

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

From: Kelly Scherr, P.Eng., MBA, FEC
Deputy City Manager, Environment & Infrastructure

Subject: Dingman Creek Pumping Station Consulting Fees Value Increase

Date: May 24, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Environment & Infrastructure, the following actions **BE TAKEN** with respect to the Dingman Creek Pumping Station construction project:

- a) The value of the engineering consulting fees for Stantec Consulting Limited **BE INCREASED** by \$463,025.15 including contingency and excluding HST, due to increased efforts related to project extension;
- b) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix 'A'; and
- c) the Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.
- d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project.

Executive Summary

Purpose

The purpose of this report is to seek approval to increase consulting fees to Stantec Consulting Ltd. for engineering services related to the construction of Dingman Creek Pumping Station. The increased fees are required to offset increased levels of effort related to contract extension.

Context

This report seeks approval for the funding required to ensure engineering support is available through to the completion of the project. The Dingman Creek Pumping Station project, including the recently completed forcemain, forms an essential element of the growth wastewater servicing strategy for southeast London. The construction of this station is complex and has experienced challenges that have extended the estimated time of completion.

Linkage to the Corporate Strategic Plan

This report supports the 2023-2027 Corporate Strategic Plan in the following areas:

- Climate Action and Sustainable Growth
- Well-Run City

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Civic Works Committee May 11, 2021 – Contract Award – Dingman Creek Pumping Station Construction Tender T21-19.

Civic Works Committee, August 11, 2020, Item 2.3 – Request for Contract Increase - Dingman Creek Pumping Station Forcemain Installation Contract #2.

Civic Works Committee, June 18, 2019, Item 2.3 – Contract Award: Tenders T19-48 and T19-49, Dingman Creek Pumping Station Forcemain Installation.

Civic Works Committee, July 17, 2018, Item 2.7 – Dingman Creek and Colonel Talbot Pumping Stations Budget Adjustments.

Civic Works Committee, May 15, 2018, Item 2.5 – Appointment of Consulting Engineer – Design and Construction Administration Services – Dingman Creek Pumping Station Upgrades.

Civic Works Committee, April 17, 2018, Item 2.6 – South London Wastewater Servicing Study Municipal Class Environmental Assessment: Notice of Completion.

Civic Works Committee, August 29, 2017 – Appointment of Consulting Engineer, Dingman Creek PS Municipal Class EA.

2.0 Discussion and Considerations

2.1 Project History

The Dingman Creek Pumping Station construction contract was approved by Council for award to Hayman Construction Inc. (Hayman) at a price of \$21,632,010, including contingency and cash allowances, on May 25, 2021, and construction on the project commenced on July 21, 2021. Engineering services for design and contract administration have been provided by the consulting firm Stantec Consulting Ltd. (Stantec).

2.4 Construction Progress

Shortly after commencement of construction, delays associated with receiving locates and the completion of required pre-construction work by London Hydro were encountered. Construction progress has also been slower than anticipated due to various factors, including some affecting the construction industry as a whole like supply chain and labour disruptions.

Hayman has submitted a construction delay claim associated with this increased contract duration. Negotiations with Hayman are ongoing with the support of the City's legal services. It is anticipated that any further payment to Hayman for agreed upon delays will be issued through the contract's existing contingency funds.

In addition to the factors referenced above, the construction site experienced a large flooding event on April 1, 2023 which inundated the facility with storm water, causing extensive damage to equipment located in the basement of the new pumping station. The Contractor has initiated an insurance claim with their insurer, but the flooding event could nonetheless represent a significant delay in the completion of the project.

As a result of the increased contract duration, the consultant, Stantec, will be required to provide additional ongoing contract administration support for construction activities for the remaining duration of the project, currently estimated to be completed in August 2023 as compared with a previously contemplated completion date of December 10,

2022. In order to ensure ongoing payment to Stantec for required services, additional fees are being requested at this time.

Stantec has submitted a requested for \$353,025.15 plus HST for services to August 2023, which staff supports. However, as a result of the uncertainty associated with the impacts of the flooding incident in April, staff have also included a contingency amount to cover contract administration services until the end of 2023 and potentially beyond that would only be accessed as required.

3.0 Financial Impact/Considerations

The detailed source of financing is included in Appendix A of this report. The additional financing required to fund the increased consulting fees can be accommodated by transferring budget from project ES2685 to ES5263, as the construction phase of that project is complete. Additionally, the remaining work under project ES2685 is expected to be reduced.

Conclusion

The Dingman Creek PS Construction project is a significant undertaking with a high level of complexity that provides an essential service improvement for south London. On-site presence and engineering support is an integral part of the successful completion of complex construction contracts like this, and an extended construction period has necessitated more effort over a longer period of time than was contemplated at the time of awarding the contract for Engineering services. It is recommended that additional fees for Stantec Consulting in the amount of \$463,025.15 be approved for this project to account for increased contract length.

Prepared by: Kirby Oudekerk, MPA, P.Eng.
Division Manager, Wastewater Treatment Operations

Submitted by: Ashley Rammeloo, MSc., P. Eng.
Director, Water, Wastewater and Stormwater

Recommended by: Kelly Scherr, P. Eng., MBA, FEC
Deputy City Manager, Environment & Infrastructure

Appendix 'A' Source of Financing

cc: Steve Mollon, Senior Manager, Procurement and Supply
Jason Davies, Manager III, Financial Planning and Policy
Zeina Nsair, Financial Business Administrator, Finance and Corporate Services

Appendix "A"

#23108

May 24, 2023

(Consultant Fee Increase)

Chair and Members
Civic Works Committee

RE: Dingman Creek Pumping Station
(Subledger FS20DC01)
Capital Project ES5263 - Southwest Capacity Improvement
Stantec Consulting Limited - \$463,025.15 (excluding HST)

Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project cannot be accommodated within the financing available for it in the Capital Budget, but can be accommodated through a transfer from ES2685 and that, subject to the approval of the recommendation of the Deputy City Manager, Environment and Infrastructure, the detailed source of financing is:

Estimated Expenditures	Approved Budget	Additional Requirement (Note 1)	Revised Budget	Committed To Date	This Submission
Engineering	2,260,711	335,135	2,595,846	2,124,672	471,174
Construction	21,814,987	0	21,814,987	21,814,987	0
City Related Expenses	6,902	0	6,902	6,902	0
Total Expenditures	\$24,082,600	\$335,135	\$24,417,735	\$23,946,561	\$471,174

Sources of Financing

Drawdown from City Services - Wastewater Reserve Fund (Development Charges) (Note 2)	5,843,613	0	5,843,613	5,843,613	0
Drawdown from City Services - Wastewater Reserve Fund (Development Charges) - transfer from ES2685 - Greenway PCP Treatment Capacity Upgrades (Note 1 and 2)	0	335,135	335,135	0	335,135
Debenture By-law No. W.-5642-466 (Serviced through City Services - Wastewater Reserve Fund) (Development Charges)) (Note 2)	18,238,987	0	18,238,987	18,102,948	136,039
Total Financing	\$24,082,600	\$335,135	\$24,417,735	\$23,946,561	\$471,174

Financial Note:

Contract Price	463,025
Add: HST @13%	60,193
Total Contract Price Including Taxes	523,218
Less: HST Rebate	-52,044
Net Contract Price	<u>\$471,174</u>

Note 1: The additional requirement is available as a transfer of funding from capital project ES2685 - Greenway PCP Treatment Capacity Upgrades. To accommodate the transfer of sufficient Development Charges funding while also maintaining the growth / non-growth split of capital project ES2685, the total budget of ES2685 will be reduced by \$509,437. This will result in \$174,302 of non-growth funding (authorized but unissued rate-supported debt and reserve fund drawdown) being released.

Note 2: Development charges have been utilized in accordance with the underlying legislation and the approved 2019 Development Charges Background Study and the 2021 Development Charges Background Study Update.

Kyle Murray
Director, Financial Planning and Business Support
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