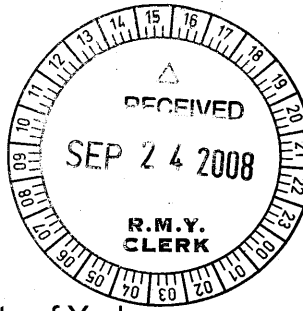




September 18, 2008



D. Kelly, Regional Clerk
The Regional Municipality of York
17250 Yonge Street
Newmarket, ON L3Y 6Z1

REGION OF YORK
CLERK'S OFFICE

FILE No. - *POB*

The Regional
Municipality
of Durham

Clerk's Department

605 ROSSLAND RD. E.
PO BOX 623
WHITBY ON L1N 6A3
CANADA
905-668-7711
1-800-372-1102
Fax: 905-668-9963
E-mail:
clerks@region.durham.on.ca

www.region.durham.on.ca

Pat M. Madill, A.M.C.T., CMM I
Regional Clerk

**RE: PRE-QUALIFICATION OF CONTRACTORS FOR THE DUFFIN
CREEK WATER POLLUTION CONTROL PLANT (WPCP)
SUPERVISORY CONTROL & DATA ACQUISITION (SCADA)
RETROFIT CONSTRUCTION PROJECT IN THE CITY OF
PICKERING (2008-W-104) (Our File No.: O11)**

Please be advised the Works Committee of Regional Council considered the above matter and at a meeting held on September 17, 2008 Council adopted the following recommendations of the Committee:

- "a) THAT the Region of Durham's pre-qualification process be used for the selection of vendors to receive tender documents for the Duffin Creek WPCP Supervisory Control and Data Acquisition (SCADA) Retrofit construction project in accordance with the procedures outlined in Report No. 2008-W-104 of the Commissioner of Works: and
- b) THAT a copy of Report No. 2008-W-104 be provided to the Region of York."

As directed, please find enclosed a copy of Report #2008-W-104 of the Commissioner of Works.

P.M. Madill, AMCT, CMM I
Regional Clerk
PMM/cb

Encl.

c: C. Curtis, Commissioner of Works, Region of Durham





The Regional Municipality of Durham
To: The Works Committee
From: Commissioner of Works
Report: 2008-W-104
Date: September 3, 2008

SUBJECT:

Pre-qualification of Contractors for the Duffin Creek Water Pollution Control Plant (WPCP) Supervisory Control & Data Acquisition (SCADA) Retrofit Construction Project in the City of Pickering

RECOMMENDATION:

THAT subject to the approval of the Finance and Administration Committee (recommendation a), the Works Committee recommends to Regional Council that:

- a) The Region of Durham's pre-qualification process be used for the selection of vendors to receive tender documents for the Duffin Creek WPCP Supervisory Control and Data Acquisition (SCADA) Retrofit construction project in accordance with the procedures outlined in this report; and
 - b) A copy of this report be provided to the Region of York.
-

REPORT:

Attachment No. 1: Procedures for the Pre-Qualification Process

The purpose of this report is to seek Regional Council approval to pre-qualify proponents for tendering of the Duffin Creek WPCP Supervisory Control and Data Acquisition (SCADA) Retrofit construction project, in the City of Pickering.

1. PRE-QUALIFICATION BACKGROUND

In recent years, the Region has pre-qualified contractors for work on certain major capital projects including reservoirs, pumping stations, water supply and water pollution control plants, as well as facility related projects including police and EMS stations, Long Term Care and Administrative Facilities. The pre-qualification process is well established and has been used for the selection of both general contractors and sub-contractors on several complex projects with notable success.

A pre-qualification process allows open competition between contractors for short listing and then allows those who are short listed to openly compete for the tendered works. In addition, it ensures that only contractors that are qualified to perform the work and consistently provide satisfactory performance are permitted to compete for the tendered works.

Projects that are generally considered for pre-qualification include those that:

- have a high dollar value (usually equal to or above \$1,000,000)
- have a complex scope of work
- have complex elements that require specialized trades
- require work in congested locations with extensive existing infrastructure that add significant liability and risk to the project

Utilizing unqualified or poor performing contractors increases the cost to the Region for excessive claims, property damage, health and safety risks, excessive administration and supervision costs from both staff and engineering consultants.

2. REASONS FOR PRE-QUALIFICATION FOR THE DUFFIN CREEK WPCP SCADA RETROFIT PROJECT

In a fully unrestricted tendering process, tenders may be received from contractors and sub-contractors who may have very limited experience, poor performance and safety records and/or poor financial stability. Awarding this project to an unsuitable contractor could add significant risk to the facility maintaining compliance with its Certificate of Approval (C of A) as issued by the Ministry of the Environment. In addition, timeliness of construction is paramount, as the SCADA Retrofit of the existing plant must be fully commissioned and completed prior to the initial commissioning of the Stage III liquid module construction currently in progress, to ensure a communications network is in place across the facility. The work is technically complex in that the construction services must be performed while maintaining plant operation. Furthermore, deficient and poor construction quality resulting from inexperience, inability and/or poor performance of the contractor, can lead to premature repair and replacement of the infrastructure. Award of the contract to a non-qualified contractor could add considerable risk, liability and cost to the project.

3. PURCHASING BY-LAW 68-2000 AND THE PRE-QUALIFICATION PROCESS

The Region's Purchasing By-Law #68-2000 addresses the use of the pre-qualification process for tenders requiring the approval of Regional Council, on a project-by-project basis. Staff is recommending the use of the pre-qualification process for the completion of the Duffin Creek WPCP Scada Retrofit Project. The pre-qualification process that will be used is detailed in Attachment No. 1, Procedures for the Pre-Qualification Process, and has been successfully used for recent Regional projects.

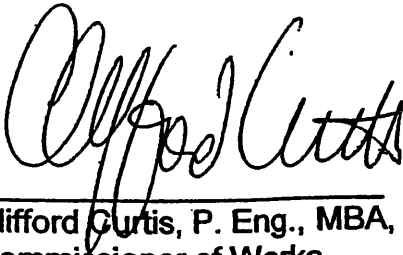
The suggested construction window requires the contractor to begin work in January 2009 to meet the commissioning window required for the Stage III liquid module construction commissioning.

The SCADA Retrofit Construction Project will be funded by the Regions of York and Durham. York's share is approximately \$4.1 million and Durham's share is approximately \$0.9 million.

4. **CONCLUSION**

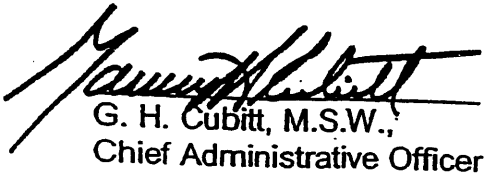
It is recommended that the Region's pre-qualification process be used for the selection of contractors for the Duffin Creek WPCP SCADA Retrofit project.

This report has been reviewed by the Finance Department and the Commissioner of Finance concurs with the financial recommendation.



Clifford Curtis, P. Eng., MBA,
Commissioner of Works

Recommended for Presentation to Committee



G. H. Cubitt, M.S.W.,
Chief Administrative Officer

PO2/rw/dh/al

Attachment No. 1

PROCEDURES FOR THE PRE-QUALIFICATION PROCESS

- An Evaluation Committee is formed consisting of representatives from the Consultant and the Region Works and Finance Departments to oversee the pre-qualification process and establish evaluation criteria.
- The Consultant and Region Works Department team is assigned responsibility to draft the contractor evaluation and selection process for review and comment by the Evaluation Committee.
- A pre-qualification document is prepared and reviewed by the Evaluation Committee. This package includes a description of the project, applicable submission terms and instructions, a requirement to complete and submit a CCDC Document 11 and criteria that would be used to evaluate the responses. The CCDC Document 11 is the standard construction document of "Contractor's Qualification Statement" used by most municipalities during pre-qualification to obtain necessary financial, performance, experience and safety records from prospective contractors.
- An advertisement is prepared for the Daily Commercial News notifying the public that the pre-qualification process for a project (or projects where we pre-qualify for more than one project at a time) has begun and that all interested parties must request a pre-qualification package and complete and submit this package for consideration. The deadline for submissions is set a minimum of fifteen (15) business days from the date of advertisement.
- On the closing date all completed pre-qualification document packages are reviewed by the Finance Department for completeness. The pre-qualification document packages are reviewed by the Evaluation Committee and references and interviews are solicited as required to assist in the selection process.
- Upon completion of the evaluation and selection process, Regional Council approval is recommended for the contractors listed in this report to be approved for pre-qualification. Only the pre-qualified contractors will be permitted to bid on the project. When tenders are received, they will be analyzed and awarded in accordance with the requirements of the Region's Purchasing By-Law.