



STAFF REPORT INFORMATION ONLY

Amendment to Contract No. 08TE-01RD, Tender No. 164-2008 - Reconstruction of TTC Track Allowance and Watermain Replacement

Date:	April 28, 2010
To:	Public Works and Infrastructure Committee
From:	Executive Director, Technical Services Director, Purchasing and Materials Management
Wards:	17 and 21
Reference Number:	P:\2010\Cluster B\TEC\PW10009 (AFS-11118)

SUMMARY

The purpose of this report is to advise on the over expenditure of Contract No. 08TE-01RD, Tender No.164-2008, by \$3,500,000.00 net of GST, which represents a 16.2% increase of the current contract value of \$21,553,662.00, net of GST for a new total amount of \$25,053,662.00, net of GST. This increase is a result of additional item quantities required to complete the reconstruction of TTC track allowance and watermain replacement due to the understatement of bid item quantities included in the form of tender.

Financial Impact

The Contract increase identified in this report is \$3,675,000.00 including all applicable taxes and charges. The cost to the City, net of GST is \$3,500,000.00. Funding is available in the 2010 Transportation Services Capital Budget in account CTP509-01 (City Bridge Rehabilitation). A recovery of \$289,790.50 and \$2,054,272.10 is anticipated from Toronto Water and TTC.

The revised estimate for this contract is \$25,053,662.00 net of GST.

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

COMMENTS

During the summer recess of Council, the Bid Committee, at its meeting of August 20, 2008, authorized the award of Contract No. 08TE-01RD, Tender No. 164-2008 to Domti Engineering & Construction Limited, being the lowest bidder, meeting specifications for the Reconstruction of TTC Track Allowance and Watermain Replacement on St. Clair Avenue West from Vaughan Road to Westmount Avenue. This award was reported to the Government Management Committee on September 26, 2008 and can be found at the following link:

(<http://www.toronto.ca/legdocs/mmis/2008/gm/bgrd/backgroundfile-16140.pdf>)

This contract is part of several contracts that were awarded to complete the overall TTC streetcar dedication of St. Clair Avenue West from Ferndale Avenue to 160m west of Gunn's Loop. The original contract was issued for a total value of \$21,553,662.00 net of GST.

In preparing the tender for the project, the full extent of work was shown on the engineering contract drawings, however, the engineering estimate of associated quantities of work was understated in the form of tender. During construction, the situation was discovered and the contractor was directed to complete all of the required work as shown on the contract drawings. This resulted in an overall cost adjustment of approximately \$3,500,000.00, net of GST.

This cost adjustment is to be apportioned amongst TTC, Toronto Water and Transportation Services as shown below:

TTC	\$2,054,272.10
Toronto Water	\$289,790.50
Transportation Services	\$1,155,937.40

This Purchase Order Amendment is necessary to correct the original tendered amount of the contract to reflect the work that was required and contemplated in the contract drawings. Had the discrepancy between the drawings and estimate of quantities been detected and rectified prior to tender issuance, the original awarded price to the contractor would have been higher by the amount of this Purchase Order Amendment.

A Purchase Order has been received from the TTC in the full amount of its cost share.

Partial payment to the contractor, in the amount of \$2,128,155.92, was due in early February 2010; however, City staff were unable to make payment with respect to this work as the Purchase Order had not been amended. After discussion with the Deputy City Manager and Chief Financial Officer and Legal, the decision was made jointly to process payment to the contractor and to report thereafter to the Public Works & Infrastructure Committee. This action was based on the City's legal obligation to make payment and to protect the City's interest through mitigation of the possibility of legal action against the City.

Remaining work under the project is expected to be completed within the revised authorization identified herein. The physical construction with respect to this contract is essentially largely complete; however, the total costs will be finalized prior to processing final payment to the contractor. In accordance with the contract language, Technical Services staff reviewed the tendered unit prices for the understated items and determined that they are fair and reasonable, and within the range of prices submitted for other contracts of similar nature.

A total of 11 major construction projects were involved in the construction of the St. Clair project. This included hydro undergrounding work which was partially funded by the City and was carried out by Toronto Hydro forces and 10 major construction contracts which were competitively tendered and administered by the City.

Excluding contract 08TE-01RD, which is the subject of this report, the total aggregate cost of the 9 remaining contracts administered by the City plus the hydro undergrounding is projected to be within the total awarded cost of the individual contracts.

With the inclusion of contract 08TE-01RD, the total variance of cost versus awarded contract value for all 11 contracts is approximately \$2.9M.

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SIGNATURE

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