
Request to Exceed in Excess of 25% of PO 370996, Sewer Connection Cleaning

Recommendation

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

1. That the Administration be given approval for PO 370996 with Culebra Sewer & Water Works Corporation for the supply of sewer connection cleaning services to exceed 25% of the purchase order value and be extended by \$57,880.80, including taxes; and
2. That Purchasing Services issue the appropriate change order.

Topic and Purpose

The purpose of this report is to request City Council approval for PO 370996 with Culebra Sewer & Water Works Corporation for sewer connection cleaning to exceed 25% of the original purchase order value.

Report Highlights

1. The low bidder did not complete the volume of work expected which lead to the use of the contractor with the next lowest bid to maintain service levels.
2. To continue to meet operational needs, PO 370996, Sewer Connection Cleaning must be extended by \$57,880.80.

Strategic Goal

This report supports the Strategic Goal of Asset & Financial Sustainability by ensuring municipal infrastructure is well maintained and managed to optimize the useful life of the assets.

Background

Sewer connection cleaning services are required to supplement internal service delivery during times of peak demand. Sewer connection cleaning addresses blocked sewer connections due to tree roots, build-up of fats and oils, and any other debris that enters the sewer collection system. Connection cleaning restores uninterrupted sewer service and prevents sewer backups in homes and businesses.

This report is to rectify an over expenditure discovered on PO 370996, Sewer Connection Cleaning.

Report

Purchase Order Contract

In May 2017, a tender was publicly advertised for sewer connection cleaning services until May 2018. There were three qualified bids received and purchase orders were

awarded with a call-out list being created based on lowest price. The purchase orders were awarded for \$33,300 based on the lowest bidder being assigned the bulk of the work. Due to operational demands, the second lowest bidder received significantly more work than what was estimated. This increased the unit rate of the work being performed resulting in a tripling of expenditures. The risk of under-delivery by the lowest bidder has been noted and moving forward will be better managed to ensure future tenders are issued earlier to prevent the excess expenditure.

Operational Needs

Due to the emergency nature of the work performed under the contract, it is required to continue this work as it directly impacts citizens. The contract is used when the demand for this type of work is beyond the capacity of City crews. The winter of 2017/2018 saw significant demand for frozen connection and water main work for City crews resulting in higher reliance on contracted services.

Policy Implications

The recommendation is in accordance with the Corporate Purchasing Procedure (Administrative Policy A02-027) which states that an extension in excess of 25% of an approved purchase order requires City Council approval.

Financial Implications

Details of the cost pertaining to PO 370996 with Culebra Sewer & Water Works Corporation are as follows:

Original Contract Cost (before taxes)	\$30,000.00
Change Order Cost	<u>52,144.86</u>
Subtotal	\$82,144.86
GST	4,107.24
PST	<u>4,928.70</u>
Total Revised Contract Cost	\$91,180.80
Less GST Rebate	<u>(4,107.24)</u>
Total Revised Net Cost to the City	<u>\$87,073.56</u>

There is sufficient funding in the 2018 Service Connections Program to cover the additional service requests.

The above shows that PO 370996, Sewer Connection Cleaning exceeds 25% of the original contract value, and therefore requires City Council approval.

Other Considerations/Implications

There are no options, public and/or stakeholder involvement, communication, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

Purchasing will be seeking competitive pricing for sewer connection cleaning services as soon as possible.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by: Brian AuCoin, Operations Engineer, Municipal Engineering Services
Brodie Thompson, Engineering Manager, Municipal Engineering Services
Reviewed by: Russ Munro, Director of Water & Waste Stream
Approved by: Angela Gardiner, Acting General Manager, Transportation & Utilities Department

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