the Engineer's letter of recommendation is attached.

Operational Considerations:

The following alternatives were considered:

1. Do nothing. The infrastructure will continue to deteriorate, maintenance costs will increase and unplanned/emergency repairs will become more prevalent. Unplanned repairs are more expensive than replacement and future capital costs are expected to increase.

2. Modify the work. This project was tendered previously and was cancelled due to budget issues. The project was modified prior to retendering in order to ensure predictable pricing, especially with respect to scheduling and biosolids handling.
3. Proceed with work as tendered. The existing aeration system piping is oversized after the closure of the Canning factory and the aeration nozzles are plugged/failed. In order to realize the electrical savings from the replacement of more energy efficient blower motors, it makes financial sense to proceed with the tender.

South Huron's Strategic Plan:

Section 6.2.2 of the Municipality of South Huron 2015- 2019 Strategic Plan identifies key objectives that are reflective of the collective perspectives of the strategic planning process.

The recommendations and actions outlined in this report are reflective of the following strategic objectives:

Administrative Efficiency and Fiscal Responsibility

This project was previously engineered and tender ready. This allowed the project to proceed to tender as quickly as possible after Council Authorization, resulting in more competition and lower prices. This clearly demonstrates administrative efficiency and fiscal responsibility.

Increased Communications and Municipal Leadership

This tender was publically advertised on the Municipal web site, Engineers web site and social media. Increased communication results in more construction industry interest, increased competition and demonstrates Municipal Leadership.

Transparent, Accountable and Collaborative Governance

The Public Tendering process was used for this project, in accordance with the Procurement By-law. Public tendering is a completely transparent process and demonstrates commitment to transparency; engaging the public demonstrates accountable and collaborative governance.

Dedicated Economic Development Effort

Having well managed wastewater treatment systems results in rate stability and sufficient growth related capacity. These are essential to attracting and retaining people and businesses.

Financial Impact:

The costs associated with the Exeter Sewage Lagoon Aeration System Replacement project is included in the 2017 Capital Budget. A detailed financial analysis of the tender received from the low bidder was carried out and is summarized as follows:

Sewage Lagoon Aeration System Upgrades	
	Total
AERATION EQUIPMENT	\$329,874.00
PROVISIONAL ITEMS	\$ 4,657.00
MISCELLANEOUS ITEMS	\$10,675.00
CONTINGENCY	\$5,000.00
Subtotal	\$350,206.00
Engineering	\$57,275.00
Subtotal	\$407,481.00
Non-recoverable HST	\$7,171.42
TOTAL	\$414,652.42
2017 Capital Budget	\$650,000.00
Net Difference	\$235,347.58

The total cost of the Exeter Sewage Lagoon Aeration System Replacement project, including tendered construction costs, engineering and non-recoverable HST are lower than the amount in the 2017 Sewer Capital Budget.

Legal Impact:

There are no legal implications for the Corporation resulting from the proposed recommendation.

Staffing Impact:

There are no staffing implications for the Corporation resulting from the proposed recommendation.

Policies/Legislation:

1. Approved 2017 Sewer Capital Budget

2. South Huron Asset Management Plan

Consultation:

The Manager of Financial Services/Treasurer was consulted as part of the tender review and preparation of this report.

Related Documents:

1. July 18, 2011 Council Report "Review of Existing Aeration System at Exeter Sewage Lagoon"
2. May 30, 2012 BM Ross "Blower Upgrades Report"
3. June 25, 2012 Council Report "Blower System Assessment – South Huron WWTP"
4. Sept 7, 2012 BM Ross "Exeter WWTP Aeration Cell Review"
5. Sept 17, 2012 Council Report "Background Report - Exeter Sewage Lagoon Blower System Upgrade"
6. Jan 28, 2013 Council Report "Review of the Exeter Sewage Lagoon Aeration System and Accumulated Sludge - Engineers Report"

Attachments:

1. BM Ross Engineers tender recommendation letter dated August 22, 2017.

Respectfully submitted,

Don Giberson, Environmental Services Director