

**VIA EMAIL**

June 11, 2025

File No. 122060

Town of Saugeen Shores  
P.O. Box 820  
600 Tomlinson Drive  
Port Elgin, ON  
N0H 2C0

**Attn: Mr. Colin Saunders**  
**Project Manager, Development Services, Town of Saugeen Shores**

**Re: Southampton Water Pollution Control Plant Upgrades RFT-2025-6410-6015**

Dear Mr. Saunders,

We are pleased to submit herein, our analysis and recommendation on the Tender received for the Request for Tender RFT-2025-6410-6015.

## **1 Introduction**

Tender documents and drawings were issued to supply a lump sum price for the following scope of work:

- Construction of new Watermain on Caroline Street West, Anglesia Street north, and Edward Street as shown on the Contract Drawings.
- Construction of a new Headworks Facility, Sewage Pumping Station, and Equalization Tanks at the site of the existing Southampton Water Pollution Control Plant (WPCP) as shown on Contract Drawings.
- Supply, installation, and testing of all building electrical and HVAC systems.
- Supply, installation, and testing of new Screens and Grit removal systems (vortex grit removal/grit classifier) for the Headworks facility as shown on the Contract Drawings.
- Supply, installation, and testing of four (4) new submersible pumps (3 duty, 1 standby) and associated equipment and controls, to be installed in the wet well.
- Supply, installation, and testing of all process piping, valves, and fittings, in the Contract.
- Supply, installation, and testing of a new odour treatment system as shown on the Contract Drawings.
- Supply, installation, and testing of crane (bridge crane and monorail) as shown on the Contract Drawings.
- Supply, installation and testing of new power distribution system for Headworks facility and existing Treatment Plant as shown. Coordinate with Hydro One for the

new service entrance. New primary service and transformer will be supplied by Hydro One. The new service application has been submitted to Hydro One and Hydro's service layout will be provided to the Contractor prior to the construction.

- Supply, installation, and testing of new MCC including starters and VFDs, PLC panel, and vendor supplied panels.
- Supply, installation, and testing of a new emergency standby power system, including a standby generator, Automatic Transfer Switch (ATS), and all required appurtenances.
- Supply and installation of new instruments in Headworks.
- Supply, installation, and testing of new heat tracing systems for chemical injection lines as shown.
- Electrical demolition work in existing generator room as shown.
- Supply of portable standby power generator system as shown for switching 600V power supply on existing MCC at Treatment Plant while removing existing generator system.
- Supply, installation, and partial testing of new MCCs and VFDs to be mounted in the new electrical room at Treatment Plant.
- Supply, installation, and testing of new PLC network panel.
- Supply, installation, and testing of all yard piping, valve chambers, and required appurtenances.
- Works associated with decommissioning, removal and disposal of all existing equipment as shown on the Contract Drawings.
- Other demolition and removals as shown in the Contract Drawings required to complete the Work.
- Provision of temporary ventilation of the hazardous classified construction areas in the existing facilities as required to de-classify that area to complete construction activities.
- Provision of temporary bypass pumping and/or sewage haulage during the construction.
- Provision of all other temporary Works in order to complete the Work of the Contract.
- Repair and restoration of site, including roads, damaged by construction activities.
- Construction of temporary measures and Works including bulkheads, bypass pumping, equipment, piping, civil, mechanical and electrical needed to perform the Work.
- Conduct, Short Circuit, Coordination and Arc Flash Study for the proposed electrical works.
- Provide PLC programming and SCADA Integration for the proposed Works.
- Installation, start-up, water testing, performance testing and commissioning.
- Provision of Equipment Operation and Maintenance Manuals, Material and Equipment Vendor Training Manuals, and Record Drawings for the Work of the

Contract.

- Provision a minimum of 1-year warranty (unless otherwise specified in each specification) for all equipment provided in this Contract from the date of Substantial Performance.

Refer to Tender specifications and drawings for further details.

## **2 Tendering Process**

### **2.1 Prequalification**

A Request for Pre-Qualification for General Contractors was issued on November 22, 2024 and closed on December 23, 2024. Fourteen (14) submission were received, and six (6) General Contractors were selected as pre-qualified bidders. The prequalified bidders were:

- ASCO Construction
- Graham Construction
- H2Ontario Inc.
- Maple Reinders Construction
- North American Construction
- Stone Town Construction

Tender documents were made available to the pre-qualified bidders on Friday, April 10, 2025, with a closing date of Thursday, May 29, 2025. A mandatory pre-site site visit was held on Monday, April 21, 2025 at the Southampton WPCP (18 Caroline Steet West, Southampton ON N0H 2L0). Ainley and the Town subsequently issued two (2) addenda as follows:

- Addendum No. 1 issued on May 20, 2025
- Addendum No. 2 issued on May 26, 2025

Ainley was the Town's representative during the Tender process and as such fielded all contractor inquiries about the Tender Documents. The questions received within the question period were answered in addenda in the form of "Question and Answer" or Clarifications to the Tender Documents.

Few questions were received from contractors and vendors until after the site visit. The volume of questions received after the site visit suggested that some Contractors had not fully read the documents prior to the site meeting. The information provided in the addenda was intended to clarify the documents as much as possible.

### 3 Summary of Tender Submissions

#### 3.1 Tenderers

Only one General Contractor, Stone Town Construction Limited, submitted a Tender to the Town of Saugeen Shores by the tender close on April 3, 2025. The bid was found to be compliant to the Tender documents.

#### 3.2 Reference Checks

Due to the completion of pre-qualification of general contractors, no reference checks were conducted for the tender evaluation.

#### 3.3 Rationale for Limited Bid Submissions

Pre-qualified bidders who chose not to submit were contacted to enquire for their reasons for choosing not to submit a bid on the project. The primary reasons for non-submissions were:

- Estimation team overloaded, no time to commit towards bidding on this opportunity.
- Given current work backlog and available resources, the timeline for construction could not be achieved.

#### 3.4 Tender Prices

The result of the tender price submitted by Stone Town Construction Limited is in the amount of \$17,054,045.50 excluding H.S.T (\$19,271,071.42 with H.S.T).

Ainley's pre-tender estimate was \$15,862,600 (not including H.S.T or contingency) including contractor markup, labour and delivery costs, but excluding construction contingency. Stone Town Construction is approximately 7.5% higher than the pre-tender cost estimate prepared by Ainley. Which is within the range of a AACE Class 1 Cost estimate (-10 to +15%). The tender price is below the pre-tender cost estimate after factoring in the recommended contingency allowance (total with contingency: \$17,452,600)

Based on feedback received from product suppliers and general contractors, the higher than estimated Tender price is likely due to the following reasons:

- Underestimation of procurement and financial cost increases due to fluctuating international tariffs and provincial and federal policies.
- Procurement of major equipment (pump, meters, instrumentation, pre-cast structures) from local and/or Canadian manufacturers/suppliers, which tend to be higher priced than US manufactured items

Recent experience within Ainley related to the management of construction contracts has supported the feedback received from suppliers and general contractors. Most recently, we have received submittals indicating escalation of procurement costs for architectural items and related requests for additional budget to cover the escalating procurement costs.

### 3.5 Tender Conformance Evaluation

All Tenders received were reviewed by the Town to establish conformance with the submission requirements stated in the Contract Documents, and to identify irregularities. All Tenders received confirmed with the required with Contract Documents. Tender documents indicated that the project is to be Substantially Performed within 24 months of the Notice to Proceed. Stone Town Construction's bid complied, stating their work would be Substantially Performed within 24 months.

In our current experience on other construction contracts, there has been delays due to procurement of electrical equipment, weather, and provincial and federal policies can impact the completion of the project. Given the current global market situation and international relationships, we anticipate requests for extensions to be submitted, however, no extensions should be granted at this time and these will be dealt when and if they are submitted through Construction Contract.

### 3.6 Summary of Tender Pricing Breakdown and 48-Hour Breakdown

Each Division price in the Summary of Lump Sum Tender included on page 21 of the Form of Tender and each Provisional Item included on page 23 was added up and compared with the Tender Price given on page 17 of the Form of Tender to ensure consistency. Furthermore, the prices within the 48-Hour Breakdown were added up to ensure consistency with the other values.

Shown in **Table 1** below is a comparison of the Tender Price Summary and the Ainley Pre-Tender Estimate. In total, Stone Towe Construction's bid came in at \$17,054,045.50, which was \$1,191,445.50 higher than the pre-tender estimate.

**Table 1: Comparison of Tender Pricing Summary Received to Pretender Estimate**

SUMMARY OF TENDER PRICES (page 21)	Ainley Pre-Tender Estimate.	Stone Town Construction Ltd.	Difference (Estimate – Bid)
<b>ITEM 1- Division 1-16</b>			
Division 1: General Requirements	\$ 2,650,000.00	\$ 1,024,725.00	\$-1,625,275.00
Division 2: Site Works	\$ 2,222,600.00	\$ 3,037,510.00	\$ 814,910.00
Division 3: Structural	\$ 3,510,000 .00	\$ 3,635,799.00	\$ 125,799.00
Division 4: Masonry	\$ 230,000.00	\$ 459,085.00	\$ 229,085.00
Division 5: Metal Fabrication	\$ 310,000.00	\$ 402,956.00	\$ 92,956.00
Division 6: Carpentry	\$ 0.00	\$ 340,698.00	\$ 340,698.00
Division 7: Thermal & Moisture Protection	\$ 200,000.00	\$ 319,465.00	\$ 119,465.00
Division 8: Access Hatches	\$ 30,000.00	\$ 108,293.00	\$ 78,293.00
Division 9: Painting	\$ 80,000.00	\$ 2,700.00	\$ -77,300.00
Division 11: Process Mechanical	\$ 2,040,000.00	\$ 2,507,543.00	\$ 467,543.00
Division 13: Instrumentation	\$ 310,000.00	\$ 89,656.00	\$ -220,344.00
Division 14: Conveying Systems	\$ 330,000.00	\$ 163,536.00	\$ -166,464.00
Division 15: Plumbing	\$ 2,590,000.00	\$ 2,922,494.00	\$ 332,494.00
Division 16: Electrical	\$ 1,360,000.00	\$ 1,760,470.00	\$ 400,470.00
<b>ITEM 2: Provisional Items</b>		\$ 29,115.50	
<b>ITEM 3: Allowance: SCADA Integration &amp; PLC Panel</b>		\$ 250,000.00	
<b>SUBTOTAL</b>	\$ 15,862,600.00	\$ 17,054,045.50	\$ 1,191,445.50

The largest differences include the bid having a \$1,625,275.00 lower estimate for Division 1: Site Works and the bid having a \$814,910.00 higher estimate for Division 2: Site Works. Further monitoring of changes in costs within these categories should be done.

### 3.7 Recommendation

On the basis of our review and Tender analysis, we find Stone Town Construction Limited's bid satisfactory and recommend that the Contract for the upgrades to the Southampton Water Pollution Control Plant be awarded to **Stone Town Construction Limited** for the Total Tender Price of **\$17,054,045.50 (excluding H.S.T.)**.

The RFT was issued under an open and competitive process, and Stone Town's price, while higher than the pre-tender estimate is considered to be competitive.

## 4 Next Steps

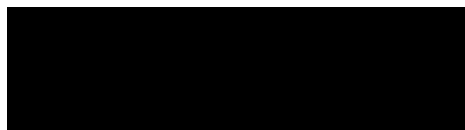
With the Town's approval of this review of the General Contractor Tender submissions for the Southampton Waste Pollution Control Plant, the following action is recommended:

- Present Tender evaluation findings to Council.
  - Provide a total cost for construction of **\$19,750,500.00**
  - The total costs for construction are inclusive of:
    - 10% Construction contingency: \$1,705,400.00
    - Engineering / Construction management: \$941,053.00
    - Third party material testing: \$50,000
- Award General Contract to Stone Town Construction Limited.
- Execute Tender documents and give Notice to Commence.

If you have any questions or require further assistance with this matter, please feel free to contact the undersigned.

Yours truly,

**AINLEY & ASSOCIATES LIMITED**



Simon Glass, P.Eng.

Project Manager

simon.glass@ainleygroup.com

cc: Dorothy Reczek – Town of Saugeen Shores (By Email)  
Matt Prentice – Town of Saugeen Shores (By Email)  
Jatin Singh – Ainley Group (By Email)  
Brian Edwards – Ainley Group (By Email)