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# The Regional Municipality of Durham Report

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To: Works Committee  
From: Commissioner of Works  
Report: #2023-W-7  
Date: January 11, 2023

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## **Subject:**

Tender Award and Additional Financing for Regional Municipality of Durham Contract #D2022-16 for the Highway 401 Tunnel Liner Decommissioning at Merritt Street, in the City of Oshawa

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## **Recommendations:**

That the Works Committee recommends to Regional Council:

- A) That the low compliant bid of Tydon Contracting Ltd. in the amount of \$1,686,076\*, be awarded for Regional Municipality of Durham Contract #D2022-16 for the Highway 401 Tunnel Liner Decommissioning at Merritt Street, in the City of Oshawa, resulting in a total estimated project cost of \$2,260,000;
  - B) That the previously approved project budget of \$1,350,000 for Regional Municipality of Durham Contract #D2022-16 be increased by \$910,000 to a revised total project budget of \$2,260,000, with the increase in financing to be provided from sanitary sewer user rate sources at the discretion of the Commissioner of Finance; and
  - C) That the Commissioner of Finance be authorized to execute any documents related to the award of the tender.
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## **Report:**

### **1. Purpose**

- 1.1 The purpose of this report is to obtain approval for additional financing to award Regional Municipality of Durham (Region) Contract #D2022-16 for the Highway 401 Tunnel Liner Decommissioning at Merritt Street, in the City of Oshawa (Oshawa).

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

## 2. Project Background

- 2.1 In 2003, the Region tendered Contract #D2003-018 for the construction of a sanitary sewer inside a steel liner crossing Highway 401 at Merritt Street in Oshawa. The steel liner was installed using trenchless technology.
- 2.2 The project encountered many challenges, including the contractor having difficulty keeping the liner on its intended alignment and grade. The surrounding soil was also compromised during construction and a sinkhole formed outside of the lanes of traffic, causing an immediate highway closure for emergency repairs due to safety concerns. The liner installation was eventually completed. However due to the alignment of the liner, the sanitary sewer was never installed and the Region terminated the contract.
- 2.3 Given the age of the steel liner, the uncertainty around its original condition and degradation over time and to mitigate the associated risks, the steel liner needs to be properly abandoned by filling it with grout.
- 2.4 In 2019, the Region retained the services of R.V. Anderson Associates Ltd. (RVA) to complete the detailed design of the Highway 401 Tunnel Liner Decommissioning. The proposed solution includes settlement and heave monitoring of the highway surface, exposing the steel liner, closed-circuit television (CCTV) investigation to determine the condition of the liner, installing injection ports and filling the liner with a flowable grout, and permanently restoring the pavement surface. Any voids in the sub-base of the highway will also be pressure grouted.
- 2.5 With consideration to the risks noted above, the Region undertook a contractor pre-qualification process under Request for Pre-Qualification (RFPQ) #1078-2022. The purpose of this process was to ensure that only those contractors experienced in specialty grouting were permitted to bid. The following three contractors were short-listed:
- Clearway Construction Inc.
  - Keller Foundations Ltd.
  - Tydon Contracting Ltd.

- 2.6 The Ministry of Transportation – Ontario (MTO) has advised they will soon be tendering a contract for the reconstruction of bridges at Simcoe Street South (Regional Road 2) and Albert Street, in Oshawa. The MTO has advised that this contract could last up to three years over which time the Region will not be permitted to undertake any works in the vicinity of their project, including the decommissioning of the Merritt Street Tunnel. The bridge reconstruction contract is expected to commence in May 2023. To ensure that the Merritt Street tunnel liner is decommissioned in advance of the MTO’s project, the tunnel liner decommissioning contract should proceed as soon as possible.

### 3. Tender Information

- 3.1 Tenders were received for Regional Contract D2022-16 for the Highway 401 Tunnel Liner Decommissioning at Merritt Street in Oshawa on December 13, 2022, with two compliant bids. The tenders received are as follows:

| <b>Bidder</b>              | <b>Total Tender Amount<br/>(excluding applicable taxes)</b> |
|----------------------------|---|
| Tydon Contracting Ltd.     | \$1,686,076   |
| Clearway Construction Inc. | \$2,591,414   |

- 3.2 The total approved budget is \$1,350,000. The lowest compliant bid amount for the project, plus engineering and contract administration services, Regional internal costs, and contingencies total \$2,260,000. Additional funding in the amount of \$910,000 will be required. The difference between the tendered and budgeted amount is a result of the difficulty in quantifying the risk on this project, as well as global inflation pressures caused by supply chain disruptions and cost increases in labour, equipment, and material.
- 3.3 It is recommended that the lowest compliant bidder, Tydon Contracting Ltd., be awarded Regional Contract #D2022-16.

### 4. Financial Implications

- 4.1 Section 15.3 of the 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 Additional financing in the amount of \$910,000 for the award of Tender #D2022-16 for the Highway 401 Tunnel Liner Decommissioning at Merritt Street will be provided from sanitary sewer user rate sources at the discretion of the Commissioner of Finance:

| <b>Project Component</b>                          | <b>Approved Project Budget</b><br><b>Project ID O0615</b><br><b>(User Rate Financing)</b> | <b>Proposed Change</b><br><b>(User Rate Financing)</b> | <b>Revised Total Budget</b> |
|---|---|--|-----------------------------|
| Tender (excluding taxes)                          | \$790,000   | \$896,076  | \$1,686,076                 |
| Net HST   | 13,906  | 15,772   | 29,678                      |
| Engineering/Property/<br>Utilities/Contract Admin | 234,252   | 0  | 234,252                     |
| Contingency                                       | 311,842   | (1,848)  | 309,994                     |
| <b>Total Costs</b>                                | <b>\$1,350,000</b>  | <b>\$910,000</b>                                       | <b>\$2,260,000</b>          |

## 5. Conclusion

- 5.1 It is recommended that Regional Council grant approval to award Contract #D2022-16 to the lowest compliant bidder, Tydon Contracting Ltd., for the Highway 401 Tunnel Liner Decommissioning at Merritt Street, in the City of Oshawa.
- 5.2 It is recommended that additional financing be approved in the amount of \$910,000 and be provided from sanitary sewer user rate sources at the discretion of the Commissioner of Finance.
- 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 Mike Hubble, Manager, Environmental Services Design, at 905-668-7711 extension 3460, or Dan Waechter, Manager, Construction Management Services, at 905-668-7711 extension 3550.

Respectfully submitted,

**Original signed by:**

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John Presta, P.Eng., MPA  
Commissioner of Works

Recommended for Presentation to Committee

**Original signed by:**

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Elaine C. Baxter-Trahair  
Chief Administrative Officer