

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON MAY 24, 2016
FROM:	JOHN BRAAM, P. Eng. MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	INCREASE IN ENGINEERING FEES: SOUTHEAST PUMPING STATION AND RESERVOIR PROJECT No. EW3614

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental and Engineering Services & City Engineer, the following actions **BE TAKEN** with respect to increasing the engineering fees for the Southeast Pumping Station and Reservoir Project (EW3614).

- (a) The resident inspection and contract administration fees for AECOM Canada Ltd., 410 – 250 York Street, Citi Plaza, London, Ontario, N6A 6K2, **BE INCREASED** in the amount of \$703,173 from \$3,586,478 (excluding H.S.T.), to a revised total of \$4,289,651 (excluding H.S.T.), for increased costs for resident inspection and contract administration for the Southeast Reservoir and Pumping Station Project (EW3614) due to a construction delay. This request for increase in funds is within the existing funding allocation for the project.
- (b) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix "A";
- (c) the consulting fees for the project **BE IN ACCORDANCE** with the estimate, on file, which are based upon the Fee Guideline for the Professional Engineering Services, recommended by the Ontario Society of Professional Engineers; and in accordance with Section 15.2 (g) of the City of London's Procurement of Goods and Services Policy;
- (d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;

It being noted that, the Corporation previously entered into a formal contract with AECOM Canada Ltd. to undertake the resident inspection and contract administration of this project, and this work is an extension of that contract.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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The reports below can be found at <http://www.london.ca/Council/meetingpackages.htm>:

Civic Works Committee Report – May 14, 2012: Increase in Engineering Fees: Southeast Pumping Station and Reservoir (Project EW3614), Agenda Item # 22
[Acting Executive Director, Planning and Environmental and Engineering Services and City Engineer - Amendment of Contract for Engineering Fees - Southeast Pumping Station and Reservoir \(Project EW3614\)](#)

Built and Natural Environment Committee Report – May 16, 2011: "Increase in Engineering Fees Southeast Pumping Station and Reservoir Project No. EW3614", Agenda Item #1
<http://council.london.ca/meetings/Archives/Reports%20and%20Minutes/Built%20and%20Natural%20Environment/BNEC%20Reports%202011/2011-05->

[16%20Report/The%2013th%20Report%20of%20the%20Built%20and%20Natural%20Environm ent%20Committee.pdf](#)

Board of Control Committee Report – June 24, 2009: “*Contract Award: Tender No. 09-50 EW3614 – Southeast Reservoir and Pumping Station*”, Agenda Item #8.

<http://council.london.ca/meetings/Archives/Agendas/Board%20Of%20Control%20Agendas/Boar d%20of%20Control%20Agendas%202009/2009-06-24%20Agenda/Item%208.pdf>

BACKGROUND

Purpose:

This report recommends an increase in fees for resident supervision and contract administration to address additional works added to the construction contract and a delayed construction completion of this project.

Discussion:

Project Background

The importance of the proposed Southeast Reservoir and Pumping Station project has been reported to Committee previously:

- City-wide security of water supply;
- growth servicing in southeast London with a new pressure zone; and
- assist in the deferral of the Elgin Area Water Treatment Plant expansion.

The Consultant was formally retained to undertake the engineering design for this project in December 2003, based on a competitive selection process utilizing the best available information at that time.

This Project is one of several projects for which the City of London and the Joint Boards of Management for the Lake Huron and Elgin Area Primary Water Supply Systems have received financial assistance for the HELP Clean Water projects under the *Building Canada Fund*. This project is eligible for approximately 2/3's funding from HELP from the federal and provincial governments.

Reasons for Cost Increases

The estimated increased cost in consulting fees required to complete the project is \$703,173. This is based on the estimated timing for completion of the remainder of the project. There has been a delay in completion of the works, and the project is behind schedule.

With the increase in fees requested at this time, the fees for contract administration, resident supervision and design changes during construction would come to a total of \$4,289,651, bringing the engineering fees incurred for this project during design and construction to \$6,534,662. With this requested increase, the total engineering fees represent 14% of the construction cost, which is reasonable considering the scope and complexity of the project.

With this requested increase, the project remains within the allocated budget.

Request for Extension in HELP Funding Due to Project Delay

Under the HELP Agreements with the Province and the Federal Government, the last date for Claims submission was to be December 31, 2016, and the Project Substantial Completion Date was to be on or before March 31, 2017.

Staff have requested extensions of each of these deadlines of one (1) year in order to allow the City of London to be able to complete the project and make claims submission to receive the

allocated funding contribution for the project. This request appears to have been received favourably by the Province and the Federal Government and is under consideration at this time.

Summary:

It is recommended that an increase in AECOM's engineering fees for resident supervision and contract administration in the amount of \$703,173 be authorized in order to provide for the completion of the project. Approximately 2/3's of the overall project is funded under the HELP Clean Water Project including engineering fees. It is estimated that the pumping station construction will be completed in the summer of 2017.

There are no additional operating costs anticipated due to the increase in consulting fees.

Conclusions:

The City has reviewed AECOM's proposal for changes of scope to the project and deemed the additional fees to be acceptable and appropriate for this scope of work, in accordance with the City of London's Procurement Policy.

This report should be considered as a companion report to the report from the City Solicitor.

Acknowledgements:

This report has been prepared by Patricia Lupton, P.Eng., Environmental Services Engineer, of the Water Engineering Division.

<p>SUBMITTED BY:</p>	<p>REVIEWED & CONCURRED BY:</p>
<p>ROLAND WELKER, P. ENG. DIVISION MANAGER WATER ENGINEERING</p>	<p>JOHN LUCAS, P. ENG. DIRECTOR, WATER AND WASTEWATER</p>
<p>RECOMMENDED BY:</p>	
<p>JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER</p>	

May 16, 2016

PAL

Attach: Appendix "A" – Sources of Financing
c.c. AECOM Canada Ltd.

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