

MINUTES

CORPORATE SERVICES AND ECONOMIC DEVELOPMENT COMMITTEE

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

CHAMPLAIN ROOM

17 NOVEMBER 1998

3:00 P.M.

PRESENT

Chair: R. Chiarelli

Members: D. Beamish, R. Cantin, B. Hill, G. Hunter, P. Hume, R. van den Ham

ABSENT

A. Loney, M. Meilleur, W. Stewart

CONFIRMATION OF MINUTES

That the Corporate Services and Economic Development Committee confirm the Regular and Confidential Minutes of the 03 November 1998 meeting.

CARRIED

DECLARATIONS OF INTEREST

No declarations of interest were filed.

POSTPONEMENTS AND DEFERRALS

1. **MEADOWLANDS PRESSURE DISTRICT EXPANSION**
REJECTION OF ALL BIDS - CONTRACT NO. 98-326
(Deferred from 03 November 1998 Committee meeting)
- Acting Deputy Commissioner, Environment and Transportation, report dated 09 Oct 98

Notes: 1. Underlining indicates new or amended recommendations approved by Committee.
2. Reports requiring Council consideration will be presented to Council on 25 November 1998 in Corporate Services and Economic Development Committee Report Number 25.

Mr. Paul McCarney, President, National Capital Heavy Construction Association (NCHCA), reported the Association was comprised of approximately 175 members involved in core infrastructure work. Mr. McCarney stated as a contractor himself, he viewed the tendering process in very high regard.

Mr. McCarney reported the NCHCA had worked with Regional staff in the development of the Regional Tendering Guidelines. With regard to these guidelines, in order for a tender to be considered for approval, it must contain all addenda when returned as a formal bid; this was a requirement not fulfilled by the lowest bidder, Rose Mechanical Ltd., which neglected to submit Addendum No. 2. Mr. McCarney stated according to the tendering guidelines, this omission was cause for automatic rejection of the Rose tender. The speaker expressed concern in that Rose Mechanical was given the opportunity to submit a revised bid, which included Addendum No. 2, after the public reading of tender results. Mr. McCarney reported the membership of the NCHCA has been reminded they must ensure they have received all issued addenda and, as errors in distribution of tender packages can occur, there was an added onus on contractors to ensure they had included all material with their bid.

Mr. Sam Morra, Executive Director, Ontario Sewer and Watermain Construction Association (OSWCA), reported the Association represented over 700 contractors and suppliers across Ontario, many which worked and resided in the Region. Mr. Morra stated a fundamental goal of the OSWCA was to preserve accountability and transparency in the tendering process. He reiterated previous comments with regard to the irregular tender from Rose Mechanical. Mr. Morra noted the Region had been progressive in the development of Tendering Guidelines and a Contract Review Form to assist bidders to avoid irregular tender submissions.

In speaking to the issue that all bids received were above the departmental estimate and the staff recommendation to combine the work and re-tendered in 1999, Mr. Morra noted the C.A.C.E. Construction tender was only 8% over the departmental estimate. He reported the Canadian Construction Documents Committee had produced a document entitled "A Guide to Calling Bids and Contract Awards". The document outlined that in the event all bids received were over budget, the owner should negotiate changes in the scope of the work with the bidder submitting the lowest acceptable bid. When the negotiations resulted in a contract price acceptable to both parties, no re-tendering of the project was necessary and the contract should be awarded at the negotiated price. Mr. Morra continued to explain if negotiations failed to produce a price acceptable to both parties, and if in the first instance the changes resulted in a value in excess of 15%, the bid documents should be amended and invitations to re-tender should be restricted to the three lowest acceptable bidders on the original tender.

In closing, Mr. Morra recommended that negotiations be entered into with C.A.C.E. Construction in an attempt that a contract price acceptable to both parties be determined. He stated if negotiations failed to produce an acceptable price, then the contract could be re-tendered.

Mr. John Landreville, President, C.A.C.E. Construction (1991) Ltd. Mr. Landreville stated his company had worked in Ottawa-Carleton for twelve years and commented that 25 to 30 local employees faced unemployment. He believed if the project was combined and re-tendered in 1999, there was a possibility his company would not be able to compete for a larger scale project. Mr. Landreville noted if the contract had been awarded, initial work could be completed this winter which would accelerate the work required in 1999. The speaker concluded by stating there were several areas in the project where cost savings could be recommended and requested the Committee's serious consideration of the presentations made.

Councillor Hunter referenced the staff recommendation to combine the project phases and re-tender in 1999 which *should* result in better prices. Mr. Landreville explained it would be unlikely his company could participate in the re-tender due to the size of the project and bonding limits. In addition, he did not believe more competitive prices would be achieved in 1999 in that the present market was very competitive as displayed with the prices tendered and the small margins between each.

Councillor van den Ham expressed his support for the staff recommendation, in particular in light of the bids received being over the departmental estimate. Mr. Morra acknowledged the Region had the legal right to cancel the project, however, noted the time and effort involved in the preparation of qualified bids. Mr. Morra referenced the 15% leverage regarding over budget prices and the opportunity to negotiate an agreeable price, emphasizing the C.A.C.E. Construction tender was only 8% over estimate.

Mr. Morra suggested the combining of project phases would not necessarily produce better prices due to higher labour costs in 1999. In addition, the larger project would reduce the number of capable contractors resulting in less competitive prices.

In response to a question from Chair Chiarelli regarding the 15% guideline, Mr. Landreville reported it was a Canadian standard used throughout the industry. Mr. Sheflin, Environment and Transportation Commissioner, explained it was the Region's preference to analyse each project on its own merit and the market as it existed. He stated the staff recommendation represented the best business decision under the circumstances.

Councillor Cantin inquired if the value of Phase 2B was equal to Phase 2A. J. Miller, Director, Engineering Division, responded that Phase 2 was approximately 80% of the work. Councillor Cantin referenced the local company and employees, and stated it was an opportunity where the Region could take advantage of the 15% principle and negotiate with the contractor. He expressed concern that smaller local companies would not be in the position to bid on a larger contract.

Mr. Sheflin reiterated it was not Regional practice to negotiate with the lowest bidder. The Commissioner stated the present scenario was unusual, but should be expected on occasion in light that the Corporation issued tenders in excess of millions of dollars annually. Mr. Sheflin acknowledged the work and expense from the private sector in preparing the tenders, however, stated the staff recommendation was the best business decision for this case.

In response to a question from Councillor Cantin, Mr. Landreville reported 40-50% of the costs were labour, with the addition of suppliers and equipment rentals which also involved local labour.

Chair Chiarelli reviewed the options available to Committee. He inquired about the disadvantages of negotiating with the low bid. Mr. Sheflin explained the principle of 15% was not unfair, however, opened the issue to possible further complications. He stated if there was room for the contractor to negotiate, why was it not done for all tenders, above and below departmental estimates.

Mr. Morra pointed out the contract in question was set up in various unit prices for various items of work, and it would not be a difficult process to review those items and determine which could be postponed or deleted. Mr. McCarney noted this 15% principle and negotiation was recently used with a City of Gloucester tender, in that the bidders were requested to participate in a post-tender addendum.

In response to questions from Councillor Hume, Mr. Morra emphasized the industry accepted the position that negotiation could occur if the scope changes were within the 15% guideline as it was deemed to be in the same scope of work for the bidders involved. If the changes were more than 15%, then it was reasonable to re-tender the project.

Mr. Sheflin indicated Regional staff met annually with the Association and suggested this principle be considered at that time, to be brought forward to Committee for consideration. He believed the negotiation of the principle at this time was unproductive and did not advise the principle being used on an ad hoc basis.

G. Cantello, Manager, Commercial Contract Law, reported there was similar Regional policy regarding the 15% principle. This policy stated that if tenders received were over budget, the Department Head determined the extent to which the scope of the work could be reduced and could request revised prices from the bottom three bids, providing they were within 10% of the low bid. Mr. Cantello explained in this case, the Department Head determined that the scope of the work could not be revised and recommended re-tender in 1999.

Councillor Hunter referenced the work to be completed under Phase 2A. Mr. Miller reviewed the work involved and stated there would be a lesser impact if construction was completed earlier in 1999, noting winter restoration needs.

Chair Chiarelli referenced the Central Park Ashcroft Development. Mr. Miller confirmed the 1999 work would not delay the Ashcroft development as it was the intention to tender very early in 1999 so work would begin early in the construction season.

Councillor Beamish believed what the industry requested may not be best for the Corporation and the taxpayers. He stated the circumstances were unfortunate, however, expressed his support for the staff recommendation.

Councillor Cantin suggested the fact that all tenders were above the departmental estimate may be an indication there may have been a component in the project that staff did not forecast. He pointed out the C.A.C.E. Construction tender was within a minimal 8% of the estimate and should be given the opportunity to negotiate the contract.

Councillor Hunter noted the project involved a great deal of rock which would hindered the excavation for the contractor. He suggested it may be important to determine why the bids were in excess of the departmental estimate. Councillor Hunter expressed his support for the commencement of the project with C.A.C.E. Construction.

Councillor van den Ham reminded the Committee that staff had been requested to examine the way they did business and achieve savings where possible. He reiterated it was the best business decision in this circumstance and expressed his support for staff reviewing the situation and recommending the alternate route of combining the two phases and re-tendering.

The Committee then considered the staff recommendation.

That the Corporate Services and Economic Development Committee and Council approve the rejection of all bids and the cancellation of tenders for Contract No. 98-326, for the construction of the watermains required as part of the Meadowlands Pressure District Expansion.

CARRIED

YEAS: D. Beamish, B. Hill, P. Hume, R. van den Ham, R. Chiarelli 5
NAYS: R. Cantin, G. Hunter 2

Chair Chiarelli commended Mr. Landreville on the professional manner in which he dealt with the issue with respect to the process and Committee.

REGULAR ITEMS

ENVIRONMENT AND TRANSPORTATION

2. MUNSTER HAMLET WASTEWATER TREATMENT FACILITY SEWAGE HAULING CONTRACT 98-201
- Environment and Transportation Commissioner's report dated 23 Oct 98

Councillor Hill referenced the large contract amount and questioned its necessity. J. Miller, Director, Engineering Division, explained the hauling was necessary since Council did not institute the alternate program of rehabilitating the lagoons and expanding the spray irrigation field, but rather to have a complete review of the program. He stated they must make room in the present lagoons for the flow to be received during the winter, as spray irrigation had completed on 16 November due to climatic conditions.

T. Marc, Manager, Planning and Environment Law, reported the Region had been operating under the voluntary compliance program with the Ministry of Environment, in which the Ministry had been providing some leniency with respect to the situation at Munster Hamlet. Mr. Marc stated the time limit had been stretched in dealing with the undersized lagoons, and there was a need to take further steps such as monitoring and hauling to ensure the impact on the surrounding environment was kept to a minimal.

Mr. Miller confirmed only the required amount of sewage would be hauled and would be monitored, however, it was dependant on the climatic conditions and the amount of sewage to be moved. He noted the contract was on a unit price basis and they would only pay for what was hauled, adding if it was a mild winter and spray irrigation could commence early in 1999, the contract price would be considerably less.

Councillor Hill expressed concern the Ministry had approved a design that was not adequate and suggested they should be responsible for the subject costs. Mr. Miller reiterated the environmental concerns which required monitoring and the need to ensure there were no detrimental effects on neighboring properties.

In response to a question from Councillor Cantin regarding the result of a long, severe winter, Mr. Miller stated the contract figure was conservative, however, if there was unusual circumstances it may be necessary to extend the haulage and increase the contract price required.

Councillor van den Ham noted the 10% contingency. Mr. Miller stated a lower contingency could be feasible, however, reiterated the environmental mitigation involved and the necessity to haul.

Councillor Hunter inquired if the option of a closer dumping site had been considered due to the long distance between Munster Hamlet and the Robert Pickard Environmental Centre. Mr. Miller reported this had been considered, however, for the large volumes involved, it was necessary to have a controlled site considering issues such as spill containment, public safety, and the number of vehicles. Councillor Hunter inquired if the option had been costed and requested the information obtained.

That the Corporate Services and Economic Development Committee and Council approve the award of Contract 98-201, Munster Hamlet Wastewater Treatment Facility Sewage Hauling to Vanson Construction Limited, Gloucester, for a total contract provision of \$643,819.

CARRIED

3. WEST HUNT CLUB ROAD (REGIONAL ROAD 32)
REALIGNMENT AT MOODIE DRIVE (REGIONAL ROAD 11)
CONSULTANT SERVICES - CONTRACT C9444A
- Acting Deputy Commissioner, Environment and Transportation Department,
report dated 27 Oct 98

That the Corporate Services and Economic Development Committee and Council approve additional work to Contract No. C9444A for the preparation of an Environmental Assessment report, and preliminary design for the realignment of the West Hunt Road at Moodie Drive, to Robinson Consultants Inc., Kanata, in the amount of \$35,000, bringing the revised total contract provision to \$160,000.

CARRIED

4. SNOW REMOVAL CONTRACT FOR THE WATER
ENVIRONMENTAL PROTECTION DIVISION
TENDER AWARD 0988-65-T2/98
- Acting Deputy Commissioner, Environment and Transportation
Department, report dated 28 Oct 98

Councillor van den Ham inquired why Regional Transportation employees and equipment was not used for this contract. M. Sheflin, Environment and Transportation Commissioner, reported contracting out was the least expensive method for this work. The Commissioner stated there was not permanent staff on hand as they were only required when the work existed. With regard to the particular type of equipment required, Mr. Sheflin stated the private sector was capable to accomplish the task more economically. He added the private sector and Regional employees were used quite extensively in the regular road maintenance.

That the Corporate Services and Economic Development Committee and Council approve the award of Tender 0988-65-T2/98 for the snow removal services at the Robert O. Pickard Environmental Centre and all wastewater pumping stations and maintenance access locations for two (2) years to Burns Landscape Maintenance, Limoges, in the amount of \$203,670.

CARRIED

5. **SUPPLY OF SODIUM HYPOCHLORITE**
TENDER VARIATION 0885-38BB-T1/98
- Acting Deputy Commissioner, Environment and Transportation
Department, report dated 29 Oct 98

That the Corporate Services and Economic Development Committee and Council approve an increase in the authority to Tender 0885-38BB-T1/98 with Lavo Ltd. for the supply of Sodium Hypochlorite at the Robert O. Pickard Environmental Centre in the amount of \$15,000, bringing the revised total contract provision to \$92,693.

CARRIED

FINANCE

6. **CASH INVESTMENTS AND LOANS RECEIVABLE**
(AS AT 06 OCTOBER 1998)
- Finance Commissioner's report dated 23 Oct 98

That the Corporate Services and Economic Development Committee and Council receive this report for information.

RECEIVED

7. **1999 SINKING FUND LEVIES**
- Finance Commissioner's report dated 27 Oct 98

That the Corporate Services and Economic Development Committee and Council receive this report for information.

RECEIVED

8. BANKING SERVICES
- Finance Commissioner's report dated 09 Nov 98

That the Corporate Services and Economic Development Committee recommend Council authorize the extension of the contract for banking services with the Royal Bank of Canada for a three year period, effective January 1, 1999, at the unit prices presented by the bank resulting in an estimated annual cost of \$94,000, and that the banking services contract be extended to include the requirements of OC Transpo at an estimated cost of \$9,700 per year, for the same three year period.

CARRIED

9. YEAR 2000 CAPITAL PROJECT - BUDGET UPDATE
- Finance Commissioner's report dated 10 Nov 98

That the Corporate Services and Economic Development Committee recommend Council approve the Year 2000 Task Force request for pre-approval of the 1999 budget of the Year 2000 Capital Project.

CARRIED

PLANNING AND DEVELOPMENT APPROVALS

10. SALE OF SURPLUS LAND,
CYRVILLE ROAD, GLOUCESTER
- Planning and Development Approvals Commissioner's report dated 31 Oct 98

That the Corporate Services and Economic Development Committee approve the sale of 27,275 square feet of land, being part of Lot 26, Concession 2, Ottawa Front, former Township of Gloucester and shown as Part 1, Plan 5R-12524, save and except Part 1, Plan 5R-13234 to Prop-Com Management Inc. for the sum of \$100,000 pursuant to an Agreement of Purchase and Sale that has been received.

CARRIED

REGIONAL CLERK

11. AREA CONSERVATION AUTHORITY APPOINTMENTS

- Regional Clerk's report dated 05 Nov 98

That the Corporate Services and Economic Development Committee recommend Council approve:

1. **the nominations for appointments to the three area conservation authorities for the term 1 January 1999 to 31 December 2001;**
2. **that the Region request the addition of one more Regional Representative to the South Nation Conservation Authority for the term 1 January 1999 to 31 December 2001;**
3. **that if the South Nation Conservation Authority accepts the addition of one more Regional Representative, Murray Inch be appointed for the term 1 January 1999 to 31 December 2001;**
4. **that Lelia Donohue-Bousquet be appointed as an alternate for the Rideau Valley Conservation Authority and South Nation Conservation Authority, in the event a vacancy becomes available.**

CARRIED

12. WORLD CONFERENCE ON BREAST CANCER
JULY 1999

- Regional Clerk's report dated 06 Nov 98

That the Corporate Services and Economic Development Committee approve the attendance of Councillors M. Meilleur and D. Holmes at the World Conference on Breast Cancer to be held in Ottawa, Ontario, 26 - 31 July 1999.

CARRIED

INFORMATION PREVIOUSLY DISTRIBUTED

CHIEF ADMINISTRATIVE OFFICER

1. Delegated Authority Monthly Report
September and October 1998
(As Per Corporate Policy Manual Section 4.6.7.4)
- Chief Administrative Officer's memorandum dated 04 Nov 98

REGIONAL CLERK

2. Record of Tender Openings
for the Month of October 1998
(As Per Corporate Policy Manual Section 4.6.6)
- Regional Clerk's memorandum dated 02 Nov 98

INQUIRIES

Funds Provided to the Province re gasoline tax, automobile fees and fines.
Outstanding Inquiry No. C&E 5(98)

Councillor Hunter requested information from the Environment and Transportation Commissioner on the amount of dollars flowing from the Region of Ottawa-Carleton to the Province from the gasoline tax, car license fees, driver license fees, automobile related fines, etc., and how much money was returned to the Region from the Province in terms of grants and road maintenance.

(Note: Inquiry raised at previous Council meeting)

ADJOURNMENT

The meeting adjourned at 4:30 p.m.

NEXT MEETING

01 December 1998

CO-ORDINATOR

CHAIR