



SUBJECT: Award of RFP-204-19 design build and install LaSalle Marina floating wave break

TO: Committee of the Whole

FROM: Capital Works

Report Number: CW-31-19

Wards Affected: All

File Numbers: 945-10

Date to Committee: July 8, 2019

Date to Council: July 15, 2019

Recommendation:

Award of the contract to Kropf Industrial Inc., 1 Quebec Drive, Seguin, Ontario P2A 0B2, for \$3,438,914.31 including HST 13%; and

Approve the purchase of the extended warranty from Kropf Industrial Inc., for \$107,350.00 including HST 13%; and

Authorize the Manager of Procurement Services to issue a purchase order and/or sign any associated contracts/agreements with the bidder named above subject to the satisfaction of the City Solicitor; and

Direct the City Clerk to issue the debenture by-law; and

Total cost of \$4,000,000 (Net HST) to be charged to capital order PR0150, to be financed as follows; \$2 million Hydro Reserve Fund, \$2 million tax supported debt.

Purpose:

To award the Request for Proposal to Kropf Industrial Inc., for the build and installment of a new floating wave break at LaSalle Park Marina. The existing wave break has reached the end of its useful life and requires replacement. Furthermore, to respond to Council's direction to explore alternative funding options for the marina.

Background and Discussion:

Details

Advertised / Issue Date:	March 27, 2019
Advertised Methods(s):	<input checked="" type="checkbox"/> Bid & Tenders
Closing Date:	May 6, 2019
Number of Bids Received:	4
Total Number of Compliant bids:	3

No.	Name of Company	Total Bid including HST
Recommended Bidder		
1	Kropf Industrial Inc.	\$3,546,264.31*
Other Bidders		
2	Kehoe Marine Construction Ltd.	
3	Geniglace Inc.	
4	Facca Inc.	

* Price includes extended warranty to encompass eight years

Note:

- the names of all proponents will be made public.
- the ONLY price that is made public is that of the recommended proponent.

Strategy/process

Bid Results

RFP Results: The contract is awarded to the highest scoring compliant bidder (named first above) along with their Total Price. Only the company names of the other Bidders are listed above.

Options considered

Being a Design Build Proposal, the highest scoring compliant bidder is recommended from the submissions evaluated.

The proposed wave break will remain in the water year-round.

Included in the bid, Kropf Industrial Inc, offered a maintenance and inspection program that will be secured for the first four years of warranty. Staff are also recommending carrying an extended warranty of eight years, included in the award total.

Staff have secured an extension of the RFP award date to September 30, 2019 from the bidders. An option available to Council is to defer a decision on the award of this RFP until the September Committee of the Whole and Council meetings when the report on the Marina governance will be considered. Deferring the award of this RFP may delay the implementation of the new wave break by up to 2 months until the end of May 2020.

Financial Matters:

As per report CM-07-18, Council approved the design/ build of a new floating wave break at LaSalle Park Marina with a project budget of \$4 million. As part of CM-01-19, Council directed staff to explore alternative funding options for the marina, which is addressed below.

Based on the recent BMA 2019 Financial Condition Assessment (F-29-19), the Hydro reserve fund year-end balance has been declining over the last five years, experiencing a decline of 45% to a 2018 year-end balance of approximately \$12.5 million.

Furthermore, an update to the Hydro business plan forecasts a reduction in the interest we receive on our note. This coupled with the declining reserve fund balance suggests that the use of the Hydro reserve fund be re-considered for this project. The reserve fund is essential to the city's infrastructure program and for the repayment of the city's special circumstances debt, as such staff recommend using tax supported debt to fund a portion of this project.

Staff recommend that the new floating wave break be funded from the Hydro reserve fund for \$2 million, and the remaining \$2 million be funded from tax supported debt, to mitigate a further decline in the Hydro reserve fund balance. The \$2 million in tax supported debt would result in annual debt charges of approximately \$235,000 over 10 years based on an interest rate of 3%. With the inclusion of this additional debt the city remains within its debt policy limit. As part of an agreement with a future operator, the city will charge a fee in exchange for the use of the asset. Staff will consider the use of the recovery to assist with the annual debt repayment, thus contributing towards the current capital cost of the wave break. The option also exists to use the recovery to assist with the capital replacement of the future wave break, and/ or the capital maintenance as discussed below after debt repayment is complete.

Asset Management: A new floating wave break will add to the city's inventory of assets. The average annual life cycle costs are estimated to be approximately \$133,000

per year based on the capital cost of \$4 million. This is in addition to any operation and maintenance costs of the wave break estimated to be \$20,000 per year. As part of an agreement with a future operator, the city will charge a fee in exchange for the use of the asset.

Project Contingency: Staff have carried contingency monies to allow for an opportunity to request for a change to the current proposal, after award, to allow for a more robust wave breaker system to deal with the increasing potential of severe storm events. Utilizing contingency in this manner allows staff to pursue more favourable pricing as per the contract.

Public Engagement Matters:

Meetings have been held with the LaSalle Park Marina Association, the Trumpeter Swan Coalition, the Hamilton Conservation Authority and Conservation Halton. A Public Information Centre was held as part of the Revisions and Addenda to the 2013 LaSalle Park Marina Breakwater Class Environmental Assessment – Environmental Study Report November 2018.

Conclusion:

Staff recommend the award of the contract to Kropf Industrial Inc., 1 Quebec Drive, Seguin, Ontario P2A 0B2 as outlined in Report CW-31-19.

Respectfully submitted,

Craig Stevens
Senior Project Manager
905-335-7600 X7471

Appendices:

A. Financial Details

Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.