

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON FEBRUARY 6, 2018
FROM:	KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER
SUBJECT:	CONTRACT PRICE INCREASE: TENDER T17-15 INFRASTRUCTURE RENEWAL PROGRAM – BYRON BASELINE ROAD RECONSTRUCTION PROJECT

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the 2017 Byron Baseline Reconstruction works:

- a) the 2017 Byron Baseline Reconstruction (Tender T17-15) contract value with Bre-Ex Construction Inc. **BE INCREASED** by \$650,000.00 to \$6,499,025.30 excluding HST in accordance with Section 20.3 (e) of the 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;
- d) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

2015-19 STRATEGIC PLAN

The following report supports the Strategic Plan through the strategic focus areas of *Building a Sustainable City and Leading in Public Service directly and indirectly as follows*: Addressing the infrastructure gap, building robust infrastructure, enhancing safety for all road users in the city, and managing and improving our water, wastewater and stormwater infrastructure and services. Renew London 2017 was committed to delivering excellent customer service and providing great customer experiences to residents, business and visitors by communicating projects in advance and coordinating all work to help build and deliver efficient infrastructure and minimize delays and inconveniences to the public during construction.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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CWC – March 27, 2017 – Contract Award: Tender No. 17-15 2017 Infrastructure Renewal Program Byron Baseline Road Reconstruction Project

BACKGROUND

Purpose

The City's Procurement of Goods and Services Policy requires Council approval for amendments to contracts in excess of \$50,000 or 3% of the contract value, whichever is greater. The 2017 Byron Baseline Road Reconstruction contract requires an amendment due to an unforeseen contaminated gas main within the project site.

Context

In general, the change in scope consists of the following key items:

- Additional labour
- Equipment rental and usage
- Specialty disposal and treatment fees
- Material testing and administrative fees

DISCUSSION

The following subsections provide further insight into the unforeseen conditions encountered on site, and the subsequent additional work and cost required.

Background and Scope of Work Subject to Additional Costs

The previous Civic Works Committee report dated May 24, 2017 identified an emerging issue regarding an abandoned Union Gas utility pipe on site that was found to have a contaminated coating. This pipe spanned the entire limits of the project on Byron Baseline (from Grandview Avenue to Colonel Talbot Road) and required proper handling and disposal.

The issues related to the abandoned gas main were first identified on site in April 2017. Initial testing done by Union Gas indicated that the gas main coating at the west end of the project was contaminated. Union Gas originally noted that the site may have to be shut down, however through diligent work by City Staff and the City retained consultant RV Anderson, this was avoided. A site shut down would have led to further additional costs to the project.

Once this initial contamination was noted at the beginning of the project, all proper authorities were notified (including the Ministry of the Environment and Climate Change). It was decided that a specialized consultant, Englobe, would be responsible for all sampling, testing and reporting as it related to the contaminated pipe coating and the surrounding soils.

Clean Harbours, a company specializing in comprehensive hazardous waste management, was hired to properly handle, transport and dispose of the contaminated pipe. All hazardous material was recorded and tracked through the Ministry of the Environment and Climate Change.

This comprehensive abatement of the contaminated gas main lead to significant additional time on the project where the contractor was unable to fully perform their originally contracted work. While all team members worked diligently to minimize the impact, this additional contract time caused the work to extend well into December 2017 and has pushed the completion of the project into the 2018 construction season. The work in the winter of 2017 and into 2018 has caused additional costs that were beyond the control of the contractor. These costs include:

- Additional winter heating for concrete and asphalt;
- Blankets required for cold weather curing of concrete;
- Temporary measures to open the area to traffic for the winter (adjusting manholes, line markings, recycled asphalt); and
- Additional mobilization and rate changes for the remaining 2018 work.

In addition to the contaminated gas main, there were other factors that increased the cost of the overall project, including:

- Additional earth excavation; and
- Additional vaccum excavation work to locate underground services not properly located on as-built drawings.

Additional Costs and Explanation of Request

It is important to note that the City’s consultant, RV Anderson, was on site full time to verify all labour hours and equipment usage to validate the claims submitted by the contractor. The values noted below have been reached through numerous negotiations and discussions between the City, RV Anderson and the Contractor. To-date, the additional costs are summarized in the following table:

Item	Approximate Value
Costs related to contaminated gas main:	
• Handling, disposal, transportation	\$169,000
• Testing, documentation, administration costs	\$93,000
• Additional cost due to lost working days	\$176,000
SUB-TOTAL	\$438,000
Additional earth excavation	\$135,000
Additional vaccum excavation	\$77,000
SUB-TOTAL	\$212,000
TOTAL	\$650,000

The contract requires an additional \$650,000 (not including HST) to complete. The works remaining to complete includes:

- Top coat of asphalt east of Colville Boulevard;
- Permanent line painting;
- New sidewalk installation east of Griffith Street;
- Retaining wall installation;
- Boulevard restoration; and
- Cathodic protection work.

CONCLUSION

The City is negotiating with Union Gas to recover all appropriate costs directly related to the contaminated gas main. It is expected that the outcome of these negotiations will be known in the coming months.

Due to an unforeseen contamination of an existing gas main extra work was required to complete the Byron Baseline reconstruction project in a safe and environmentally responsible manner. While the cost for this extra work was minimized through diligent testing of the contaminated gas main, the project contract value was exceeded. Therefore, in order to complete the remaining contract work on this project in 2018, an amendment to the contract value is required.

On this basis, staff recommends that the Byron Baseline Road Reconstruction (Tender T17-15) contract value be amended to a limit of \$6,499,025.30 not including HST, in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy.

ACKNOWLEDGEMENTS:

This report was prepared with assistance from Brian Nourse, P.Eng., Construction Administration Division.

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January 12, 2018

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Attach: Appendix "A" – Sources of Financing

Cc: Aaron Rozental, Division Manager, Water Engineering
Doug MacRae, Division Manager, Transportation Engineering