



## STAFF REPORT ACTION REQUIRED

### Amendment to Contract No. 47014275, Tender Call 19-2009, Contract 09TE-103TU - Permanent Repairs to Utility Cuts (Wards 27 and 28) - Toronto & East York District

<b>Date:</b>	July 27, 2010
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	General Manager, Transportation Services Director, Purchasing and Materials Management Division
<b>Wards:</b>	Wards 27 and 28
<b>Reference Number:</b>	P:/2010/Internal Services/PMMD/PW10028PMMD (AFS # 12695)

#### SUMMARY

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The purpose of this report is to request authority to amend Contract No. 47014275 for the permanent repairs to utility cuts in Wards 27 and 28 (Toronto and East York District), issued to A&F Di Carlo Ltd. The total amount requested is \$8,700.00 net of GST, revising the current contract value from \$2,635,728.10 to \$2,644,428.10 net of GST. The combined value of all amendments to date including the requested amount is \$504,169.80 which requires committee approval, in accordance with the City of Toronto Municipal Code, Chapter 71 – Financial Control By-Law.

This increase is a result of additional utility cut repairs that caused extensive and unanticipated auxiliary damages to curbs, boulevards and sidewalks, and administrative delays as a result the City's labour disruption in 2009. The requested amendment allows for the processing of a final payment certificate for this contract.

The revised total remains within the established budgeted amount for utility cut repairs in Toronto and East York District.

The above noted extra work requested in this report has been completed. HST is not applicable as the work was completed prior to the HST implementation date of July 1, 2010.

## **RECOMMENDATIONS**

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**The General Manager of Transportation Services and the Director of Purchasing and Materials Management Division recommend that Public Works and Infrastructure Committee grant authority to:**

1. Amend Contract No. 47014275 for the Permanent Repairs to Utility Cuts, Wards 27 and 28, Toronto and East York District, to A&F DiCarlo Ltd. by an additional \$8,700.00 net of GST, revising the contract value from \$2,635,728.10 to \$2,644,428.10 net of GST

### **Financial Impact**

The contract increase identified in this report is \$8,700.00 net of GST, bringing the total value of the contract to \$2,644,428.10 net of GST. Funding was provided in the 2009 Transportation Services Operating Budget in account TP0132, Roadside Cut Repair.

The cost of this work has been recovered and results in an increase in revenue generated to the City. The increased value of the work is within the established budget amounts for utility cut repairs in the Toronto and East York District.

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

### **DECISION HISTORY**

On March 11, 2009, Bid Committee adopted the staff report recommendation from the Director of Purchasing and Materials Management, awarding Tender Call No. 19-2009 to A&F DiCarlo Ltd., being the lowest bidder meeting specifications for the Permanent Repairs of Utility Cuts in Wards 27 and 28, Toronto and East York District. A&F DiCarlo Ltd. was issued Contract No. 47014275 in the amount of \$2,140,258.30 net of GST.

The report can be found at:

<http://www.toronto.ca/legdocs/mmis/2009/bd/agendas/2009-03-11-bd110-ar.pdf>

### **BACKGROUND**

Contract No. 47014275 for the permanent repairs to utility cuts for Wards 27 and 28, was awarded to the successful low bidder, A&F DiCarlo Construction Limited, for a total contract value of \$2,140,258.30, excluding G.S.T. The scope of the work estimated under the original contract was based on approved and planned locations.

Due to the labour disruption at the City of Toronto in 2009, which lasted approximately six weeks during the months of June and July, all field staff were legally on strike. To meet the City's continuing public obligations, Senior Management decided not to suspend construction contracts but rather to carry on with business as normally as possible under the circumstances.

City managers were assigned to direct ongoing construction projects, with modes of operation adjusted to reflect specific contract situations and in coordination with the contractors.

While work was being performed and measurements recorded under the contractor's existing U-cut contracts, the process of completing cost sheets fell behind. When the strike ended on July 31, 2009, unionized staff members immediately resumed their normal duties, including completing, verifying and signing off on all work completed prior to the strike; inspecting and documenting construction activities; verifying measurements; and completing the paper work necessary to enable data processing, payment preparation and status updates. Due to the time it took to process the cost sheets, the reports did not accurately reflect the true contract progress.

It should be emphasized that U-cut contracts are highly time-sensitive and they must be executed and billed within a specific amount of time or the City will be required to absorb the cost of the repair. The Surface Maintenance section was progressive in trying to ensure that no old U-cuts would remain in effect past their due billing date but the actual work required was more than originally estimated which also contributes to the overrun in contract expenditures.

The field data was eventually processed and completed. Consequently, additional work increased the actual value of the contract by \$495,469.80 (23.15%), bringing the total contract value to \$2,635,728.10, which was approved by the bid committee through an amendment.

It was later realized that not all the field data were processed by the time the initial amendment was requested. This additional data increased contract value by an additional \$8,700.00 (0.41%), bringing the total contract value to \$2,644,428.10.

## **COMMENTS**

Public Works and Infrastructure Committee approval is required to amend Contract No. 47014275 issued to A&F DiCarlo Ltd. by \$8,700.00 as a result of additional costs associated with repairing unexpected utility cuts throughout Wards 27 and 28. The amendment is required to process final payments for work already completed under the contract.

The cost of the additional work was reviewed by transportation staff and was found to be fair and reasonable.

As of December 31, 2009, one hundred percent of the value of this additional work has been recovered.

## CONTACT

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## SIGNATURE

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