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# The Regional Municipality of Durham Report

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To: Works Committee  
From: Acting Commissioner of Works  
Report: #2024-W-11  
Date: April 3, 2024

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**Subject:**

Tender Award and Additional Financing for Regional Municipality of Durham Contract #D2023-24 for the Stage 3 Liquids and Miscellaneous Remedial Works at the Duffin Creek Water Pollution Control Plant in the City of Pickering

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**Recommendations:**

That the Works Committee recommends to Regional Council:

- A) That the lowest compliant bid of Kenaidan Contracting Ltd., in the amount of \$45,388,258\*, be awarded for Regional Municipality of Durham Contract #D2023-24 for the Stage 3 Liquids and Miscellaneous Remedial Works at the Duffin Creek Water Pollution Control Plant in the City of Pickering, for a total project cost of \$68,557,350;
- B) That the previously approved project budget of \$55,000,000 for Regional Municipality of Durham Contract #D2023-24 be increased by \$13,557,350 to a revised total project budget of \$68,557,350;
- C) That the additional financing of \$2,711,470, representing Durham Region's 20 per cent share, be provided from the following sources:

Previously Approved Financing

Sanitary Sewer Capital Budget - Duffin Creek Water Pollution Control Plant

(Project ID: Y2001):

User Rate	\$11,000,000
York Region Financing	30,800,000

York Capital Asset Share	<u>\$13,200,000</u>
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<b>Total Approved Financing</b>	<b>\$55,000,000</b>
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**Additional Financing**

2024 Sanitary Sewerage Budget  
Item No.24, Sanitary Sewerage Works To Rectify  
Identified System Deficiencies (Project ID: M2499)

User Rate	\$425,623
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2024 Sanitary Sewerage Budget

Item #35 Replacement of sanitary sewer on  
Mary Street from Rossland Rd to Robert Street., Oshawa  
(Project ID: O2202)

User Rate	\$321,400
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Item #46 Replacement of sanitary sewer on Roselawn Avenue and  
Bickle Drive., Oshawa (Project ID: O2305)

User Rate	\$1,700,000
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Corbett Creek Water Pollution Control Plant Emergency Digester  
(Project ID: D1932)

User Rate	<u>264,447</u>
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Durham Region Additional Financing	\$2,711,470
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York Region Additional Financing	<u>\$10,845,880</u>
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Total Additional Financing	<u>\$13,557,350</u>
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Total Revised Project Financing	<u>\$68,557,350</u>
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D) That a copy of this report be provided to York Region.

**Report:****1. Purpose**

- 1.1 The purpose of this report is to obtain approval for additional financing to award Regional Municipality of Durham (Durham) Contract #D2023-24 for the Stage 3 Liquids and Miscellaneous Remedial Works at the Duffin Creek Water Pollution Control Plant (WPCP) in the City of Pickering (Pickering).
- 1.2 Dollar amounts followed by an asterisk (\*) are before applicable taxes.

**2. Project Background**

- 2.1 The York Durham Sewage System (YDSS) was built in the 1970s by the Province of Ontario to service residents in the York and Durham Regions. In 1997, the Province of Ontario transferred ownership of the YDSS to the Regional Municipality of York and the Regional Municipality of Durham (Regions).
- 2.2 The Duffin Creek Stage 3 Liquid facilities were initially placed into service in 2009. After 15 years of operation, remedial works and asset refurbishment are now required and must be completed to maintain compliance with effluent treatment requirements.
- 2.3 The Duffin Creek WPCP has a current estimated asset value of \$2 billion and is managed by the two Regions through a Co-Owners' Agreement and an Operating Agreement, with costs shared proportionately by the Regions.
- 2.4 The required work includes installation of equipment and process, mechanical, electrical, structural, and SCADA work to facilitate asset refurbishment.

**3. Tender Information**

- 3.1 Tenders were received for Durham Contract #D2023-24 for the Stage 3 Liquids and Miscellaneous Remedial Works at the Duffin Creek WPCP in Pickering on February 15, 2024, with two compliant bids. The tenders received are as follows:

<b>Bidder</b>	<b>Total Tender Amount (excluding applicable taxes)</b>
Kenaidan Contracting Ltd.	\$ 45,388,258
Maple Reinders Ltd.	\$ 55,798,500

- 3.2 The total approved budget for the project is \$55,000,000. The lowest compliant bid amount for the project plus engineering and contract administration services, Regional internal costs, and contingencies total \$68,557,350. Therefore, the project will require additional total funding of \$13,557,350. The difference between the tendered and budgeted amounts is due to the continued market uncertainty caused by supply chain issues, the volume of capital works projects being tendered by municipalities and cost increases for labour, equipment and materials.
- 3.3 The Regions share project costs in accordance with the cost allocation approved by the YDSS Management Committee. For this project, the costs allocation are 20 per cent Durham Region and 80 per cent York Region.
- 3.4 It is recommended that the lowest compliant bidder, Kenaidan Contracting Ltd., be awarded Durham Contract #D2023-24.

#### 4. Financial Implications

- 4.1 Section 15.3 of Durham Region's Budget Management Policy states that the approval of the applicable Standing Committee and Regional Council for additional project financing requirements exceeding \$250,000 prior to the award of the applicable contract is required.
- 4.2 The proposed changes to the project budget with Regional cost-sharing are as follows:

Project Component	Approved Project Budget Project ID Y2001	Proposed Change	Revised Project Budget	Durham's Share (20%)	York's Share (80%)
Tender (excluding taxes)	\$ 33,727,000	\$11,661,258	\$45,388,258	\$9,077,652	\$36,310,606
Net HST	\$593,663	\$205,261	\$798,924	\$159,785	\$639,139
Engineering/Contract Admin/Sundry/Permits	\$5,433,856	\$906,991	\$6,340,847	\$1,268,169	\$5,072,677
Pre-Purchase Equipment Costs	\$9,796,826	\$0	\$9,796,826	\$1,959,365	\$7,837,461
Contingency	\$5,448,655	\$783,840	\$6,232,495	\$1,246,499	\$4,985,996
<b>Total Costs</b>	<b>\$55,000,000</b>	<b>\$13,557,350</b>	<b>\$68,557,350</b>	<b>\$13,711,470</b>	<b>\$54,845,880</b>

- 4.3 Financing for the award of Regional contract #D2023-24 for the Stage 3 Liquids and Miscellaneous Remedial Works at the Duffin Creek WPCP in Pickering will be provided from the following sources:

Previously Approved Financing

Sanitary Sewer Capital Budget - Duffin Creek Water Pollution Control Plant

(Project ID: Y2001):

User Rate	\$11,000,000
York Region Financing	30,800,000
York Capital Asset Share	<u>13,200,000</u>
<b>Total Approved Financing</b>	<b>\$55,000,000</b>

**Additional Financing**

2024 Sanitary Sewerage Budget

Item No.32, Sanitary Sewerage Works To Rectify Identified System Deficiencies (Project ID: M2499)

User Rate	\$425,623
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Item #46 Replacement of sanitary sewer on Roselawn Avenue and Bickle Drive., Oshawa (Project ID: O2305)

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2024 Sanitary Sewerage Budget

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Corbett Creek Water Pollution Control Plant Emergency Digester (Project ID: D1932)

User Rate	<u>\$264,447</u>
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Durham Region Additional Financing	<u>\$2,711,470</u>
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York Region Additional Financing	<u>\$10,845,880</u>
Total Additional Financing	<u>\$13,557,350</u>
Total Revised Project Financing	<u>\$68,557,350</u>

## 5. Conclusion

- 5.1 It is recommended that Regional Council grant approval to award the Regional Municipality of Durham Contract #D2023-24 to the lowest compliant bidder, Kenadian Contracting Ltd., for the Stage 3 Liquids and Miscellaneous Remedial Works at the Duffin Creek Water Pollution Control Plant in the City of Pickering.
- 5.2 It is also recommended that additional financing of \$2,711,470 be approved.
- 5.3 This report has been reviewed by the Finance Department and the Commissioner of Finance concurs with the financial recommendations.
- 5.4 For additional information, please contact Dan Waechter, P.Eng., Acting Director, Transportation and Field Services at 905-668-4113, extension 3550.

Respectfully submitted,

**Original signed by:**

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Ramesh Jagannathan, MBA, M.Eng., P.Eng., PTOE  
Acting Commissioner of Works

Recommended for Presentation to Committee

**Original signed by:**

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Elaine C. Baxter-Trahair  
Chief Administrative Officer