



REPORT

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Meeting Date: April 13, 2022
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TO: Standing Committee on Policy and Strategic Priorities

FROM: General Manager of Engineering and Chief Procurement Officer

SUBJECT: Contract Award for Prequalified Contractors for Sewer Pump Station Projects

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate to the satisfaction of the City's General Manager of Engineering, City's Director of Legal Services, and the City's Chief Procurement Officer and enter into a 9-year program for sewer pump station work with prequalified contractors for an estimated contract value of (\$75,000,000), plus applicable taxes to be funded through capital project budgets as and when the work is required.
- B. THAT the Director of Legal Services, Chief Procurement Officer and General Manager of Engineering be authorized to execute on behalf of the City the contracts contemplated by Recommendation A.
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the authorized signatories of the City as set out in these Recommendations.

REPORT SUMMARY

In order to better meet the construction and maintenance work of sewer pump stations, it is recommended that the City establishes a 9-year contractor prequalification program. Traditionally, procurements to perform this type of work have been conducted through Invitation to Tenders (ITT), which require awarding the contract to the lowest compliant bid. This procurement format has typically resulted in elongated timelines and approvals, a lack of market interest to compete and quality issues that cause additional costs. The establishment of a

longer-term partnership program through the prequalification of contractors will bring efficiencies to the contracting process and ultimately improve the costs and quality of the construction work.

To initiate the first 3-year term of the program, the City issued a Request for Application (PS20211014) on November 12, 2021 for the Prequalification of Sewer Pump Station Contractors. The RFA was advertised on the City of Vancouver website and BC Bid and the work was called in accordance with the terms and condition of the City's Procurement Policy ADMIN-008. Thirteen applications were received and the City shortlisted nine contractors to participate in the program's initial 3-year term. In order to comply with trade agreements, the list of contractors will be refreshed for the second and third 3-year terms of the program (years 4 and 7), using a similar process to the RFA cited in this report. Each group of shortlisted contractors will be required to sign a Memorandum of Understanding that will allow the City to send them a Request for Service (RFS) along with a City construction contract pertaining to each specific pump station construction, as and when the City has a requirement for sewer pump station work.

To ensure sufficient funding, each specific project will require a purchase requisition (shopping cart) approved by Engineering and Finance, commensurate with value. The RFS will include bonding where appropriate and be awarded to the lowest priced qualified applicant. Prior to contract award, each specific project will be approved via the City's standard Contract Approval Summary (CAS) process, which requires approval from Engineering and Finance leadership, commensurate with value.

City staff on the program steering committee and, subsequently, the Bid Committee recommend the creation and execution of the 9-year program. The first 3-year term will leverage partnerships with the contractor group listed in this report. Future lists of preauthorized contractors for subsequent terms of this program will be selected by the program steering committee and RFA evaluation committee. Staff will use this list of prequalified contractors to perform the construction and refurbishment work required for sewer pump stations and will only return to Bid Committee and Council for the approval of the contract award for contractors to be included in the prequalification list for years 4 through 7 and years 7 through 9 of the program.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy ADMIN-008 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered and recommended approval of this 9-year program.

There is no applicable Council Authority or previous decisions relevant to this report.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

The Sewer and Drainage Design and Sewer Operations Branches of the City's Engineering Department are responsible for management and maintenance of all sewer pump stations. Traditionally, procurement of contractors to perform work in these pump stations has been through Invitation to Tenders (ITT), where the lowest cost, compliant bidder is automatically selected to perform the work. However, based on experience, this procurement approach is sub-optimal for the scope and market of this type of work as previous projects have experienced problems with, amongst other issues, elongated timelines to execute procurements and approvals, a lack of competition during procurements and quality issues during constructions.

In order to better respond to the requirements of this specific Engineering asset class, a Request for Applications (RFA) was initiated to create a long-term procurement program where a managed list of qualified contractors will be invited to bid on and, subsequently, perform the work. For the initial 3-year term, the RFA was released on November 2021 and closed on January 2022. The City received 13 applications.

Strategic Analysis

The RFA to select the contractors for the first 3 years of the 9-year program, was issued in the accordance with City's Procurement Policy ADMIN-008. The City shortlisted the following contractors (in alphabetical order):

- Chandos Construction Ltd.
- Drake Excavating (2016) Ltd.
- GCL Contracting Inc.
- Graham Infrastructure LP
- Industria Construction Corp.
- Kenaidan Contracting Ltd.
- Maple Reinders Constructors Ltd.
- Merletti Construction (1999) Ltd.
- Westport Construction Group Inc.

The applications were evaluated through the work of an evaluation team comprised of representatives from Sewer Operations and, Sewer and Drainage Design Branch under the stewardship of Supply Chain Management to ascertain if the applications offered good overall value to the City.

Some of the criteria considered in the overall evaluation process included:

- Proponent's depth of experience on projects involving pump stations (or similar infrastructures) replacements, upgrades or repairs;
- Qualifications of the applicant's key personnel and their capacity to attend to City's requirements;
- Ability to manage subcontractors and proponent's own personnel to supplement subcontractor's work; and
- Proponent's safety qualifications.

Based on the overall evaluation, the team concluded that the applications submitted by the 9 contractors, best met the City's requirements and provided best overall value to the City. Similar criteria will be used to select contractors in years 4 and 7 of the program.

Financial

Financial Planning & Analysis (FP&A) has reviewed the cost of the goods and/or service and concurs that the projected value for the 9-year program is in line with estimates, and that funding is available from the Upgrade and Replacement of Pump Stations Capital program. Actual funding for each specific project will be concurred on by FP&A through the purchase requisition (shopping cart) process as and when the work is required as per the standard City procurement process.

Legal

The City's Procurement Policy requires that all individual construction contracts use forms of agreement that have been approved by the Legal department and for those with a value over \$2M be signed by the Director of Legal Services.

CONCLUSION

In summary, City staff recommends that the City of Vancouver create and administer a 9-year program with prequalified contractors (to be refreshed in years 4 and 7 of the 9-year program) for pump station construction and refurbishment.

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BENEFITS OF THIS PROGRAM:

1. Qualified, experienced and proven contractors;
2. Ability for users of the program to involve contractors early;
3. Reduced administration for the City and the local construction market;
4. Better prices as a result of improved timelines and early contractor involvement;
5. Ability to meet urgent requirements;
6. Greater access to industry expertise through pre-construction consultations;
7. Establish a Memorandum of Understanding with pre-qualified contractors; and
8. Increased velocity of procurements as and when required.

EXPECTED SCOPE OF WORK

1. The Services that will be required of the Pre-Qualified Contractors will include pump station (and associated infrastructure) repairs, modifications, upgrades, and full station replacements.
2. In completing these Services, the components or systems that may need work include (but are not limited to):
 - a. Electrical distribution and related appurtenances (VFD's, MCC's, station lighting, etc.);
 - b. Control systems and instrumentation (PLC's, level controllers, floats, etc.);
 - c. process and mechanical systems including piping, pumps, valves, and related appurtenances;
 - d. Ventilation systems (blowers, ducting, odour scrubbers, etc.);
 - e. Various facility structural and architectural elements (doors, windows, roofing, cladding, railings, etc.);
 - f. Civil works including underground piping (forcemains, sewers, manholes, electrical ducts, etc.);
 - g. Surface treatment repairs and restorations including asphalt, concrete, and landscaping;
 - h. Cranes and lifting equipment;
 - i. Sediment and Erosion Control;
 - j. Excavation stability, shoring, and dewatering;
 - k. QA/QC Testing (backfill compaction, concrete cylinder, welding NDT, etc.); and
 - l. Other miscellaneous facility related infrastructure not specifically identified above.
3. In performing these Services, additional work may include (but is not limited to):
 - a. Confined space entry;
 - b. Traffic control;
 - c. By-pass pumping; and
 - d. Prime Contractor Responsibilities;