

<b>TO:</b>	<b>CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON AUGUST 12, 2019</b>
<b>FROM:</b>	<b>KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL &amp; ENGINEERING SERVICES AND CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>CONTRACT PRICE INCREASE: TENDER T18-16 INFRASTRUCTURE RENEWAL PROGRAM CONTRACT 15: MAIN STREET</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the Main Street Reconstruction project:

- a) the 2018 Main Street Reconstruction (Tender T18-16) contract value with L82 Construction Ltd. **BE INCREASED** by \$400,000 to \$8,633,236.86 (excluding HST) in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy;
- 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>2019-23 STRATEGIC PLAN</b>
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The following report supports the Strategic Plan through the strategic focus areas of Building a Sustainable City and Leading in Public Service. The Main Street Infrastructure Renewal Project helps manage the infrastructure gap, improves our water, wastewater and stormwater infrastructure and services and enhances safety for all road users. Renew London is 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.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- Civic Works Committee – April 4, 2018 – Contract Award: Tender No. 18-16 Infrastructure Renewal Project – Contract 15 Main Street

## BACKGROUND

### Purpose

The Main Street Reconstruction contract requires an amendment due to a number of unforeseen conditions. The City's Procurement of Goods and Services Policy requires Council approval for this amendment.

## DISCUSSION

The project team recently became aware that the work to complete the Main Street project would exceed the council approved contract budget by an amount in excess of administrative approval limits.

### Cost Escalation Items

The table and following commentary provides a summary of the major issues that occurred during the contract and contributed to the exceedence of the contract value.

Item	Approximate Value
Revised sewer pipe class	\$77,000
Extension of private drain connections	\$48,000
Asphalt cement	\$97,000
Conflicts with gas mains	\$62,000
Conflicts with telecommunications cables	\$111,000
<b>TOTAL</b>	<b>\$395,000</b>

#### Revised Sewer Pipe Class

The storm sewer pipe class identified in the tender was modified during construction to account for the specific soil properties and depth of pipe. The additional cost for this item was the material cost for the difference in pipe thickness between what was tendered and what was required on site. The adjusted cost was based on standard industry pricing. This upgrade in sewer pipe class will provide better sewer life and service.

#### Extension of Private Drain Connections

A majority of properties that front on to the Main Street project are on septic systems. It is the intention that by providing sanitary service to this area, over time all property owners will decommission their septic systems and connect to the City system. In order to make this connection each individual property owner will be required to excavate down to connect to the Private Drain Connection (PDC) stub that the City installed as part of the Main Street project. During the construction of the project it was decided by the project team to extend a number of PDCs beyond what was accounted for in the contract. The reason for this change was to avoid future damage and disruption to the streetscaping work that was being completed as part of the project. The contract modification to extend the PDCs further will ensure the excavation required to make these future connections will not damage the recently completed streetscape work. This work was paid for using the competitive tender item prices.

### Asphalt Cement

The price the road authority pays for asphalt cement is directly linked to the published price index of the commodity, as set out by the Ministry of Transportation. The cost of asphalt increased dramatically between the time of contract tendering and asphalt paving. This cost increase was unpredictable and is not within the project teams control to mitigate.

### Conflicts with Gasmains

A number of gasmains on this project were not located accurately on the available as-built drawings at the time of tender. Additionally, the depth of some gasmains were much shallower than normal, even after having all services properly located (laterally) on site in advance of any excavation.

### Conflicts with Telecommunications Cables

A significant Rogers fibre optic service was located on site that was not identified during the preparation of the contract drawings. Working around this service required additional efforts by the contractor as well as relocation of other underground services. Some surface features (such as retaining walls) also had to be redesigned and relocated to accommodate.

### **Summary**

The contract requires an additional \$400,000 (excluding HST) to complete. The remaining contract work includes:

- Surface asphalt paving
- Permanent pavement markings
- Landscaping / streetscaping elements
- Boulevard restoration

<b>CONCLUSION</b>
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It is recommended that the Main Street Reconstruction (Tender T18-16) contract value be amended to a limit of \$8,633,236.86 (excluding HST), in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy.

<b>SUBMITTED BY:</b>	<b>REVIEWED &amp; CONCURRED BY:</b>
<b>UGO DECANDIDO, P. ENG. DIVISION MANAGER CONSTRUCTION ADMINISTRATION</b>	<b>DOUG MACRAE, P.ENG., MPA DIRECTOR ROADS AND TRANSPORTATION</b>
<b>RECOMMENDED BY:</b>	
<b>KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR ENVIRONMENTAL &amp; ENGINEERING SERVICES AND CITY ENGINEER</b>	

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Attach: Appendix 'A' – Sources of Financing

Cc: Aaron Rozental, Division Manager, Water Engineering  
Tom Copeland, Division Manager, Wastewater and Drainage Engineering  
Garfield Dales, Division Manager, Transportation Engineering  
Gary McDonald, Budget Analyst, Finance & Corporate Services