

<b>TO:</b>	<b>CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON FEBRUARY 21, 2017</b>
<b>FROM:</b>	<b>KELLY SCHERR, P. Eng. MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES &amp; CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>CONTRACT PRICE INCREASE: TENDER NO. T09-50 SOUTHEAST PUMPING STATION AND RESERVOIR PROJECT No. EW3614</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Environmental & Engineering Services & City Engineer, the following actions **BE TAKEN** with respect to the construction contract with McKay Cocker Construction Limited for the Southeast Pumping Station and Reservoir Project (EW3614):

- (a) the Southeast Pumping Station and Reservoir Contract with McKay Cocker Construction Limited., 1665 Oxford Street East, P.O. Box 7345, London, ON, N5Y 5B8, **BE INCREASED** from \$45,417,143.00 by \$880,000.00 to \$46,297,143.00 (excluding H.S.T.) in accordance with Section 20.3(e) of the City of London's Procurement of Goods and Services Policy ; and
- (b) The financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix "A";
- (c) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project; and
- (d) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

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

[Civic Works Committee Report - May 24, 2016: Increase in Engineering Fees: Southeast Pumping Station and Reservoir Project No. EW3614, Agenda Item #3](#)

[Civic Works Committee Report – May 14, 2012: Increase in Engineering Fees: Southeast Pumping Station and Reservoir \(Project EW3614\), Agenda Item # 22](#)

[Built and Natural Environment Committee Report – May 16, 2011: “Increase in Engineering Fees Southeast Pumping Station and Reservoir Project No. EW3614”, Agenda Item #1](#)

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

<b>BACKGROUND</b>
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**Purpose:**

This report recommends an increase in the approved Southeast Pumping Station and Reservoir Contract tender price to address additional works to be funded under the

construction contract between the City of London and the contractor McKay Cocker construction Limited. A location map has been provided as Appendix 'B'.

**Context:**

The Southeast Reservoir and Pumping Station is extremely important for the existing and future servicing of London. The reservoir and pumping station provides:

- City-wide water supply security;
- Growth servicing in southeast London; and
- Assists in the deferral of future Elgin Area Water Treatment Plant expansions.

This project is part of the HELP Clean Water program receiving two-thirds of its funding from federal and provincial sources.

In July of 2011, during construction a leak occurred causing considerable structural damage to a portion of the reservoir know as Cell 2. Undertaking the repair work has caused a significant delay in the project timing. Also during this time, significant corrosion of several valves was identified. The following sections will discuss this corrosion issue and the costs associated with the required repair.

<b>DISCUSSION</b>
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Significant corrosion on the valves in the South East pumping station was identified in the spring of 2014. By the fall of 2015, it was determined that the valves would need to be removed and shipped back to the manufacturer for refurbishment. As well, the piping and equipment connected to the piping needed to be assessed for condition, cleaned, and refurbished. This refurbishment work has been progressing since December of 2015 and is ongoing at this time. The overall goal of this work is to ensure that the completed works have the same life required of a new facility.

Reasons for Cost Increases

The refurbishment costs associated with the valve, piping, and other equipment was not part of the original Southeast Reservoir and Pumping Station contract with McKay Cocker Construction Limited. It is recommended that the contract be expanded by \$880,000.00 (excluding HST) to include these additional works. This increase represents approximately 1.9% of the original contract value. It should be noted that the Southeast Reservoir and Pumping Station project will remain within its original budget allocation following this requested contract price increase.

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 two (2) years 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. The Province and Federal Government received this request favourably and an amending agreement for this timeframe extension was presented to committee and approved by Council in January 2017.

It is estimated that the reservoir and pumping station construction will be completed in Q3 2017.

<b>CONCLUSION</b>
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It is recommended that an increase in the contract price for the construction of the Southeast Reservoir and Pumping Station by McKay Cocker Construction Limited in the

amount of \$880,000.00 be authorized in order to include the refurbishment costs associated with the valve, piping, and other equipment that was not part of the original Southeast Reservoir and Pumping Station contract.

Approximately 2/3's of the overall project is funded under the HELP Clean Water Project. It is estimated that the pumping station construction will be completed in Q3 of 2017.

**Acknowledgements:**

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

<b>SUBMITTED BY:</b>	<b>REVIEWED &amp; CONCURRED BY:</b>
<b>SCOTT MATHERS, P. ENG., MPA DIVISION MANAGER WATER ENGINEERING</b>	<b>JOHN LUCAS, P. ENG. DIRECTOR, WATER AND WASTEWATER</b>
<b>RECOMMENDED BY:</b>	
<b>KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR ENVIRONMENTAL &amp; ENGINEERING SERVICES AND CITY ENGINEER</b>	

February 13, 2017

PAL

Attach: Appendix "A" – Sources of Financing  
Appendix "B" – Project Location

c.c. McKay Cocker Construction Ltd.  
AECOM