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**REPORT TITLE:** Request for Additional Funds and Award of Contract Meadowvale North Pumping Station, City of Mississauga, Ward 9

**FROM:** Kealy Dedman, Commissioner of Public Works

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## **RECOMMENDATION**

- 1. That the Contract (Document 2022-288T) for the Construction of the Meadowvale North Pumping Station – Standby Power Facility, City of Mississauga, be awarded to Bennett Mechanical Installations (2001) Ltd. in the amount of \$21,347,400.00 (excluding applicable taxes), in accordance with Procurement By-law 30-2018, as amended; and**
- 2. That the budget for Capital Project 22-1985 for the Construction of the Meadowvale North Pumping Station – Standby Power Facility be increased from \$17,000,000 to \$23,000,000, financed from Water Development Charge Reserve R3520 in order to proceed with current tender pricing.**

## **REPORT HIGHLIGHTS**

- The Region of Peel is upgrading the Meadowvale North Pumping Station to ensure the provision of safe and dependable drinking water to the community during emergencies.
- A competitive bidding process was completed which resulted in eight bids ranging from \$21.3 to \$25.5 million.
- The lowest bid exceeds the available budget by \$6 million.
- The lowest bidder is Bennett Mechanical Installations (2001) Ltd.
- In accordance with Procurement By-law 30-2018, as amended, where the cost to award to the Best Value Bid exceeds the approved budget allocation, award of the contract requires Regional Council approval.

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## **DISCUSSION**

### **1. Project Background**

After the large-scale blackout in 2003, the Region reviewed the back-up power capacity at all of the water facilities. Subsequent to the event the Region completed a detailed assessment of the need for standby power facilities at water treatment and transmission facilities. The recommendation included the need to expand generation facilities at the Meadowvale Pumping station as growth of the Region occurred. The expansion of the Meadowvale facility was included in the 2022 Capital budget.

In December 2022, a Request for Tender was issued to retain a vendor to complete the construction of the Meadowvale North Pumping Station – Standby Power Facility. The project

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includes construction of a new Standby Power building, relocation of one emergency generator to the new building, supply and installation of one emergency generator, and replacement of a storm sewer crossing Meadowvale Boulevard, and site restoration.

### **2. Procurement Process**

A Request for Tender (Document 2022-288T) for Meadowvale North Pumping Station - Standby Power Facility, Project 22-1985, in the City of Mississauga, closed on February 9, 2023 with eight submissions.

This procurement was advertised in accordance with the terms of the Comprehensive Economic and Trade Agreement (CETA), Canadian Free Trade Agreement (CFTA), and other applicable trade agreements.

The lowest cost compliant bid meeting all technical specifications and qualifications submitted by Bennett Mechanical Installations (2001) Ltd., as outlined in the analysis table below represents the Best Value Bid and is being recommended for contract award.

<b>Bidder</b>	<b>Submitted Bid Amount</b>
Bennett Mechanical Installations (2001) Ltd.	\$21,347,400.00
Defaveri Group Contracting Inc.	\$21,909,158.80
Torbear Contracting Inc	\$22,275,000.00
H.I.R.A. LTD.	\$22,765,850.00
ASCO Construction (Toronto) Ltd.	\$22,849,203.00
ROMAG Contracting Ltd.	\$23,550,000.00
Sona Constructor Inc.	\$24,201,040.00
Kingdom Construction Limited	\$25,488,181.07

Bennett Mechanical Installations (2001) Ltd. submitted the lowest bid at \$21,347,400.00 which is higher than the current project budget.

Tender submissions were reviewed by the consultant and Region staff in detail to determine where the bids varied from the most recent Engineer's estimate provided in 2022. The review revealed costs for construction materials, equipment and labour exceeded the estimate.

The consultant reviewed other recent tenders in the Greater Toronto Area (GTA), including in the Region of Peel, and noted the pricing increase of up to 45 per cent higher as compared to earlier estimates. The consultant concluded that their estimate was incorrect and did not consider a sufficient range of comparator costs for similar projects across similar municipalities in the GTA. Also, the estimate did not account for the cost increases due to post-pandemic factors such as inflation, supply chain issues and higher wages.

In accordance with Procurement By-law 30-2018, as amended, where the cost to award to the Best Value Bid exceeds the approved budget allocation, award of the contract requires Regional Council approval.

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**RISK CONSIDERATIONS**

The project is required to ensure the Meadowvale North Pumping Station has sufficient emergency back-up power capacity to supply water during a power outage to align to growth within the service area.

The existing emergency back-up power generation system needs to be upgraded to meet updated technical standards.

**FINANCIAL IMPLICATIONS**

Capital Project 22-1985 requires an increase of \$6,000,000 from \$17,000,000 to a total of \$23,000,000 to award the construction services to Bennett Mechanical Installations (2001) Ltd. in the amount of \$21,347,400.00 and to account for contingencies and unforeseen issues during construction. The additional \$6,000,000 will be financed from the Water Development Charge Reserve R3520.

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Kealy Dedman, Commissioner of Public Works

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