



**STAFF REPORT
ACTION REQUIRED**

**Report on Over Expenditure to Purchase Order No.
47012292
Toronto Water Contract 07TE-301WS
Tender Call 218-2006**

Date:	January 18, 2008
To:	Public Works and Infrastructure Committee
From:	General Manager, Toronto Water Director, Purchasing & Materials Management
Wards:	Wards 14, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31 and 32
Reference Number:	P:\2008\Internal Services\pmmd\pw08002pmmd (AFS 6892)

SUMMARY

The purpose of this report is to request authority to amend Purchase Order No. 47012292 for the Emergency Repair of Water and Sewer Connections, Mains and Appurtenances in Toronto - East York District. The additional amount being requested is \$875,000.00 excluding GST, representing an increase of approximately 27% of the original contract value of \$3,271,590.00 excluding GST. The new Purchase Order value would be \$4,146,590.00 excluding GST.

RECOMMENDATIONS

The General Manager Toronto Water and the Director of Purchasing and Materials Managements Division recommend that:

1. Authority be granted to amend Purchase Order No. 47012292 for the emergency repair of water and sewer connections, mains and appurtenances in Toronto – East York District to OJCR Construction Ltd. by an additional amount of \$875,000.00 excluding GST, revising the current contract value from \$3,271,590.00 to \$4,146,590.00 excluding GST, representing an increase of 27%.
2. Council authorize and direct the appropriate staff to take the necessary steps to give effect thereto.

FINANCIAL IMPACT

The amendment for an additional \$875,000.00 excluding GST (\$918,750.00 with GST) increases the contract value with OJCR Construction Ltd. from \$3,271,591.00 excluding GST to \$4,146,590.00 excluding GST. Funding availability from the 2007 Toronto Water Capital and Operating Budgets is as follows:

Cost Centre	Capital or Operating	Account Name	Amount
CPW 544-01	Capital	Water Service Repair	\$55,436.00
CWW465-01	Capital	Sewer Rehabilitation	\$48,297.00
PW200	Operating	District Ops Water	\$280,409.00
WW200	Operating	District Ops Wastewater	\$490,858.00
TOTAL			\$875,000.00

The additional expenditures will not impact the 2008 Approved Capital and Operating Budgets as provisions have been made in the 2007 liabilities.

All work under this contract has now been completed and all invoices received. The financial payments have not yet been released to the contractor.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

ISSUE BACKGROUND

Toronto Water issues contracts to provide emergency services for repairs to collapsed or blocked drains, leaking water services, collapsed or blocked main sewers and leaking or broken water mains as the need arises to supplement operational needs in the Toronto / East York community.

Contract 07TE-301WS - Tender Call 218-2006, was issued to OJCR Construction Ltd. to cover the period December 1, 2006 to December 31, 2007, in the amount of \$3,271,590.00 net of GST. Work on this contract began on December 18, 2006.

As a result of the increased number of repairs carried out by contract services during the duration of the contract, an over expenditure of \$875,000.00 resulted, representing 27% of the original contract value.

All costs associated with these repairs are covered in the 2007 Operating Budget. Funds associated with leaking water service upgrades under the Water Service Repair and Drain Replacement Sewer Rehabilitation Programs are also included in the 2007 Capital Budget.

COMMENTS

Toronto Water Staff utilized records established in 2006 for similar contracts to estimate quantities for the 2007 contract. In 2006, a total of 409 repairs to the infrastructure were undertaken in the Toronto East York community during the contract period. The 2007 estimate for work was based on completing a similar number of repairs as Toronto Water continues to build appropriate history to assist in properly defining annual estimates.

Under this contract in 2007 a total of 516 repairs were undertaken within the Toronto East York community representing a 27% increase over the 2006 contract period. The number and nature of repairs are difficult to predict on a year over year basis as the repairs generate from infrastructure failures that need attention. Aging of the infrastructure has seen a significant increase in the number of emergency repairs over the past few years.

A new contract was issued by the Division and awarded on January 2, 2008 to cover the period January 1, 2008 to December 31, 2008 period. Work began on the contract on January 14, 2008.

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SIGNATURE

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