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TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON MAY 14, 2012
FROM:	JOHN BRAAM, P. Eng. ACTING EXECUTIVE DIRECTOR PLANNING AND ENVIRONMENTAL AND ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	AMENDMENT OF CONTRACT FOR ENGINEERING FEES: SOUTHEAST PUMPING STATION AND RESERVOIR PROJECT No. EW3614

RECOMMENDATION

That, on the recommendation of the Acting Executive Director of Planning and Environmental and Engineering Services & City Engineer, the following actions **BE TAKEN** with respect to amending the contract for 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 \$786,280.00 from \$2,800,198.00 (excluding H.S.T.), to a revised total of \$3,586,478.00 (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 contract amendment for engineering fees for the project **BE AUTHORIZED** in accordance with Section 20.3 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;
- (e) **IT BE 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>:

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%20Environment%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/Board%20of%20Control%20Agendas%202009/2009-06-24%20Agenda/Item%208.pdf>

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Environment and Transportation Committee Report - December 12, 2005: “*Southeast Reservoir & Pumping Station Increase in Engineering Design Fees*”. Agenda Item #11.
<http://council.london.ca/meetings/Archives/Agendas/Environment%20and%20Transportation%20Committee%20Agendas/ETC%20Agendas%202006/2005-12-12%20Agenda/item%2011.pdf>

Environment and Transportation Committee Report - March 21, 2005: “*Southeast Reservoir & Pumping Station, Status Update*”. Agenda Item #13.
<http://council.london.ca/meetings/Archives/Agendas/Environment%20and%20Transportation%20Committee%20Agendas/ETC%20Agendas%202005/2005-03-21%20Agenda/item%2013.pdf>

Environment and Transportation Committee report - June 7, 2004: “*Southeast Reservoir and Pumping Station Value Engineering Outputs*”. Agenda Item #21.
<http://council.london.ca/meetings/Archives/Agendas/Environment%20and%20Transportation%20Committee%20Agendas/ETC%20Agendas%202004/2004-06-07%20Agenda/Item%2021.pdf>

Environment and Transportation Committee report - December 8, 2003: “*Consultant Appointment - Engineering Services for Southeast Pumping Station and Reservoir, Capital Works Project EW3614*”. Agenda Item #4.
<http://council.london.ca/meetings/Archives/Agendas/Environment%20and%20Transportation%20Committee%20Agendas/ETC%20Agendas%202004/2003-12-08%20Agenda/Item%204.pdf>

BACKGROUND

Purpose:

This report recommends an increase in the fees for resident supervision and contract administration to address supervision of 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*.

Reasons for Cost Increases

The estimated increased cost in consulting fees required to complete the project is \$786,280.00. This is based on the estimated timing for completion of the Pumping Station and Reservoir Cell #1. There has been a delay in completion of the works, and the project is behind schedule. Currently the pumping station is estimated to be 9 months behind schedule in completion. Additional time will be required to complete Cell 1.

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Liquidated damages are currently being charged to the contractor because of the delays in completing the contract. However the delay means that additional costs are being incurred during the additional timeframe for engineering contract administration and these fees will exceed the upset limit of the previous authorization.

With the increase in fees requested at this time, the fees for contract administration and resident supervision during construction would come to a total of \$3,586,478, bringing the engineering fees incurred for this project during design and construction to \$5,711,832. This increase in engineering fees represents 1.5% of the project cost. With this requested increase, the total engineering fees represent 12.3% of the project cost, which is reasonable considering the scope and complexity of the project.

The project is under budget.

Summary:

It is recommended that an increase in AECOM's engineering fees for resident supervision and contract administration in the amount of \$786,280 be authorized in order to provide for the completion of the project. It is estimated that the pumping station construction will be completed in the summer of 2012 and Reservoir Cell #1 will be completed by the end of the year.

There are no anticipated operating costs anticipated due to the increase 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 in companion with a report from the City Solicitor.

Acknowledgements:

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

SUBMITTED BY:	RECOMMENDED BY:
ROLAND WELKER, P. ENG. MANAGER, WATER ENGINEERING	JOHN BRAAM, P.ENG. ACTING EXECUTIVE DIRECTOR PLANNING AND ENVIRONMENTAL AND ENGINEERING SERVICES & CITY ENGINEER

May 9, 2012

PAL

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

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