

STAFF REPORT: ENGINEERING AND PUBLIC WORKS DEPARTMENT



REPORT TO: **Engineering and Public Works Committee**
MEETING DATE: **March 11, 2008**
REPORT NO.: **EPW.08.29**
SUBJECT: **Genivar Engineering Invoices for
Camperdown Servicing Projects**
PREPARED BY: **John Caswell, Manager of Water and
Wastewater Services Division**

A. Recommendations

THAT Council approve increasing the upset engineering fee estimate by \$337,350.00 from \$562,650.00 to \$900,000.00 for engineering services by Genivar (formerly MacViro) for the Camperdown Reservoir and Camperdown Sanitary Sewer Servicing projects as outlined in Report EPW.08.29.

B. Background

The original engineering fees for the design, contract administration and construction supervision for the Camperdown reservoir and Camperdown Sanitary Sewer System was approved by Council on February 09, 2004 (Attachment #1) in the amount of \$456,650.00. There was a request from the Camperdown Developer's Group to reconsider the engineering for the sanitary sewer alignment and further engineering fees were added November 4, 2004 (Attachment #2) by agreement with the Camperdown Developers to complete the value engineering exercise in the amount of \$106,000.00 for a total of \$562,650.00.

Genivar provided engineering services for the design of the Lake Shore and Delphi Sanitary Pumping Stations and the Camperdown Reservoir. Skelton Brumwell Engineers and Planners Inc. provided engineering services as a sub consultant to Genivar for the design of sanitary sewer trunk works. Skelton Brumwell also provided contract administration and construction supervision for the sanitary sewer trunk works, the two sanitary pumping stations and the Camperdown Reservoir.

Significant additional costs for additional engineering have been incurred and there has not been any further adjustment to the approved engineering fees allocated for these projects over the last three years. This report provides the background and updated information regarding these additional costs.

The projects were delayed by construction start dates and various issues relating to developer financing. The original design was challenged by the developers and a value engineering process was undertaken and a number of changes were made to the sanitary sewer project. The MTO would not allow any trunks within 14 meters of their Highway centreline and the engineering design required amendments in order to secure an encroachment permit which increased the amount of work required by the Consultant.

Camperdown Reservoir was tendered and awarded to Wellington Construction in the amount of \$2,878,516.35 and was substantially completed on November 8, 2006 on time and within budget.

The Camperdown Sanitary Sewer was tendered and awarded to Drexler Contracting Ltd, in the amount of \$7,611,489.27 and was substantially completed on November 28, 2006. This project originally required Substantial Completion by June 30, 2005, however, the Town approved two further extensions to this date prior to charging Drexler Contracting liquidated damages for the period from November 1, 2006 until the Substantial Completion on November 28, 2006. The Contractor originally anticipated working through the winter months, however the MTO precluded them from working along the Highway in the winter months. The project has not been finalized to date due to numerous claims by Drexler Contracting. The contract extensions and construction delays increased the amount of site inspection time and Contract Administrative effort expended by the Consultant.

The Town has paid Drexler Contracting \$7,475,086.83 with the project 99.9% completed, however there are significant outstanding claims with the main issues being dewatering, rock removal, and several minor claims. Drexler initially produced 45 separate claims, however a number of the smaller ones have been agreed to in principle. A summary of outstanding issues are outlined below:

Total Dewatering Claim	\$1,988,468.95	
Total Paid To-date	\$730,611.90	
Difference		\$1,257,857.05
Total Rock Claim	\$2,186,361.25	
Total Paid To-date	\$1,260,296.50	
Difference		\$926,064.75
Total Small Claims		\$271,966.82
Total outstanding claims		\$2,454,888.62
Portion of Claim Town Agreed is Warranted		\$265,131.27
Difference		\$2,189,757.35

The Town has continued discussion with Drexler Contracting and their consultant from Gamsby & Mannerow to attempt to resolve these substantial differences. The portion of the outstanding claim that the Town has agreed to pay (\$265,131.27) is related to the small claim items and is conditional on the Contractor not making future claims on those specific small amount claims. However, the Contractor will not agree to this condition and, as a result, the payment has not been made.

There has been a significant amount of additional time spent by Skelton Brumwell (Genivar sub-consultant) to date reviewing information and documents related to the claims by Drexler

for this project that was not contemplated or accounted for in the November 2004 fee estimate of \$562,650.00.

The current engineering costs expended to date are \$821,600.00. Skelton Brumwell provided an estimated cost of \$28,000.00 to finalize the engineering related activities on this project. It is expected that it will take a number of months to finalize the claims by Drexler. Staff recommends a contingency of \$50,400.00 to provide support to the Town.

Expended to Date	\$821,600.00
Finalize Engineering	\$28,000.00
Address Drexler Claims	\$50,400.00
Total	\$900,000.00
Less Approved Fees	\$562,650.00
Total Increase	\$337,350.00

Staff recommend increasing the upset engineering fee estimate by \$337,350.00 from \$562,650.00 to \$900,000.00 for engineering services by Genivar on this project.

The recommended revised engineering fees of \$900,000.00 represent 8.6% of the project's total construction cost of \$10,490,005.00. This percentage for design engineering and construction supervision is well within the accepted average of 12 to 15% on projects of this nature.

C. The Blue Mountains' Strategic Plan

This Report furthers Strategic Goal #2: "Addressing the Town's municipal infrastructure needs".

D. Budget Impact

With the reopening of the Camperdown Development Charge Background Study and the subsequent By-law that will be passed establishing the new Development Charges, the additional \$337,350.00 engineering fees will be incorporated into the background of the calculations. As per the original agreements, the Camperdown Development Group is responsible for any all costs associated with the project including those over original estimates or tender amounts.

The Camperdown Developers will receive development credits for their share of the works as per the new background study. As well, these costs will be associated with the "existing non development" units within the Camperdown service area. These costs are recoverable through Development Charges and Local Servicing by-laws.

E. Attached

1. Letter sent to MacViro Consultants Inc., dated February 10, 2004, Re: Request for Proposal Camperdown Water and Sewage Servicing
2. Letter received from MacViro Consultants Inc., dated November 4, 2004, Re: Camperdown Sewer and Water Servicing Project

Respectfully submitted,

John Caswell
Manager, Water and Wastewater Services Division

Reg Russwurm
Director, Engineering and Public Works