



STAFF REPORT INFORMATION ONLY

Purchase Order Amendment to Sole Source Contract 47011091

Date:	March 8, 2007
To:	Public Works and Infrastructure Committee
From:	General Manager, Toronto Water Director, Purchasing and Materials Management
Wards:	All
Reference Number:	P:\2007\Internal Services\pmmd\pw07008pmmd (AFS #4146)

SUMMARY

This report provides background information on over expenditures under sole source Contract 47011091 issued to Nelson Aggregates for the Supply and Delivery of Various Types of Quarried Crushed Stone Aggregates, Sand and Gravel to various locations within the City of Toronto.

FINANCIAL IMPACT

A summary of the contract over expenditure of \$246,692.09, net of GST, representing 35.41% of the revised contract value, is set out in the table below.

Blanket Contract No.	Original Contract Amount	Amendment No. 1	Revised Contract amount	Over Expenditure	Total Spent to December 31, 2006
47011091	\$150,000.00	\$300,000.00	\$450,000.00	\$246,692.09	\$696,692.09

All work under this contract has now been completed and all invoices and payments processed. There was sufficient funding available in the 2006 Approved Capital and Operating Budgets at the project and cost centre levels to cover the over expenditure. The contract over expenditure will not impact the 2007 Approved Capital and Operating Budgets.

DECISION HISTORY

Contract 47011091 was issued in August, 2005, in the amount of \$150,000.00 net of GST, for the period August 20, 2005 to December 31, 2006 and was subsequently amended in July, 2006, by \$300,000.00 net of GST, to a revised target value of \$450,000.00 net of GST. As of January 25, 2007, the total contract expenditures were \$696,692.09 net of GST resulting in overspending of \$246,692.09 net of GST. In order to cover this over expenditure, a second amendment in the amount of \$246,692.09 net of GST, is required. The revised value of the Contract will be \$696,692.09 net of GST. The total contract amendment is \$546,692.09.

ISSUE BACKGROUND

On August 19, 2005, the City of Toronto experienced a severe rainstorm which caused significant damage in the east branch of the Highland Creek watershed, exposing large sections of sewer pipe. The magnitude of the repairs was considerable, requiring months for completion and vast amounts of specifically two types of aggregates, Rip Rap Stone and Gabion Stone. These materials are used extensively in performing erosion repair and protection.

Nelson Aggregates was the City's existing supplier at the time for the provision of these materials under Contract 47010670 that was awarded as a result of a competitive bidding process, RFQ 3920-05-0091. As a result of the unanticipated storm damage, an emergency sole source Contract 47011091 was issued to Nelson Aggregates for the supply of Rip Rap Stone and Gabion Stone, under the same terms and conditions, for the emergency repairs to the east branch of the Highland Creek, in the amount of \$150,000.00 net of GST, and valid to December 31, 2006.

During the course of the repair work in the months following, additional rainfalls further damaged creek embankments which threatened both the East Highland Creek Sanitary Trunk Sewer and other City property. The area of damage extended from the east branch of the Highland Creek by Centennial College at Markham and Progress approximately two kilometres downstream to where the east and west branches of the Highland Creek converge. The original estimates for the sole source contract did not include quantities which became necessary due to the subsequent additional damages. As a result, staff issued an amendment to Contract 47011091 on July 13, 2006, in the amount of \$300,000.00 net of GST, bringing the revised target value to \$450,000.00 net of GST.

The erosion repair work has continued due to subsequent rainstorms which have continued to erode the creek banks and creek bed. Additional materials have been necessary for the unanticipated weather damage.

COMMENTS

A further increase of \$246,692.09 net of GST over the current contract value of \$450,000.00 net of GST, is required to pay for the Rip Rap Stone and Gabion Stone ordered from Nelson Aggregates for the period ending December 31, 2006. The increase is due to an increase in the volume of Rip Rap Stone and Gabion Stone required for emergency repairs to City property.

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