



PROCUREMENT AWARD

To:	Mayor Stratthdee and Members of Council
Prepared by:	Dave Blake, Environmental Services Supervisor
Date of Meeting:	27 March 2018
Subject:	PW 17-2018 Award for New Water Storage Reservoir and Booster Pump Station

PROJECT DETAILS

This project consists of the construction of a 1,600 m³ water storage reservoir and associated pump house, supply and installation of two vertical high-lift pumps, chlorination system, control and monitoring systems, standby power facilitates and associated piping, mechanical and electrical site improvements required to fully integrate and operate the facility.

RECOMMENDATION

THAT PW 17-2018, Award for New Water Storage Reservoir and Booster Pump Station be received; and,

THAT the procurement for the construction of the new water storage reservoir and booster pump station be awarded to H2Ontario Inc. for the procured price of \$3,026,040.00, inclusive of all taxes and contingencies; and,

THAT Council approve the unbudgeted amount as identified in report PW 17-2018 for the amount of \$332,042.23; and,

THAT By-Law 30-2018 authorizing the Mayor and the Clerk to sign the associated agreement be approved.

PROCUREMENT SUMMARY

A procurement document was administered for the above noted project. The following is a summary of the procurement results, as well as a recommendation for a successful proponent:

Procurement Information	Details and Results
Tender Closing Date:	Tuesday, March 6, 2018
Number of Bids Received:	Five (5)
Successful Proponent:	H2Ontario Inc.
Approved Project Budget:	\$2,393,000.00 (excluding Engineering)
Cost Result – Successful Bid (Inclusive of HST):	3,026,040.00
Cost Result – Successful Bid (Inc. Net of HST rebate):	\$2,725,042.23
Project Over-budget	\$332,042.23

The low bid was identified as being in excess of the pre-budget approval for the project in the amount of approximately \$332,042.34 (net of HST rebate). Due to the level of infrastructure funding currently available, and the demand that has placed on the construction industry as a whole, costing has increased for such projects.

The procurement document submitted by H2Ontario Inc. was found to be complete, contractually acceptable, and ultimately provided the best value for the municipality. As such, staff recommends award of the project to H2Ontario Inc.

FINANCIAL IMPLICATIONS

The funding sources for the above noted project are as follows:

Name and Number of Account (budgeted)	Capital – Additional Water Storage (01-9435-4562) \$2,091,000.00
Name and Number of Other Account (if needed)	Capital – Additional Water Storage (01-9435-4563) \$434,000
Tender over-budget (if needed)	\$332,042.23
Total	\$2,725,042.23
Transfer from account (if over-budget)	Debenture Financing

The project will incur a variance of approximately \$332,042.23 from the 2018 Capital budget. The variance is to be funded by increasing the planned debenture financing for the project. The following allotments are proposed to fund this project:

- \$1,050,000.00 to be funded from Water Reserve
- \$434,000.00 to be funded from DC Reserve (approximate)
- \$1,241,042.00 to be debenture financed over 5 or 10 year period (*Attachment 2 and 3 detail projected financial position of water system based on funding options, to be determined at debenture date*).

STRATEGIC PLAN

☒ This initiative is supported by the following priorities, outcomes, and tactics in the Plan.

- Pillar #1 – Infrastructure, Water Reservoir Storage:
 - Outcome: If the goal is to achieve a population target of 8,000 residents by 2026/2027, (annual growth rate of 1.5%, doubling current rate), both access to potable water and fire protection needs would be best served by addressing this issue.
 - Tactic(s): Commence work on an updated water reservoir to meet provincial standards.

OTHERS CONSULTED

Jed Kelly, Director of Public Works
Jim Brown, Director of Finance
Brent Kittmer, CAO / Clerk
Bruce Grant, B.M. Ross and Associates Limited

ATTACHMENTS

1. Bid Summary
2. Financial Projection – 5-Year Debenture

3. Financial Projection – 10-Year Debenture

REVIEWED BY

Recommended by the Department




Dave Blake, C.E.T.
Environmental Services Supervisor



Jed Kelly
Director of Public Works

Recommended by the CAO



Brent Kittmer
CAO / Clerk