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STAFF REPORT: Infrastructure and Public Works



REPORT TO: **Committee of the Whole**
MEETING DATE: **April 4, 2016**
REPORT NO.: **CSPW.16.047**
SUBJECT: **Project Budget and Engineering Services Fee Increase for Mill Street Reconstruction Phase 2**

PREPARED BY: **Mike Campbell, Construction Coordinator**

A. Recommendations

THAT Council receive Staff Report CSPW.16.047 entitled “Project Budget and Engineering Services Fee Increase for Mill Street Reconstruction Phase 2”;

AND THAT Council approve increasing the Capital Budget for Mill Street Reconstruction Phase 2 by \$50,307 from \$673,000 to \$723,307, excluding HST,

AND THAT Council approve increasing the Engineering Services Agreement with C.C. Tatham & Associates Limited to provide engineering services for the Mill Street Reconstruction Phase 2 by \$50,307 from \$97,885 to \$148,192 consisting of a \$145,192 upset fee estimate plus a \$3,000 fee contingency, excluding HST.

B. Background

On April 7, 2014 Staff Report EPW.14.023 entitled “Award of Engineering Services for Mill Street Reconstruction Phase 2, RFP 2014-060P-EPW” was presented to Committee of the Whole and subsequently approved by Council. This report recommended the award of the engineering services agreement to C.C. Tatham and Associates (CCTA) in the amount of \$97,885 consisting of \$94,885 upset fee estimate plus \$3000 fee contingency, excluding HST. The report also set the project budget at \$673,000.

Through Staff Report CSPW.15.007, “Tender Acceptance 2015-11-T-EPW – Mill Street Reconstruction Phase 2” Council accepted Tender 2015-11-T-EPW Mill Street Reconstruction Phase 2 from Maram Building Corp. (the “Contractor), at a cost of \$585,000 excluding HST.

This project has experienced an extended construction period. The Town had expected the construction period to be 6 to 8 weeks. The pre-construction meeting minutes include this construction period as a goal for the project. Unfortunately the construction period extended to 21 weeks which does not include a 3 week delay associated with adjusting the storm sewer system design to accommodate the actual found location of the existing watermain. The Contractor has not requested a time extension nor has the Town issued or contemplating a Change Order that would warrant a significant increase in the construction period.

As a result of the Contractor's protracted construction schedule and methodology, CCTA has incurred additional inspection and contract administration costs and fee increase is warranted. The Engineering Services Agreement had set CCTA's field inspection fees based on a 6 week construction period. A simple extrapolation of the contract administration and construction monitoring fees from 6 weeks to 21 weeks would suggest the engineering budget could be increased by as much as \$73,150. That said, Staff and CCTA have coordinated efforts to avoid spending that amount. In discussions with CCTA, the amount of engineering fees to complete the project is estimated at \$50,307. This amount includes an allowance for ongoing contract administration efforts by CCTA in 2016 to address claims made by the Contractor. The proposed engineering fees are thus per the table below.

	Fees
Report EPW.14.023:	\$94,885
Additional Contract Administration and Construction Monitoring:	<u>\$50,307</u>
Upset Fee Limit:	\$145,192
Original Fee Contingency Allowance:	<u>\$3,000</u>
Total	\$148,192

While it is anticipated that the unexpended contingency funds in the construction contract (\$50,000) will be available to offset the engineering costs in the final tally, these funds are still committed to the construction contract and as such cannot be reallocated to engineering fees at this time. Since the Contractor did not achieve the specified Substantial Performance date of September 30, 2015, another offsetting factor to the engineering fee increase is that a portion of the increase may be recovered in the form of Liquidated Damages. An amount of \$38,366.25 has been captured in an Owner's Set-off on the payment certificate to date however the final value of the Liquidated Damages has not been confirmed. There are ongoing discussions with the Contractor around the amount of Liquidated Damages and other construction claims.

Staff therefore recommend that Council approve increasing the Capital Budget for Mill Street Reconstruction Phase 2 by \$50,307 from \$673,000 to \$723,307, excluding HST, and that Council approve increasing the Engineering Services Agreement with C.C. Tatham & Associates Limited to provide engineering services for the Mill Street Reconstruction Phase 2 by \$50,307 from \$97,885 to \$148,192 consisting of a \$145,192 upset fee estimate plus a \$3,000 fee contingency, excluding HST.

C. The Blue Mountains' Strategic Plan

Goal #5 - Ensure that our infrastructure is sustainable

D. Environmental Impacts

None

E. Financial Impact

The Mill Street reconstruction project was mainly funded using Roads and Related Development Charges, it is for this reason that Staff recommend that the increased engineering fee use the same funding source for the project budget increase. Once the project is complete Staff will have a better understanding as to the amount of the Liquidated damages that will be collected as well as the remaining developer securities and the construction contingency allowance available. These funds will be used to reduce the amount of the Roads and Related Development Charges funds that are needed

F. In Consultation With

Sam Dinsmore, Manager of Accounting and Budgets
Serena Wilgress, Manager of Purchasing & Risk Management

G. Attached

None.

Respectfully submitted,

Mike Campbell

Mike Campbell
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