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# The Regional Municipality of Durham Report

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To: Works Committee  
From: Commissioner of Works  
Report: #2024-W-16  
Date: May 8, 2024

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**Subject:**

Update on the New Provincial Housing-Enabling Water Systems Fund, Approval to Negotiate Sole Source Agreements, and Approval of Unbudgeted Capital Work and Related Financing for the Structural Rehabilitation, Equipment Replacement, and System Redundancy Improvements that Support Regional System Expansion at the Oshawa Water Supply Plant, City of Oshawa

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**Recommendations:**

That the Works Committee recommends to Regional Council:

- A) That Regional Council receive for information the details regarding the new Provincial Housing-Enabling Water Systems Fund;
- B) That staff be authorized to negotiate and award the following sole source agreements:
  - i) With Jacobs Consultancy Canada Inc. for the engineering services related to the rehabilitation of filters 1 to 4, replacement of Low Lift Pumping Station pump # 1 and all shut off and check valves in the station, replacement of the valve chamber, replacement of the Motor Control Centre (MCC), and installation of a standby blower at the Oshawa Water Supply Plant, at a cost not to exceed \$2,650,000\*; and
  - ii) With B.J. Tworzyanski Ltd. for the engineering services related to Generator Control System upgrades at the Oshawa Water Supply Plant, at a cost not to exceed \$200,000\*.

- C) That financing of \$2,850,000 for the engineering services at the Oshawa Water Supply Plant for the rehabilitation of filters 1 to 4, replacement of Low Lift Pumping Station pump # 1 and all shut-off and check valves in the station, replacement of the valve chamber, replacement of the Motor Control Centre (MCC), installation of a standby blower, and the upgrades to the Generator Control System at the Oshawa Water Supply Plant, in the City of Oshawa, be provided as follows:

Previously Approved Financing

Water Supply Capital Budget – Oshawa Water Supply Plant Valve Chamber Upgrades Project ID#: D1923

User Revenue	\$400,000
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Water Supply Capital Budget – Oshawa Water Supply Plant Filter 1 to 4 and associated works Project ID# D2424

Asset Management Reserve Fund	1,000,000
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Water Supply Capital Budget – installation of second blower Project ID# D2425

User Revenue	200,000
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Total Approved Financing	\$1,600,000
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Additional Financing

2024 Water Supply Capital Budget:

Item # 123 Watermain on Bickle Drive and Roselawn Avenue, Oshawa, Project ID #: O2305

User Revenue	\$1,100,000
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2024 Water Supply Capital Budget:

Item # 87: Replacement of Watermain on Mary Street from Rossland Road to Robert Street, Oshawa  
Project ID#: O2202

User Revenue	<u>\$150,000</u>
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Total Additional Financing	<u>\$1,250,000</u>
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<b>Total Revised Project Financing</b>	<b><u>\$2,850,000</u></b>
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- D) That the Commissioner of Finance be authorized to execute any necessary related agreements.
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**Report:****1. Purpose**

1.1 The purpose of this report is:

- a. To inform Regional Council of the new Provincial Housing-Enabling Water Systems Fund (HEWSF);
- b. To seek authorization for staff to negotiate and award sole source agreements with Jacobs Consultancy Canada Inc. (Jacobs) and B.J. Tworzyanski Ltd. (Tworzyanski) associated with the HEWSF project to meet the Provincial Government's funding program timelines for construction commencement and project completion; and
- c. To obtain Regional Council approval for unbudgeted capital project and related financing to increase the scope of work for Engineering Services for the replacement of the valve chamber, rehabilitation of filters 1 to 4, replacement of Low Lift Pumping Station pump # 1 and all shut-off and check valves in the station, replacement of the Motor Control Centre (MCC), installation of a standby blower, and the upgrades to the Generator Control System at the Oshawa Water Supply Plant.

1.2 Dollar amounts followed by an asterisk (\*) are before applicable taxes.

**2. Background**

2.1 The Provincial Government established the HEWSF in the 2023 Fall Economic Statement and has committed \$200 million over three years for repair, rehabilitation, and expansion of core water infrastructure to protect communities and enable new housing development.

2.2 On March 21, 2024, as part of the provincial budget, the Province of Ontario (Province) announced an additional \$625 million for the HEWSF.

2.3 The objectives for the grant are to:

- a. Enable growth and housing opportunities;
- b. Increase access to potable water; and

- c. Increase treatment and/or management of wastewater and stormwater.
- 2.4 To be eligible to obtain the HEWSF, applicants must meet the following criteria:
- a. All municipalities that own water infrastructure will be able to apply for one project.
  - b. The project must focus on either the rehabilitation and repair, reconstruction, or expansion of water infrastructure. Projects can be stand-alone or a component of a larger project.
  - c. The project must meet the outcomes of the program to enable growth and housing development, increase access to clean drinking water and increase treatment and/or management of wastewater and stormwater.
  - d. The project must include a capital component, including pre-construction planning and design work.
- 2.5 The project must start no later than September 30, 2024, and end no later than March 31, 2027. Construction cannot commence before the grant approval has been received. The project must already be in the process of or completed the design and planning phase and meet all relevant provincial regulatory requirements.
- 2.6 Eligible asset types may be bundled but must demonstrate that each component of the project is interrelated and meets eligibility. Eligible project costs may be cost-shared between the province (73 per cent up to a maximum of \$35 million) and the recipient (minimum 27 per cent). The program aims to complement the Ministry of Municipal Affairs and Housing's Building Faster Fund. The funding intake is a competitive process, and funding approval is not guaranteed.
- 2.7 A full review was completed on all current water supply and sanitary sewerage projects against the eligible criteria outlined in the program guidelines - 2024 intake file provided on the Ontario Government's website. The Oshawa Water Supply Plant (WSP) Structural Rehabilitation, Equipment Replacement, and System Redundancy Improvements that supports Regional System Expansion is the recommended project that meets the criteria set out in the guidelines, including mandated construction commencement and completion dates.
- a. The recommended project has funding forecasted for future years. The project would be accelerated should the application be successful.

- b. All phases of construction for this project will be awarded through the Region's competitive bid process as required in the HEWSF.

2.8 The Region's application for the Oshawa Water Supply Plant project was submitted on Tuesday, April 10, 2024. The HEWSF notes that successful applicants will be notified in July 2024.

### **3. Sole Source Justification**

3.1 Due to the project conditions set out in the HEWSF Ontario Program Guidelines, the project must be in the process of or have completed the design and planning phase. To meet the commencement and completion timelines per the grant guidelines, detailed design must continue on all project components as soon as possible.

3.2 The Region retained Jacobs to complete detailed design services for the replacement/rehabilitation of filters 5 and 6, header, backwash valves and associated piping. Jacobs is already familiar with the work, and there will be a duplication of costs and work should another consulting engineering firm complete subsequent phases. Adding additional engineering services to the existing consulting agreement to include filters 1 to 4, the second blower, the motor control centre and the valve chamber will also ensure the restrictive timelines of the HEWSF are achieved.

3.3 Tworzyanski recently completed the upgrades of the generator control system at several Regional facilities, including the Bayly Street Sewage Pumping Station and the Ajax Water Supply Plant. Tworzyanski specializes in servicing electrical, building services, instrumentation and controls, Supervisory Control and Data Acquisition (SCADA), architecture and mechanical HVAC engineering. Tworzyanski's main areas of expertise include municipal water and wastewater pumping and treatment, control systems, power distribution and lighting, building services and life safety and emergency power systems. Tworzyanski is also currently supporting the emergency replacement of high-voltage power equipment at the Oshawa WSP.

3.4 Tworzyanski is already familiar with the work, and there will be a duplication of costs and work should another consulting engineering firm be used. Selecting another engineering firm could also result in delays as they would need time to become familiar with the project requirements and site conditions, which could impact the timelines in the HEWSF.

- 3. 5 It is recommended that sole agreements be awarded to Jacobs and Tworzyanski for the additional engineering services required for the project to ensure cost duplications are mitigated and to meet the HEWSF timeline requirements.

**4. Financial Implications**

- 4.1 Section 7.2 of the Region’s Purchasing By-law #16-2020 permits the acquisition of goods and services through sole source negotiations under specific circumstances outlined in Appendix ‘C’. Section 1.3 which permits negotiations for goods or services to be supplied only by a particular supplier if there is extreme urgency.
- 4. 2 Appendix “D” of the Purchasing by-law requires approval by the appropriate standing committee and Regional Council for the award of sole source contracts that exceed \$100,000 in value, with the Commissioner of Finance authorized to execute the agreements upon Regional Council’s approval.
- 4. 3 Section 14.2 of the Region of Durham’s Budget Management Policy states that unbudgeted capital asset expenditures may be incurred provided that the applicable approval is obtained prior to the purchase. Expenditures in excess of \$50,000, or those to be financed from other sources, require the approval of the Treasurer and CAO and the applicable Standing Committee and Regional Council.
- 4.4 Section 15.3 of the Region of Durham’s Budget Management Policy states that where additional project financing in excess of \$250,000 is required to undertake procurement activities and award contracts, an updated capital project approval report will be submitted to the applicable Standing Committee and Regional Council prior to the award of the applicable contract Funding Source.
- 4.5 Project financing including the additional \$1,250,000, can be provided from the following sources:

Previously Approved Financing

Water Supply Capital Budget – Oshawa Water Supply Plant Valve Chamber Upgrades Project ID#: D1923

User Revenue \$400,000

Water Supply Capital Budget – Oshawa Water Supply Plant Filter 1 to 4 and associated works Project ID# D2424

Asset Management Reserve Fund 1,000,000

Water Supply Capital Budget – installation of second blower

Project ID# D2425	
User Revenue	200,000
Total Approved Financing	\$1,600,000
Additional Financing	
2024 Water Supply Capital Budget:	
Item # 123 Watermain on Bickle Drive and Roselawn Avenue, Oshawa, Project ID #: O2305	
User Revenue	\$1,100,000
2024 Water Supply Capital Budget:	
Item # 87: Replacement of Watermain on Mary Street from Rossland Road to Robert Street, Oshawa Project ID#: O2202	
User Revenue	<u>\$150,000</u>
Total Additional Financing	<u>\$1,250,000</u>
<b>Total Revised Project Financing</b>	<b><u>\$2,850,000</u></b>

- 4.6 The City of Oshawa has deferred the watermain project on Bickle Drive and Roselawn Avenue. The Region will re-budget for this project in the 2025 Business Plans and Budget process. The contract for the replacement of the watermain on Mary Street from Rossland Road to Robert Street in the City of Oshawa has been awarded, and the \$350,000 that was earmarked to account for potential cost escalation and approved in the 2024 Water Supply Capital budget has been identified as savings.
- 4.7 Regional staff recommend that the reallocation of the funding to provide financing in the amount of \$1,250,000 for the engineering services at the Oshawa WSP for the replacement of the motor control centre, the installation of a standby blower, low lift pumping station, and all shut-off and check valves in the station, and generator control system upgrades, in the City of Oshawa be approved.

**5. Relationship to Strategic Plan**

- 5.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Service Excellence Goal #5.1: Optimize resources and partnerships to deliver exceptional quality services and value; and
  - b. Service Excellence Goal #5.2: Collaborate for a seamless service experience.

**6. Conclusion**

- 6.1 It is recommended that Regional Council authorize the additional financing and the award of sole source contracts to Jacobs Consultancy Canada Inc. and B.J. Tworzyanski Ltd. for the provision of engineering services.
- 6.2 This report has been reviewed by the Finance Department and the Commissioner of Finance concurs with the financial recommendations.
- 6.3 For additional information, contact: Mike Hubble, Director of Environmental Services at 905-668-7711 ext. 3460.

Respectfully submitted,

**Original signed by:**

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

Recommended for Presentation to Committee

**Original signed by:**

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Elaine C. Baxter-Trahair  
Chief Administrative Officer