



Making a difference...together

**REPORT TO SAANICH PENINSULA WASTEWATER COMMISSION  
MEETING OF THURSDAY, 19 NOVEMBER 2009**

**SUBJECT      AWARD OF CONTRACT 09-1652 – SAANICH PENINSULA WASTEWATER TREATMENT PLANT, WASTEWATER THERMAL ENERGY RECOVERY SYSTEM**

**PURPOSE**

To seek approval for the award of Contract No. 09-1652 for the construction of the wastewater thermal energy recovery system at the Saanich Peninsula wastewater treatment plant (SPWWTP).

**BACKGROUND**

On 22 October 2008 a letter from Gas Tax Agreements Management Committee confirmed that the SPWWTP thermal energy recovery project funding application was approved for General Strategic Priorities Fund funding of the lesser of \$2,989,500 or 100% of the actual eligible costs of the approved project.

The engineering design was completed and an Invitation to Tender was advertised in October 2009. Tenders for Contract 09-1652 were received on 12 November 2009 as follows:

<b>Company</b>	<b>Tender Price (including GST)</b>
Knight Contracting Ltd.	\$3,065,159.00
Chew Construction Ltd.	\$3,231,907.35
Aggressive Excavating Ltd.	\$3,319,651.10
Knappett Projects	\$3,394,881.00
G & E Equipment Ltd.	\$3,413,500.00
Jacob Bros. Construction	\$3,461,124.77
Scansa Construction Ltd.	\$3,514,879.00
Deramore Construction Inc.	\$3,534,879.15

The tenders were reviewed and found to be complete, accurate and in full compliance with the tender documents

The low tender was submitted by Knight Contracting Ltd. in the amount of \$2,919,199 (without GST) and \$3,065,159 (including GST).

The tender price was approximately \$400,000 over the estimated budget for the construction portion of this project. Staff, together with the Consultant, investigated various options to reduce the cost by reducing the scope of the contract. There are two waste-heat utilization mini-plants included in this contract; one at the treatment plant and the other at the Panorama Recreation Centre. It is possible to defer the mini-plant at the treatment plant to a later stage when other funding becomes available. The cost saving is \$399,199 and the contractor has agreed to accept this revised contract in the amount of \$2,520,000 (not including GST) The other alternative is to fund the mini-plant construction cost of \$399,199 from the SPWWS Sewer Debt Reserve Fund, which has \$897,177 remaining as of 30 October 2009.

**ALTERNATIVES**

1. That the scope of the contract be reduced to the amount of \$2,520,000 and be awarded to Knight Contracting Ltd.
2. That the contract be awarded to Knight Contracting Ltd. in the amount of \$2,919,199, with \$399,199 funded from the SPWWS Sewer Debt Reserve Fund, which has \$897,177 remaining as of 30 October 2009.
3. That the contract be retendered with a reduced scope.
4. That the contract not be awarded and the project not proceed.

**FINANCIAL IMPLICATIONS**

The construction phase of the heat recovery system was estimated to be \$2,520,000 out of the total \$2,989,000 grant from the General Strategic Priorities Fund (GSPF). The lowest tender for this contract was \$2,919,199 which is \$399,199 over budget.

The reduced scope contract in the amount of \$2,520,000 is within budget and is an eligible expenditure under the GSPF. This option would not have any financial impact.

If the Commission decides to construct the full scope contract, the \$399,199 overage could be funded out of the SPWWS Sewer Debt Reserve Fund, which has \$897,177 remaining as of 30 October 2009.

**SUMMARY**

The lowest tender price was \$399,199 over budget. In order to proceed with the construction of the project, the following two alternatives have been identified:

1. Award the reduced scope contract in the amount of \$2,520,000 which is within budget and is an eligible expenditure under the GSPF; or
2. Award the full scope contract in the amount of \$2,919,199 and fund the \$399,199 overage out of the SPWWS Sewer Debt Reserve Fund.

**RECOMMENDATIONS**

That the Saanich Peninsula Wastewater Commission approve that:

1. Contract 09-1652, Saanich Peninsula Wastewater Treatment Plant Thermal Energy Recovery System, with the reduced scope, be awarded to Knight Contracting Ltd. in the amount of \$2,646,000 (including GST), subject to prior confirmation that the reduced project scope does not impact on the funding grant under the General Strategic Priorities Fund; and
2. Costs be charged to the General Strategic Priorities Fund funding grant.

---

Dan Telford, PEng  
Senior Manager, Environmental Engineering

---

Ted Robbins, BSc, CTech  
Acting Senior Manager, Operations and Local Services

AL: hr  
Attachment: 1