



County of St. Paul No. 19

July 5, 2013

Mr. Dean Litke
Infrastructure Manager
Alberta Transportation
Box 4596
4513 – 62 Avenue
Barrhead, AB T7N 1A5

Dear Mr. Litke,

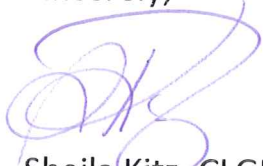
Re: Ashmont Water Treatment Plant Upgrade/Transmission Line to Lottie Lake

This letter is the County of St. Paul's request to increase the funding under the Water For Life Program for the Ashmont Water Treatment Plant Upgrade and Lottie Lake Water Transmission Line. In June of 2011 an agreement was signed approving the project for a total of \$4,600,000 with the Province funding 90.65% of the project (\$4,169,737). It was discovered in the spring of 2013 that the original application submitted in 2010 which was based on the 2009 Water Study had requested the wrong amount for the Water Treat Plant portion of the project. The original application included an estimated cost of 2.1 Million for the Water Transmission Line and 2.5 Million for the Water Treatment Plant. The 2.5 Million was the cost for a Stand Alone Upgrade for Ashmont, the request should have been submitted with the estimate of 4.3 Million whereby Ashmont would be a Hub Treatment Plant. Additionally, those estimates were based on 2009 figures.

The County recently called for tenders to build the Ashmont Water Treatment Plant. Based on the tenders received, we now are showing a shortfall on the original approval in the amount of \$2,733,847. Based on the project funding percentage (90.65%), the County is requesting the Province approve an additional 2,478,232 plus short term interest expense on this amount. In order for the County to be confident in awarding the tender and proceeding to the completion of this project, Council is requesting that we receive a letter of Alberta Transportation's approval and deferred funding of this project.

Please feel welcome to contact me should you have questions or concerns regarding the project at (780) 645-3301 ext. 208, or my cell (780) 614-5814.

Sincerely,

A handwritten signature in purple ink, appearing to be 'SK', with a large loop at the end.

Sheila Kitz, CLGM
Chief Administrative Officer

Enclosed:

- Urban systems cost summary
- Tender Summary and Recommendation
- 2010 Agreement
- Excerpt from Water Study

MEMORANDUM



Date: June 28, 2013
To: Sheila Kitz, CAO, County of St. Paul
cc:
From: Matthew Brassard
File: 3144.0003.02
Subject: Project Summary – Post Tender Estimated Costs to Complete

Sheila,

As discussed, please find below a summary of the estimated costs to complete the Ashmont water treatment plant and the Ashmont / Lottie Lake transmission line projects, updated with the latest WTP tender results and the tender amount per our review letter.

In addition to the transmission line and WTP we have also included a new backup well as required by Alberta Environment as part of the regional hub system and a 5% contingency allowance for the WTP construction.

The following table summarizes the projected funds required to complete the Ashmont Water Treatment Plant and associated components for the regional hub system. More detailed cost estimates and backup information are included for reference.

Component	Estimated Cost to Complete
<u>Remaining Work to be completed</u>	
WTP (tender summary recommendation) ¹	\$2,996,140
Contingency for WTP Construction (5%)	\$150,000
Design and Construction Fees	\$200,000
Membranes for WTP	\$262,041
New Backup Supply Well	\$250,000
Transmission Line	\$316,022
Total Remaining Work =	\$4,174,203
Work Completed to Date =	\$3,159,644
Total Projected Project Cost (2013) =	\$7,333,847
Approved Funding² =	\$4,600,000
Additional Funding Required =	\$2,733,847

1 – Includes optional items in the contract.

2 – The approved funding is based on \$2.2M for the transmission line and \$2.5M for the Ashmont WTP as a stand-alone system.

Based on the past estimates and the current Tendered amounts, it is our opinion that the Tendered price and overall project costs are appropriate to the current construction market. Subject to Alberta

MEMORANDUM

Date: June 28, 2013
File: 3144.0003.02
Subject: Project Summary – Post Tender Estimated Costs to Complete
Page: 2 of 2



Transportation's and the County of St. Paul's approval of the additional funding of \$2,733,847 the Water Treatment Plant Contract could be awarded.

Should AT or the County decide not to approve the additional funds, the County should cancel the tender and re-tender the project when additional funding is available. Based on past experience the County should not expect to see significant reductions in cost, unless there is a marked drop in the provincial economy. If the provincial economy remains consistent or strengthens, the tender costs could increase.

We recommend that the County of St. Paul submit an application to AT for additional funding as identified above and award the contract.

URBAN SYSTEMS LTD.

A handwritten signature in blue ink, appearing to read "Matthew Brassard", followed by a long horizontal line.

Matthew Brassard, P.Eng
Branch Leader, Principal

/mbr

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June 28, 2013

File: 3144.0003.02

County of St. Paul No.19
5015 – 49 Avenue
St.Paul, AB T0A 3A4

Attention: Sheila Kitz, CLGM, CAO

**RE: COUNTY OF ST. PAUL – ASHMONT WATER TREATMENT PLANT UPGRADES – TENDER
SUMMARY AND RECOMMENDATION**

Four (4) bids were received for the Ashmont Water Treatment Plant Upgrade. We have reviewed each submission for compliance with the requirements of the Bid Documents. The following is a summary of the bid submissions. GST is not included.

Alpha Construction Inc.....	\$2,850,000.00
Flint Field Services Ltd.	\$2,966,140.00
Maple Reinders Inc.	\$3,420,850.00
PCL Construction Management Inc.	\$4,440,170.00

Our pre-tender estimate for this work, as bid, was \$2,330,520. Please refer to our letter dated May 9, 2013 for reference to overall budget. An updated summary will also be prepared for your use.

We have reviewed the tenders submitted, to check for compliance with the requirements of the Tender Documents.

1 – Alpha Construction Inc. - \$2,850,000.00

Items found in Bid

- The *Substantial Performance* date was changed from March 31, 2014 to June 30, 2014.
- A faxed price revision to add \$75,000. However, the faxed revision arrived after the closing date and shall not be considered and shall not affect the Bid as submitted.

The change in the *Substantial Performance* date is a material defect and the Bid is considered non-compliant. Awarding the project to Alpha Construction Inc. would be a material advantage and would not constitute a fair tendering process.

2 – Flint Field Services Ltd. - \$2,966,140.00

No errors or omissions were noted. This Tender is considered compliant.

Attention: Sheila Kitz, CLGM, CAO
File: 3144.0003.02
Date: June 28, 2013
Page: 2 of 2



3 – Maple Reinders Inc. - \$3,420,850.00

No errors or omissions were noted. This Tender is considered compliant.

4 – PCL Construction Management Inc. - \$4,440,170.00

No errors or omissions were noted. This Tender is considered compliant.

Conclusion

Based on our review of the four (4) submitted bids, we are of the opinion that the "County of St. Paul – Ashmont Water Treatment Plant Upgrades", could be awarded to Flint Field Services Ltd. in the amount of \$2,996,140.00 (excluding GST) subject to available funding.

Sincerely,

URBAN SYSTEMS LTD.

A handwritten signature in blue ink, appearing to read "Matthew Brassard", followed by a long horizontal line.

Matthew Brassard, P.Eng.
Principal

/mb

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GOVERNMENT OF ALBERTA

ALBERTA TRANSPORTATION

ALBERTA MUNICIPAL WATER/WASTEWATER PARTNERSHIP

AGREEMENT FOR THE

ASHMONT WATER TREATMENT PLANT UPGRADE AND LOTTIE LAKE WATERLINE

MEMORANDUM OF AGREEMENT MADE THIS 24th DAY OF JUNE A.D., 2011

HER MAJESTY THE QUEEN, in right of the Province of Alberta
herein represented by the Minister of Transportation
(hereinafter referred to as the "Province")

OF THE FIRST PART

- and -

COUNTY OF ST. PAUL NO. 19

in the Province of Alberta (hereinafter referred to as the "Municipality")

OF THE SECOND PART

WHEREAS, the Province desires to transfer funds to the Municipality in accordance with the terms of the Alberta Municipal Water/Wastewater Partnership; and

WHEREAS, under the provisions of the Transportation Grants Regulation, being Alberta Regulation 79/2003, the Minister is authorized to make grants and to enter into an agreement with respect to any matter relating to the payment of a grant.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the Minister paying to the Municipality the financial assistance and performing the obligations provided in the Agreement, the Municipality, while this Agreement is in effect, will undertake its obligations in accordance with the provisions stated in this Agreement, and the parties agree as follows:

1. The Municipality hereby agrees:

- (a) To undertake the design, construction and administration for Ashmont Water Treatment Plant Upgrade and Lottie Lake Waterline,
- (b) to finance the entire cost of the project,
- (c) to undertake to acquire all necessary permits, licenses, authorities, property easements and lands required to allow the implementation of the Project,
- (d) to retain competent engineering expertise as required to meet the design and construction standards acceptable to the Province,
- (e) that when undertaking the construction on a Contract basis, the Municipality shall invite tenders; and where the Municipality recommends that any tender other than the low tender be accepted, the Municipality shall submit to the Province for its written approval its recommendation respecting such awarding, together with details of all tenders received; and
- (f) that when undertaking the construction on a Day Labour basis; rates for equipment rental shall not exceed the Alberta Roadbuilders and Heavy Construction Association "Equipment Rental Rates Guide" currently in effect at the time the work is undertaken.
- (g) to construct the Project at its sole risk in a proper and workmanlike manner, complete in all respects in accordance with the plans and specifications for the Project and pay all costs and expenses relating thereto,

- (h) to assume all liability for all damages of any nature whatsoever caused by the Municipality, its servants, workmen, or agents, in the construction, use, operation, maintenance, repair and replacement of the Project, or any part thereof, and will indemnify and save harmless the Minister in respect of all claims or demands or actions of whatever kind and nature that may be made against the Minister or his employees, workmen, or agents by reason of the financial assistance given to the Municipality for the construction of the Project under this Agreement,
- (i) to invest all funds (in excess of current expenditures) advanced from this grant, or received from the Alberta Capital Finance Authority with respect to the Project. The interest earned there from shall be applied to reduce the costs of the Project,
- (j) to provide to the Minister, copies, certified in a manner satisfactory to the Minister, of any documents that the Minister may deem necessary for the purpose of this Agreement,
- (k) to submit a statement of costs incurred and revenues received with respect to the Project, and attest in writing that the expenditures and revenues so submitted for the Project are reasonable, are attributable to the Project, and that the accounting of the same has been performed in a manner that complies with the intent and meaning of this Agreement,
- (l) to submit progress reports to the Province on a regular basis and to submit to the Province for its written approval any costs incurred above those listed in Schedule "A" for which the municipality is requesting funding, before such costs are incurred,
- (m) to allow the Province or its agents access to the Project site, any engineering drawings or documents, any books of accounts relating to expenditures claimed under this Agreement, and other such project-related documents as deemed necessary by the Province in performing an audit of the Project,
- (n) to maintain the completed works at the municipality's own expense.

2. The Province agrees:

- (a) to contribute to the Municipality an amount as listed in Schedule "A", under the terms of the Alberta Municipal Water/Wastewater Partnership.
- (b) to issue payments as outlined in Schedule "B" attached.


3. The parties agree that their respective contributions toward the project are for the work comprising of the Ashmont Water Treatment Plant Upgrade and Lottie Lake Waterline.

4. The parties hereto agree to give this Agreement a fair and liberal interpretation and to negotiate with fairness and candor, from time to time, any modification or alteration thereof that may be rendered necessary by changing conditions.

IN WITNESS WHEREOF this Agreement has been duly executed by the parties hereto.

SIGNED, SEALED, AND DELIVERED

by the Province, in the presence of:




Witness




Regional Director
Alberta Transportation

SIGNED, SEALED, AND DELIVERED

by the Municipality, in the presence of:



Witness



Reeve
County of St. Paul No. 19

SCHEDULE "A"

"Schedule of Costs"

Grant Identification Number:	700672
Municipality:	County of St. Paul No. 19
Grant Funding Percentage:	90.65%
Population:	
Project:	Ashmont Water Treatment Plant Upgrade and Lottie Lake Waterline
Consultant:	
Total Project Costs:	\$4,600,000
Less Ineligible and/or Interest	
Engineering	
Total eligible Project Costs	\$4,600,000
Alberta Transportation Share	90.65% \$4,169,737
Municipality Share	\$430,263

Schedule "B"
Schedule of Payments

1. The province hereby agrees to issue the following grant payments with respect to the project:
 - (a) An initial payment in the amount of 25% of the approved grant amount upon receipt of the signed agreements,
 - (b) Further payments in the amount to coincide with progress of the project construction work up to 80% of the approved grant amount,
 - (c) The remainder representing the balance of the grant amount upon receipt of a summary of approved project costs and all project invoices, and
 - (d) Notwithstanding (a), (b) or (c) above, upon identifying available budget funds in any fiscal year, issue at its discretion any payment including advance payment and/or payment in full.

and exclude applicable taxes. St. Paul upgrade costs include process upgrades only, building expansion costs are not required.

Table 6.4

Standalone Upgrade	Inclusions	Cost \$ Million
Ashmont	<ul style="list-style-type: none"> Required building expansion Upgrade manganese removal system Clearwell expansion Upgrade necessary pumping 1 new groundwater well near WTP 	2.5
Mallaig	<ul style="list-style-type: none"> Required building expansion Upgrade manganese removal system Implement online instrumentation and controls Clearwell expansion Upgrade necessary pumping 1 new groundwater well near WTP 	2.5
Lottie Lake	<ul style="list-style-type: none"> Required building expansion Upgrade manganese and iron removal system Implement online instrumentation and controls Clearwell expansion Upgrade necessary pumping 1 new groundwater well near WTP 	2.5
St Paul	<ul style="list-style-type: none"> No Upgrade is required for up to 10 years 	0.0
Elk Point	<ul style="list-style-type: none"> Implement pretreatment optimization program Expand raw water reservoir by 265, 000 m³ Implement online instrumentation and controls 	5.0
Option 7 Total =		12.5

It appears that this is the number that was used for the grant application.

6.3.2.2 25-Year Regional System Hub Upgrade – Order of Magnitude Costs

See next page

Table 6.5 summarizes preliminary cost estimates for the regional systems associated with Options 1, 3 and 6. The cost estimates are order of magnitude for the purpose of a regional system assessment and exclude applicable taxes. Costs include process upgrades only, building expansion costs are not included.

Table 6.5

Option	Hub	Inclusions	Cost (\$Million)
1	St. Paul	<ul style="list-style-type: none"> Upgrade to include 3rd DAF train Upgrade necessary pumping 1 new GAC filter 	4.1
3	St. Paul	<ul style="list-style-type: none"> Upgrade to include 3rd DAF train Upgrade necessary pumping 1 new GAC filter 	4.1
6	St. Paul	<ul style="list-style-type: none"> Upgrade to include 3rd DAF train Upgrade necessary pumping 1 new GAC filter 	4.1
	Ashmont	<ul style="list-style-type: none"> Required building expansion Upgrade manganese removal system Clearwell expansion Upgrade necessary pumping 	4.3

With Ashmont as a regional hub - this is the number that should have been used.

6.3.3 Capital Costs Summary of all Options – Pipeline and Water Supply Upgrades

Table 6.6 summarizes the estimated capital costs for all options:

Table 6.6

Option	Pipe Length	Cost	WTP Upgrades	Total Cost
	km	(\$ Million)	(\$ Million)	(\$ Million)
1	81.3	24.3	4.1	28.4
3	62.7	19.5	4.1	23.6
6	52.7	15.4	8.4	23.8
7	-	-	12.5	12.5

6.3.3.1 Limitations

The assessment completed for each WTP facility is based upon data provided to AE from the Towns and Hamlets. In all cases, WTP quality data is based upon annual report grab samples collected rather than online data, as online did not exist or was not made available. Note that grab sample data provides a less accurate reflection of the WTP's operations than online data for assessing AENV turbidity standards compliance.