

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON MAY 12, 2020
FROM:	KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES AND CITY ENGINEER
SUBJECT:	CONTRACT PRICE INCREASE: TENDER T19-41 INFRASTRUCTURE RENEWAL PROGRAM ROEHAMPTON AVENUE AND MONSARRAT AVENUE 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 Roehampton Avenue and Monsarrat Avenue Reconstruction project:

- a) the Tender T19-41 construction contract value with 2376378 Ontario Corp (CH Excavating (2013)) **BE INCREASED** by \$465,000.00 to \$2,222,521.61 (excluding HST) in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy;
- b) the construction administration contract with Development Engineering (London) Limited, **BE INCREASED** by \$51,000.00 to \$315,566.50 (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 Roehampton Avenue and Monsarrat Avenue 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 19, 2018 – Appointment of Consulting Engineers
Infrastructure Renewal Program

BACKGROUND

Purpose

The Roehampton Avenue and Monsarrat Avenue Reconstruction contract requires an amendment due to additional groundwater found on Monsarrat Avenue. This construction tender was administratively awarded in April 2019 as per the procurement policy. The City's Procurement of Goods and Services Policy requires Council approval for this amendment.

DISCUSSION

In April 2019 the City began construction on Monsarrat Avenue to replace sewers and watermain, along with surface works including sidewalk, curb and asphalt replacement. Original hydrogeological studies completed in 2018 and early 2019 indicated that the amount of underground water that needed to be removed from the necessary excavations, a process referred to as dewatering, was minimal.

In June 2019, after attempting to dewater the excavations it became apparent to the project team that the underground soil and water conditions were highly variable and the volume of underground water was in excess of what was permitted. Water takings in Ontario are governed by the *Ontario Water Resources Act* (OWRA). By law, a permit is required to take over 50,000 litres of water in a day from the environment. Further testing was completed and the City received a permit from the ministry in mid-September 2019 for the required amount of dewatering.

The work was postponed in order for the project team to develop an appropriate dewatering plan to complete this project. It was determined by the hydrogeological sub-consultant (Englobe) that an entirely different methodology of dewatering would be required in order to address the large volumes of water entering the site excavations. The required dewatering involves the installation of a system of temporary wells and pumps that lower the water table prior to excavating.

It has been determined that this new methodology will require additional funds in excess of the project contingency. An additional \$450,000 is requested to cover the additional costs to temporarily dewater the site in order to complete this important infrastructure project. The additional \$51,000 requested for the contract with Development Engineering addresses additional technical site supervision costs as this project will extend well beyond the originally contemplated timeframe.

CONCLUSION

It is recommended that the Roehampton Avenue and Monsarrat Avenue Reconstruction (Tender T19-41) construction contract value be amended to a limit of \$2,222,521.61 (excluding HST), and the construction administration contract with Development Engineering be amended to a limit of \$315,566.50 (excluding HST), in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy. These costs are related to variable subsurface conditions on Monsarrat Avenue and the requirement for a temporary well and pump system not identified in the contract.

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

c: Aaron Rozentals, Division Manager, Water Engineering
 Ashley Rammeloo, Division Manager, Sewer Engineering
 Gary McDonald, Budget Analyst, Finance & Corporate Services

APPENDIX 'A'

Chair and Members
Civic Works Committee

#20070
May 12, 2020
(Contract Increase)

Contract Price Increase: Tender T19-41 Infrastructure Renewal Program - Roehampton Ave. & Monsarrat Ave. Reconstruction
(Subledger WS19C002)
Capital Project ES241419 - Sewer Infrastructure Lifecycle Renewal
Capital Project EW376519 - Water Infrastructure Lifecycle Renewal
Capital Project TS301420 - Road Network Improvements
2376378 Ontario Corp (CH Excavating (2013)) - \$2,222,521.61 (excluding H.S.T.)
Development Engineering (London) Limited - \$315,566.50 (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 within the financing available for it in the Capital Works Budget and that, subject to the adoption of the recommendations of the Managing Director, Environmental & Engineering Services & City Engineer, and the Manager of Purchasing & Supply, the detailed source of financing for this project is:

<u>SUMMARY OF ESTIMATED EXPENDITURES</u>	Approved Budget	Revised Budget	Committed to Date	This Submission	Balance for Future Work
<u>ES241419-Sewer Infra. Lifecycle Renewal</u>					
Engineering	\$2,500,000	\$2,500,000	\$2,089,691	\$9,341	\$400,968
Construction	2) 11,934,780	11,934,780	10,399,902	85,173	1,449,705
City Related Expenses	20,000	20,000	1,311		18,689
	<u>14,454,780</u>	<u>14,454,780</u>	<u>12,490,904</u>	<u>94,514</u>	<u>1,869,362</u>
<u>EW376519-Water Infra. Lifecycle Renewal</u>					
Engineering	1,900,000	1,900,000	1,619,969	39,442	240,589
Construction	10,393,082	10,393,082	5,490,870	359,620	4,542,592
City Related Expenses	536	536	536		0
	<u>12,293,618</u>	<u>12,293,618</u>	<u>7,111,375</u>	<u>399,062</u>	<u>4,783,181</u>
<u>TS301420-Road Network Improvements</u>					
Engineering	0	3,114	0	3,114	0
Construction	9,323,315	9,320,201	3,500,002	28,391	5,791,808
	<u>9,323,315</u>	<u>9,323,315</u>	<u>3,500,002</u>	<u>31,505</u>	<u>5,791,808</u>
NET ESTIMATED EXPENDITURES	<u>\$36,071,713</u>	<u>\$36,071,713</u>	<u>\$23,102,281</u>	<u>\$525,081</u> 1)	<u>\$12,444,351</u>

SUMMARY OF FINANCING:

<u>ES241419-Sewer Infra. Lifecycle Renewal</u>					
Capital Sewer Rates	\$8,978,000	\$8,978,000	\$8,978,000		\$0
Federal Gas Tax	4,400,000	4,400,000	2,436,124	94,514	1,869,362
Other Contributions (Bell,London Hydro)	2) 849,180	849,180	849,180		0
Cash Recovery from Property Owners (PDC Portion)	2) 227,600	227,600	227,600		0
	<u>14,454,780</u>	<u>14,454,780</u>	<u>12,490,904</u>	<u>94,514</u>	<u>1,869,362</u>
<u>EW376519-Water Infra. Lifecycle Renewal</u>					
Capital Water Rates	7,692,100	7,692,100	7,111,375	399,062	181,663
Drawdown from Capital Water Reserve Fund	4,040,518	4,040,518			4,040,518
Federal Gas Tax	561,000	561,000			561,000
	<u>12,293,618</u>	<u>12,293,618</u>	<u>7,111,375</u>	<u>399,062</u>	<u>4,783,181</u>
<u>TS301420-Road Network Improvements</u>					
Capital Levy	8,048,150	8,048,150	3,500,002	31,505	4,516,643
Drawdown from Capital Infrastructure Gap R.F.	1,275,165	1,275,165			1,275,165
	<u>9,323,315</u>	<u>9,323,315</u>	<u>3,500,002</u>	<u>31,505</u>	<u>5,791,808</u>
TOTAL FINANCING	<u>\$36,071,713</u>	<u>\$36,071,713</u>	<u>\$23,102,281</u>	<u>\$525,081</u>	<u>\$12,444,351</u>

1) Financial Note:

	Total Contract Price	ES241419	EW376519	TS301419	Total
<u>2376378 Ontario Corp. (CH Excavating (2013))</u>					
Contract Price	\$2,222,522	\$83,700	\$353,400	\$27,900	\$465,000
Less: Amount Previously approved April 1, 2019	<u>1,757,522</u>				
	<u>\$465,000</u>	<u>\$83,700</u>	<u>\$353,400</u>	<u>\$27,900</u>	<u>\$465,000</u>
Add: HST @13%	288,928	10,881	45,942	3,627	60,450
Total Contract Price Including Taxes	<u>2,511,450</u>	<u>94,581</u>	<u>399,342</u>	<u>31,527</u>	<u>525,450</u>
Less: HST Rebate	249,811	9,408	39,722	3,136	52,266
Net Contract Price	<u>\$2,261,639</u>	<u>\$85,173</u>	<u>\$359,620</u>	<u>\$28,391</u>	<u>\$473,184</u>
<u>Development Engineering (London) Ltd</u>					
Contract Price	\$315,567	\$9,180	\$38,760	\$3,060	\$51,000
Less: Amount Previously approved June 19, 2018	<u>264,567</u>				
	<u>\$51,000</u>	<u>\$9,180</u>	<u>\$38,760</u>	<u>\$3,060</u>	<u>\$51,000</u>
Add: HST @13%	41,024	1,193	5,039	398	6,630
Total Contract Price Including Taxes	<u>356,591</u>	<u>10,373</u>	<u>43,799</u>	<u>3,458</u>	<u>57,630</u>
Less: HST Rebate	35,470	1,032	4,357	344	5,733
Net Contract Price	<u>\$321,121</u>	<u>\$9,341</u>	<u>\$39,442</u>	<u>\$3,114</u>	<u>\$51,897</u>
Capital Project Total		<u>\$94,514</u>	<u>\$399,062</u>	<u>\$31,505</u>	<u>\$525,081</u>

2) The expenditures and revenues have increased to accommodate the PDC (Private Drain Connection) funding and contributions from utilities.