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The Regional Municipality of Durham Report

To: Works Committee
From: Commissioner of Works
Report: #2024-W-29
Date: December 4, 2024

Subject:

Approval of Additional Financing for Capital Work at Sunderland Municipal Well #1
Declared as an Emergency

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That the previously approved project budget of \$892,000 for the replacement of UV treatment units at Sunderland Municipal Well #1 be increased by \$312,189 to a revised total project budget of \$1,204,189; and
- B) That additional financing of \$312,189 be provided from the following sources:

Previously Approved financing

Water Supply Capital Budget, Project ID K2106

| | |
|--------------|-----------|
| User Revenue | \$892,000 |
|--------------|-----------|

| | |
|-------------------------------------|-----------|
| Total Previously Approved Financing | \$892,000 |
|-------------------------------------|-----------|

Additional Financing

From 2024 Completed and Closed Projects Savings, at the discretion of the
Commissioner of Finance

| | |
|---------------------------|------------------|
| Water Supply User Revenue | <u>\$312,189</u> |
|---------------------------|------------------|

Total Revised Project Financing

\$1,204,189

Report:**1. Purpose**

- 1.1 The purpose of this report is to provide an update on an emergency at the Sunderland Municipal Well #1, declared by the Commissioner of Works in accordance with Section 10 of the Regional Municipality of Durham's (Region) Purchasing By-law 16-2020 and to obtain approval of additional financing for the work.

2. Background

- 2.1 In May 2021, the Commissioner of Works declared an emergency at the Sunderland Municipal Well #1 which required the replacement of the UV treatment units. The units in place were no longer supported by vendors, and parts were not available to repair them.
- 2.2 Staff contacted other municipalities to source available parts, but those attempts were unsuccessful.
- 2.3 Staff continued to operate and maintain the existing UV treatment system using stocked spare parts. However, it became necessary to replace the UV treatment system as soon as possible.
- 2.4 R.V. Anderson was retained to complete the detailed design and preparation of the tender documents. Tender #D2022-26 for the Sunderland Municipal Well #1 Pumphouse Upgrades, was awarded to Kenaidan Contracting Ltd. based on the lowest compliant bid of \$398,345.40 (excluding HST). The total approved project budget, which includes engineering services, internal staff costs, contingency and the construction contract value, totals \$892,000.
- 2.5 Sunderland Municipal Well #1 is a Groundwater Under Direct Influence of Surface Water (GUDI) well which is subject to seasonal fluctuations in water quality parameters. The design of the treatment system was based on a baseline taken from historical water quality results. However, additional water quality sampling was conducted during construction to verify historical water quality levels. These tests identified that water quality parameters had changed outside the baseline, and as such, a re-work of the treatment system was required. Additional project costs were incurred to re-design commission and calibrate the treatment system

resulting in a revised project cost of \$1,204,189. The revised project costs exceed the approved budget of \$892,000 by \$312,189.

3. Financial Implications

- 3.1 Section 10 of the Region’s Purchasing By-law #16-2020 specifies the process to procure goods and/or services to address emergency situations. The process requires reporting to Regional Council on the nature of the emergency and the necessity of actions taken in cases where the costs will exceed \$100,000.
- 3.2 Section 17.1 of the Region of Durham’s Budget Management Policy states that additional commitments for a capital project shall not be authorized if the value of the work will cause the project to be over expended by more than \$250,000 beyond project funding. Approval of the applicable Standing Committee and Regional Council will be required to approve the commitment and the additional sources of financing.
- 3.3 Project financing can be provided from the following sources:

Previously Approved Financing

Water Supply Capital Budget Project ID: K2106

| | |
|--------------|------------------|
| User Revenue | <u>\$892,000</u> |
|--------------|------------------|

| | |
|--|-------------------------|
| Total Previously Approved Financing | <u>\$892,000</u> |
|--|-------------------------|

Additional Financing

From 2024 Completed and Closed Project Savings, at the discretion of the Commissioner of Finance

| | |
|---------------------------|------------------|
| Water Supply User Revenue | <u>\$312,189</u> |
|---------------------------|------------------|

| | |
|--|---------------------------|
| Total Revised Project Financing | <u>\$1,204,189</u> |
|--|---------------------------|

4. Conclusion

- 4.1 It is recommended Regional Council grant approval for additional financing in the amount of \$312,189, related to emergency replacement of UV treatment units at Sunderland Municipal Well #1, with the additional financing to be provided from 2024 completed and closed projects savings, at the discretion of the Commissioner of Finance.
- 4.2 This report has been reviewed by the Finance Department and the Commissioner of Finance concurs with the recommendations.
- 4.3 For additional information, please contact Mike Hubble, Director of Environmental Services, at 905-668-7711, extension 3460.

Respectfully submitted,

Original signed by:

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

Recommended for Presentation to Committee

Original signed by:

Elaine Baxter-Trahair
Chief Administrative Officer