

SPECIAL COUNCIL MEETING

JULY 15, 2014

7:00 P.M.

**AGENDA FOR THE SPECIAL MEETING OF THE REDCLIFF TOWN COUNCIL
TUESDAY, JULY 15, 2014 - 7:00 P.M.
REDCLIFF TOWN COUNCIL CHAMBERS**

<u>Pg.#</u>	<u>AGENDA ITEM</u>	<u>RECOMMENDATION</u>
1.	GENERAL	
	A) Call to Order	
	B) Adoption of Agenda *	Adoption
2.	NEW BUSINESS	
	A) Water Treatment Plant Tender *	For Consideration
3.	ADJOURN	

TOWN OF REDCLIFF REQUEST FOR DECISION

DATE: July 15, 2014

PROPOSED BY: Manager of Engineering and Public Service Director

TOPIC: Water Treatment Plant Tender

PROPOSAL: Negotiations Outcome and Tender Award

BACKGROUND:

Further to the tender opening for the Redcliff Water Treatment Plant (WTP) project on June 19, 2014 and updating the tender outcome to Council on June 23, 2014 during the regular Council meeting, MPE Engineering has conducted negotiations with MPECO (the lowest bid submitting contractor) to review the company's bid prices. MPE and MPECO agreed to some minor design changes without removing the significant amount of work from the project and impacting the quality of the work. MPECO has contracted a local building contractor GVN as a sub to save some building cost. MPECO went back to their sub-contractors/ suppliers and their team to determine the costs which can be cut down. The original bid amount submitted by MPECO was \$12,774,276.69 plus GST. After negotiations, MPECO offered a price deduction of \$406,311.00 plus GST outlining the bid items in the attached letter to MPE Engineering. Both MPE and MPECO noted that the further reduction in price would result at the expense of major design modification. The final bid amount from MPECO after applying the deductions will be \$12,367,965.69 plus GST.

The Town's administration has reviewed the deductions letter and noted that the bid items 4H and 4I are related to the asphalt for the 2nd St SW repairs only and excluded the WTP parking lot which will be built to a gravel standard. Public Services Department expressed some concerns that the gravel parking lot will result in increased maintenance during winter and due to more heavy truck traffic. The gravel will also result in damaging the asphalt repairs on 2nd St SW. Public Service Department also requires that the quality control equipment with a price deduction of \$11,807.00 should also be added back to MPECO's contract. This will result in a price reduction of \$283,543.00 as opposed to \$406,311.00 and the final bid amount from MPECO will become \$12,490,733.69 plus GST. The difference will be a cost of \$122,768.00 for which 44.62% will be eligible under the Alberta Municipal Water Wastewater grant now.

The following options are presented for Council's consideration

Options:

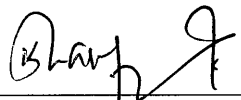
1. Accept a price deduction of \$406,311.00 plus GST offered by MPECO in the form of a letter dated July 09, 2014 to MPE and award the contract to MPECO with a reduced bid amount of \$12,367,965.69. Further to fund the project as outlined in the 2014 capital budget.
2. Accept a price deduction of \$283,543.00 plus GST and award the contract to MPECO with a reduced bid amount of \$12,490,733.69 plus GST. Further to fund the project as outlined in 2014 capital budget.
3. Accept the original bid from MPECO without any price adjustment and award the contract to MPECO with an amount of \$12,774,276.69 plus GST. Further to fund the project as outlined in 2014 capital budget.

Recommendation:

The Engineering and Public Services Departments recommend Option 2.

Suggested Motions:

1. Councilor _____ moved that the Town of Redcliff accept a price deduction of \$406,311.00 plus GST offered by the MPECO in the form of a letter dated July 09, 2014 to MPE and award the contract to MPECO with a reduced bid amount of \$12,367,965.69. Further to fund the project as outlined in the 2014 capital budget.
2. Councilor _____ moved that the Town of Redcliff accept a price deduction of \$283,543.00 plus GST and award the contract to MPECO with a reduced bid amount of \$12,490,733.69 plus GST. Further to fund the project as outlined in 2014 capital budget.
3. Councilor _____ moved that the Town of Redcliff accept the original bid from MPECO without any price adjustment and award the contract to MPECO with an amount of \$12,774,276.69 plus GST. Further to fund the project as outlined in 2014 capital budget.

SUBMITTED BY: 
Engineering Department Head

& BY: 
Public Services Department Head

APPROVED BY: 
Municipal Manager

APPROVED / REJECTED BY COUNCIL THIS _____ DAY OF _____ AD. 2014



MPECO
Mechanical Process Inc.

Redcliff Revised Price 4

July 9, 2014

MPE Engineering LTD
40, 1825 Bomford Crescent S.W.
Medicine Hat, Alberta
T1A 5E8

Att. : Andrew Kleisinger
Object : Town of Redcliff Water Treatment Plant

Mr. Kleisinger,

In the spirit of moving the above mentioned project forward and meet the Town of Redcliff budget, we reviewed our tender price.

Based on our conversations with MPE Engineering, our sub-contractors and our suppliers, we propose the following modifications to our tender prices:

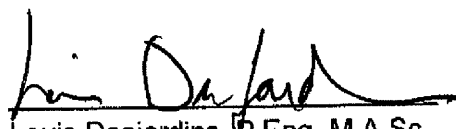
Item	Proposal	Deduction/Addition
1	General Requirements	-\$25,820.00
2.5 F	Remove the motorized part of the gate	N/A
4 H	Remove paving (3,200 sq.m. top lift) @ \$ 28.29 sq.m.	-\$ 89,888.00
4 I	Remove paving (3,200 sq.m. bottom lift) @ \$ 26.87 sq.m.	-\$ 85,980.00
4H	Add paving (1,181 sq.m. top lift) @ \$ 28.29 sq.m.	+\$ 33,174.00
4 I	Add paving (1,181 sq.m. bottom lift) @ \$ 26.87 sq.m.	+\$ 31,733.00
5	Use GVN instead of Brytex (2)	-\$ 155,837.00

10	Vanstone type flange connections c/w galvanized instead of stainless steel backup rings	-\$ 16,680.00
11	Mequipco Discount (7%)	-\$ 19,620.00
16	Remove Video Surveillance System	-\$ 42,638.00
As discussed	Blue White pumps as proposed by Capital H2O	-\$ 19,900.00
As required	Delete Section 10650 (Quality control equipment)	-\$ 11,807.00
As per July 02 E-mail	Diversion Vault Modification (Precast)	-\$ 12,088.00
As per July 02 E-mail	Diversion Vault (SS Pipes)	+\$ 7,970.00
As per July 02 E-mail	Diversion Vault (add HI 40 insulation)	+\$ 1,070.00
	Sub Total	-\$ 406,311.00
	GST	-\$ 20,315.55
	Total	- \$ 426,626.55

We have extensive experience in building water treatment plant and believe that all of the above proposed modifications (other than GVN structures) will not compromise the quality of the products and the outcome goal. We realize that the listed items are not solving the over budget dilemma that we find ourselves in. We have extensively reviewed all our prices and believe that any further cost reduction would require modification to the existing design. We understand the situation and will welcome any suggestions that you or your team will propose to further reduce the overall cost and look forward to your assistance in this matter.

If you want to discuss any of the above, please contact me at your convenience.

Best Regards,


Louis Desjardins, P.Eng, M.A.Sc.
General Manager

cc.: Daniel Davignon, V.P., Operation

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WTP PROJECTS BUDGET & FUNDING ANALYSIS

REVISED: JULY 14, 2014

	WTP OPTION #1	WTP OPTION #2	WTP OPTION #3	RAW WATER PUMP STATION	RAW WATER PIPELINE	DISTRIBUTION PUMPING	IRRIGATION SUPPLY	TOTAL PROJECT
BUDGET								
ORIGINAL BUDGET	12,013,000.00	12,013,000.00	12,013,000.00	1,851,000.00	1,108,000.00	836,000.00	48,000.00	15,856,000.00
REVISED BUDGET	15,155,700.00	15,278,500.00	15,562,000.00	2,323,300.00	1,208,000.00	904,100.00	51,800.00	19,765,700.00
HIGH ESTIMATE	15,155,700.00	15,278,500.00	15,562,000.00	2,323,300.00	1,208,000.00	904,100.00	51,800.00	19,765,700.00

FUNDING								
AMWWP	(6,762,473.34)	(6,817,266.70)	(6,943,764.40)	(1,036,656.46)	(539,009.60)			(8,392,932.76)
DEBENTURE	(4,125,757.60)	(4,193,764.24)	(4,350,766.54)					(4,193,764.24) **
MSI 2013	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)					(1,000,000.00)
MSI 2014	(500,000.00)	(500,000.00)	(500,000.00)					(500,000.00)
MSI 2015	(500,000.00)	(500,000.00)	(500,000.00)					(500,000.00)
FGT 2013	(300,000.00)	(300,000.00)	(300,000.00)			(373,023.00)		(673,023.00)
RATE BUILD-UP 2010	(76,580.00)	(76,580.00)	(76,580.00)					(76,580.00)
RATE BUILD-UP 2011	(836,600.00)	(836,600.00)	(836,600.00)					(836,600.00)
RATE BUILD-UP 2012	(898,200.00)	(898,200.00)	(898,200.00)					(898,200.00)
RATE BUILD-UP 2013	(156,089.06)	(156,089.06)	(156,089.06)	(742,110.94)				(898,200.00)
RATE BUILD-UP 2014				(544,532.60)	(353,667.40)			(898,200.00)
RATE BUILD-UP 2015					(315,323.00)	(531,077.00)	(51,800.00)	(898,200.00)
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(19,765,700.00)

DEBENTURE INFORMATION	3.4930%	30 YEAR						
ESTIMATED RATE BUILD-UP:	(898,200.00)	(898,200.00)	(898,200.00)					
**ANNUAL DEB PAYMENT:	224,126.24	227,820.61	236,349.55					
EST WTP AMORTIZATION (45YR):	439,237.78	439,237.78	439,237.78		EST 2014 OPR	374,869.02		
OPR INCREASE FOR WTP	224,464.63	224,464.63	224,464.63		NEW WTP OPR	599,333.65		
	(10,371.35)	(6,676.98)	1,851.96			(224,464.63)		