

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON APRIL 15, 2020
FROM:	KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER
SUBJECT:	CONTRACT PRICE INCREASE: TENDER T17-52 INFRASTRUCTURE RENEWAL PROGRAM FRANCES STREET, MARGARET STREET AND ETHEL STREET RECONSTRUCTION

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the following actions **BE TAKEN** with respect to the Frances Street, Margaret Street and Ethel Street Reconstruction project:

- a) the 2017 Frances Street, Margaret Street and Ethel Street Reconstruction (Tender T17-52) contract with 2376378 Ontario Corp (CH Excavating (2013)) **BE INCREASED** by \$320,000.00 to \$3,799,489.16 (excluding HST) in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy;
- b) the contract with Archibald, Gray & McKay Engineering Limited (AGM), **BE INCREASED** by \$130,000.00 to \$410,245.00 (excluding HST) in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy;
- c) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix 'A';
- d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project; and,
- e) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

2019-23 STRATEGIC PLAN

The following report supports the Strategic Plan through the strategic focus areas of Building a Sustainable City and Leading in Public Service. The Frances Street, Margaret Street, Ethel 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.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Civic Works Committee – June 7, 2017 – Contract Award: Tender No. 17-52 Infrastructure Renewal Project – Clean Water And Wastewater Fund Contract Award: 2017 Infrastructure Renewal Program Frances Street, Margaret Street and Ethel Street Reconstruction

BACKGROUND

Purpose

The Frances Street, Margaret Street, Ethel Street Reconstruction contract requires an amendment to address a revised railway utility crossing construction method as mandated by Canadian National Railway (“CNR”) approvals. The City’s Procurement of Goods and Services Policy requires Council approval for this amendment.

DISCUSSION

This project was scheduled for completion in the fall of 2017. While work on Margaret Street and Ethel Street was complete in 2017, the work on Frances Street was not completed around the CNR tracks, which required the watermain and sewer replacement.

The initial plan, which was approved by CNR and included in the City’s tender for the project included for the sewer and watermain below the CNR tracks to be replaced using an open cut method. This method was chosen because, relative to other methods, it had the lowest costs, risk and duration to complete.

In mid-August of 2017, with plans to complete the open cut installation of the water and sewer main within weeks, the City was notified that it would be required to pay for the cost of a new switch (often referred to as a ‘frog’). The cost of this switch was estimated to be as high as \$500,000 by CNR. The council approved project budget would not have allowed for such a large additional expense, and thus the decision was made to postpone the completion of the project in 2017 so that the team could review how the project could be completed in a more cost effective manner.

Throughout 2018 and 2019 both City staff and the projects consultant, AGM, continued working with CNR on a revised plan to cross under the rail tracks using a trenchless method, which would not require the replacement of the track switch.

Approval of the trenchless work on Frances Street was granted by CNR at the end of August 2019. In order to complete any construction work within CNR’s right-of-way, the City is required to retain CNR staff to provide ‘railway flagging’ to ensure that train traffic is monitored at all times to ensure train and worker safety. The resumption of the project in 2020 was based on the availability of CNR flagging operations.

The additional \$320,000 requested for the contract with CH Excavating (2013) covers the additional costs to execute the trenchless railway crossing versus open cut plus minor escalation costs for remaining work to occur later than identified in the tender.

The additional \$130,000 requested for the consulting contract with AGM covers additional engineering coordination with CNR, site supervision, and additional geotechnical construction monitoring required by CNR.

CONCLUSION

Third party approvals and support has been confirmed for a revised cost-effective approach to the sewer and watermain railway crossing. This will allow the Frances Street, Margaret Street, and Ethel Street Reconstruction (Tender T17-52) contract to proceed to completion.

The construction contract with CH Excavating (2013) requires an additional \$320,000 (excluding HST) to complete. The contract administration assignment with AGM requires an additional \$130,000 (excluding HST). It is recommended to amend the value of the construction and consulting contracts in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy.

It should be noted that the City consultant, AGM, has done everything in their control to expedite the approval process with CNR. The contractor, CH Excavating, has continued to work very cooperatively with the team considering the elongated project duration.

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

Attach: Appendix A – Sources of Financing

Cc: Scott Mathers, Director, Water and Wastewater
 Aaron Rozental, Division Manager, Water Engineering
 Ashley Rammeloo, Division Manager, Sewer Engineering
 Garfield Dales, Division Manager, Transportation Engineering
 Gary McDonald, Budget Analyst, Finance & Corporate Services
 John Freeman, Manager Purchasing & Supply

APPENDIX "A"

#20049

April 15, 2020

Chair and Members
Civic Works Committee

(Construction Contract Increase)

**RE: Contract Price Increase: Tender T17-52 Infrastructure Renewal Program
Frances Street, Margaret Street and Ethel Street Reconstruction
(Subledger WS17C018)
Capital Project ES241420 - Sewer Infrastructure Lifecycle Renewal
Capital Project EW376519 - Water Infrastructure Lifecycle Renewal
2376378 Ontario Corp. (CH Excavating (2013)) - \$3,799,489.16 (excluding H.S.T.)
Archibald, Gray & McKay Engineering Limited (AGM) - \$410,245.00 (excluding H.S.T.)**

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project can be accommodated with the financing available in the Capital Works Budget, and that, subject to the adoption of the recommendations of the Managing Director, Environmental & Engineering Services and City Engineer, the detailed source of financing for this project is:

	<u>Approved Budget</u>	<u>Committed to Date</u>	<u>This Submission</u>	<u>Balance for Future Work</u>
SUMMARY OF ESTIMATED EXPENDITURES				
ES241420 - Sewer Infrastructure Lifecycle Ren.				
Engineering	\$1,724,865	\$226,868		\$1,497,997
Engineering (Utilities Share)	68,176	68,176		0
Construction	8,543,460	3,489,484	228,960	4,825,016
Construction (Utilities Share)	1,257,613	1,257,613		0
City Related Expenses	25,000			25,000
	<u>11,619,114</u>	<u>5,042,141</u>	<u>228,960</u>	<u>6,348,013</u>
EW376519 - Water Infrastructure Lifecycle Ren.				
Engineering	1,900,000	1,553,825		346,175
Construction	10,393,082	5,317,409	228,960	4,846,713
City Related	536	536		0
	<u>12,293,618</u>	<u>6,871,770</u>	<u>228,960</u>	<u>5,192,888</u>
NET ESTIMATED EXPENDITURES	<u>\$23,912,732</u>	<u>\$11,913,911</u>	<u>\$457,920</u> 1)	<u>\$11,540,901</u>
SOURCE OF FINANCING				
ES241420 - Sewer Infrastructure Lifecycle Ren.				
Capital Sewer Rates	\$5,642,540			\$5,642,540
Federal Gas Tax	4,650,785	3,716,352	228,960	705,473
Other Contributions (Utilities)	1,325,789	1,325,789		0
	<u>11,619,114</u>	<u>5,042,141</u>	<u>228,960</u>	<u>6,348,013</u>
EW376519 - Water Infrastructure Lifecycle Ren.				
Capital Water Rates	7,692,100	6,871,770	228,960	591,370
Drawdown from New Capital Water R.F.	4,040,518			4,040,518
Federal Gas Tax	561,000			561,000
	<u>12,293,618</u>	<u>6,871,770</u>	<u>228,960</u>	<u>5,192,888</u>
TOTAL FINANCING	<u>\$23,912,732</u>	<u>\$11,913,911</u>	<u>\$457,920</u>	<u>\$11,540,901</u>
1) <u>Financial Note:</u>	<u>Total Contract Price</u>	<u>ES241420</u>	<u>EW376519</u>	<u>Total</u>
2376378 Ontario Corp. (CH Excavating (2013))				
Contract Price	\$3,799,489	\$160,000	\$160,000	\$320,000
Less: Amount Previously approved June 13, 2017	3,479,489			
	<u>\$320,000</u>	<u>\$160,000</u>	<u>\$160,000</u>	<u>\$320,000</u>
Add: HST @13%	493,934	20,800	20,800	41,600
Total Contract Price Including Taxes	4,293,423	180,800	180,800	361,600
Less: HST Rebate	427,063	17,984	17,984	35,968
Net Contract Price	<u>\$3,866,360</u>	<u>\$162,816</u>	<u>\$162,816</u>	<u>\$325,632</u>
Archibald, Gray & McKay Engineering Ltd (AGM)				
Contract Price	\$410,245	\$65,000	\$65,000	\$130,000
Less: Amount Previously approved June 13, 2017	280,245			
	<u>\$130,000</u>	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$130,000</u>
Add: HST @13%	53,332	8,450	8,450	16,900
Total Contract Price Including Taxes	463,577	73,450	73,450	146,900
Less: HST Rebate	46,112	7,306	7,306	14,612
Net Contract Price	<u>\$417,465</u>	<u>\$66,144</u>	<u>\$66,144</u>	<u>\$132,288</u>
Capital Project Total		<u>\$228,960</u>	<u>\$228,960</u>	<u>\$457,920</u>

AD

Jason Davies
Manager of Financial Planning & Policy