

---

REPORT TITLE: **Maintenance Hole Deficiency Repairs, Various Locations, Capital Project 18-2307, Assignment No. 3, Document 2020-295T**

FROM: Andrew Farr, Interim Commissioner of Public Works

---

## **RECOMMENDATION**

**That the contract (Document 2020-295T) for maintenance hole deficiency repairs at various locations throughout the Region of Peel, Assignment No.3, be awarded to Rockwell Site Works Inc. in the estimated amount of \$3,365,956.00 (excluding applicable taxes), under Capital Project 18-2307, in accordance with Procurement By-law 30-2018, as amended.**

### **REPORT HIGHLIGHTS**

- A request for Tender 2020-295T was issued for maintenance hole deficiency repairs at various locations throughout the Region of Peel, Assignment No.3, and was subsequently closed on Monday, June 22, 2020.
- A thorough review of all submissions was undertaken by the Region's Engineering Consultant CIMA Canada Inc. (CIMA), as well as Region staff, with the determination that the submission from the lowest bid vendor not be considered for award of the contract due to the bid being deemed as unbalanced.
- The Region's procurement documents reserve the right for the Region to reject any bid that is deemed to be "unbalanced" and not representative of the actual cost of completing the work.
- Staff is recommending award of the contract to the second lowest submission, Rockwell Site Works Inc. (Rockwell), as its bid represents a realistic breakdown of the costs of the work and Rockwell has proven experience in completing contracts of similar size and scope.

---

## **DISCUSSION**

### **1. Background**

Deficiency repairs of maintenance holes at various locations throughout the Region of Peel are required to maintain the Region of Peel's assets in state of good repair.

The Region of Peel (the Region) owns and operates over 3,500 kilometers of sewers and over 55,000 maintenance holes within its wastewater collection network. These maintenance holes serve as entry points for inspection, operations and maintenance, and if necessary, rehabilitation of the Region's sewer network. Many maintenance holes exist in flood vulnerable area including major river valleys and as such maintaining protection against the impact of flooding and ice damage is a key Region responsibility.

**Maintenance Hole Deficiency Repairs, Various Locations, Capital Project 18-2307, Assignment No. 3, Document 2020-295T**

In conjunction with the Region’s Infiltration and Inflow Reduction Strategy, staff have a program which inspects maintenance holes and identifies maintenance holes that require rehabilitation. Successful execution of this rehabilitation helps reduce the volume of infiltration into the sanitary sewer network and helps ensure system functionality.

In 2019 and 2020, the Region inspected over 20,900 maintenance holes and identified 3,890 for rehabilitation. Prioritization of rehabilitation is placed on the highest risk.

**2. Procurement Process**

The Region issued a Request for Tender, Document 2020-295T, on Tuesday, May 26, 2020. The document was advertised in accordance with the terms of the Comprehensive Economic and Trade Agreement, Canadian Free Trade Agreement, and other applicable trade agreements on the issue date of the document. Six submissions were received on the closing date of Monday, June 22, 2020; the tender opening results summary are summarized in the table below:

<b>Bidder</b>	<b>Bidder Submission (excluding applicable taxes)</b>
Neptune Security Services Inc.	\$2,386,840.00
Rockwell Site Works Inc.	\$3,365,956.00
Aqua Tech Solutions Inc.	\$3,873,646.00
Capital Sewer Services Inc.	\$3,993,472.00
Network Sewer and Watermain Ltd.	\$4,144,832.64
Varcon Construction Ltd.	\$4,590,142.00

The Region’s procurement documents reserve the right for the Region to reject any and all Bidder Submissions, which it deems to be unbalanced. An “unbalanced” bid shall include, without limitation, a Bidder Submission which does not reflect a realistic breakdown of the costs of each or any portion of the work.

The Region’s Engineering Consultant CIMA and Regional staff reviewed six bidder submissions and have deemed all six to be compliant with document submission requirements. The low bid submission by Neptune Security Services Inc. (Neptune), while representing the lowest cost compliant bid, has been deemed to be “unbalanced” in that their bid was \$979,116.00 lower than the second bidder.

There were 154 instances in Neptune’s bid submission where the firm’s submitted pricing did not represent a realistic breakdown of the actual costs of performing the work in the opinion of staff and the Region’s consultant. The level of effort and actual cost for the rehabilitation/deficiency rectification of the 154 maintenance holes vary based on the scope of work, access restrictions and asset location and Neptune submitted the same price for each item. While it is normal to see wide deviations in vendors’ pricing, Neptune’s prices are significantly lower than the other Vendors’ pricing for these items, inconsistent with typical bidding practices and inconsistent with average submitted costs for these bid items as submitted by other Vendors.

## **Maintenance Hole Deficiency Repairs, Various Locations, Capital Project 18-2307, Assignment No. 3, Document 2020-295T**

Furthermore, Neptune indicated as part of their bid submission that they would not be utilizing any subcontractors for delivery of the work. The work included in this tender includes several specialized tasks and it is unlikely that this work can be self performed by Neptune based on the references provided in their bid submission.

Based on the above, award of this contract (Document 2020-295T), to Neptune Security Services Inc. is not recommended by Region's staff or consultant.

In accordance Procurement By-law 30-2018, as amended, Regional Council approval is required when for any reason, the award of a Request for Tender document to the low bidder is deemed inappropriate or not in the best interest of the Region (an "Irregular Result").

As such, staff recommend that Rockwell Site Works Inc. be awarded the contract in the estimated amount of \$3,365,956.00 (excluding applicable taxes), as they submitted the next lowest compliant bid and Rockwell's pricing submission represents a realistic breakdown of all costs required to perform the work.

### **RISK CONSIDERATIONS**

Awarding the contract to the lowest bidder (Neptune Security Services Inc.) carries strategic and financial risks as the work may not be completed properly, delayed and/or incomplete as the bidder has not carried sufficient funds in their bid to properly undertake the work. This will lead to additional costs for inspections during construction and quite possibly for rework later by the Region if any repairs fail prematurely.

Failure to properly rehabilitate deficiencies in maintenance holes carries operational risks as these access points serve as entry locations for inspections, operations and maintenance within the wastewater collection network. Furthermore, rehabilitation of maintenance hole deficiencies has been identified as a key component of the Region's Inflow and Infiltration Reduction Strategy.

### **FINANCIAL IMPLICATIONS**

Sufficient funding is available under existing approved capital budgets to finance the contract award of \$3,365,956.00.

### **CONCLUSION**

Staff recommend that Rockwell Site Works Inc. be awarded the contract in the estimated amount of \$3,365,956.00 (excluding applicable taxes), as Rockwell Site Works Inc. pricing submission represents a realistic breakdown of all costs required to perform the work.

---

**Maintenance Hole Deficiency Repairs, Various Locations, Capital Project 18-2307,  
Assignment No. 3, Document 2020-295T**

*For further information regarding this report, please contact Anthony Parente, General Manager of Water/Wastewater, Ext. 7833, anthony.parente@peelregion.ca.*

*Authored By: Frank Pugliese, Project Manager, Condition Assessment and Rehabilitation*

***Reviewed and/or approved in workflow by:***

Department Commissioners, Division Directors, Financial Support Unit and Procurement.

Final approval is by the Chief Administrative Officer.

A handwritten signature in black ink that reads "Nancy Polsinelli". The signature is written in a cursive style with a large initial 'N' and a distinct dot over the 'i'.

---

N. Polsinelli, Interim Chief Administrative Officer