



**STAFF REPORT  
ACTION REQUIRED**

**Amendment to Purchase Order No. 6020685  
Simcoe Street Extension  
Railway Underpass South of Front Street**

<b>Date:</b>	July 29, 2010
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	General Manager, Transportation Services Executive Director, Technical Services Director, Purchasing and Materials Management
<b>Wards:</b>	Ward 20 – Trinity-Spadina
<b>Reference Number:</b>	P:\2010\Cluster B\TEC\PW10038

**SUMMARY**

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The purpose of this report is to request approval to amend Purchase Order No. 6020685 by an amount of \$1,387,704.86, net of all taxes, as final payment to FHR Properties Inc. for costs in excess of the limit of Purchase Order No. 6020685 for the construction of the Simcoe Street Underpass, south of Front Street revising the current value from \$21,713,000.00 to \$23,100,704.86, net of all taxes as required by the City of Toronto Municipal Code, Chapter 71 – Financial Control By-Law.

This amendment represents the City’s share in the increase in the cost of engineering services related to design and contract administration during construction, as well as additional unanticipated work scope in the finalization of the construction of the Simcoe Street Underpass.

**RECOMMENDATIONS**

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

1. amend Purchase Order No. 6020685 to FHR Properties Inc. for the City’s share of the costs related to the Simcoe Street Underpass by an additional amount of

\$1,387,704.86 net of all taxes, revising the current value from \$21,713,000.00 to \$23,100,704.86, net of all taxes.

## **Financial Impact**

The amendment for an additional amount of \$1,387,704.86, net of all taxes, increases the current value of Purchase Order No. 6020685 from \$21,713,000.00 to \$23,100,704.86 (net of all taxes). Sufficient funding is available in the 2010 Transportation Services Capital Budget in accounts CTP801-10 and CTP510-01.

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

## **DECISION HISTORY**

This request is made pursuant to:

Policy and Finance Committee Report 5, adopted without amendment by City Council on June 27, 28 and 29, 2006. The report can be found at:

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060627/pof5rpt/cl034.pdf>

## **ISSUE BACKGROUND**

The City issued Purchase Order No. 6020685 on October 19, 2006 for an amount of \$21,713,000.00 (excluding GST) to FHR Properties Inc. to cover the City's share of the engineering, construction and contract administration for the construction of the Simcoe Street Underpass, south of Front Street. The apportionment of the costs between FHR Properties Inc. and the City was in accordance with the provisions of Section 6.2 of the Precinct Agreement.

The City's share of the cost of engineering, construction and contract administration exceeded the limit of Purchase Order No. 6020685 due to construction delays, contractor claims, extra work orders and the reallocation of cost-apportionment between the City and FHR Properties Inc.

The limit of Purchase Order No. 6020685 was reached with the City's payment to FHR Properties Inc.'s in July 2009. Since then, FHR Properties Inc. incurred expenses for which the City shares a portion of the cost in accordance with the Precinct Agreement. From July 13, 2009 to June 14, 2010, FHR Properties Inc. has submitted invoices related to construction progress payments, engineering, contract administration and reallocation of cost-apportionment between the City and FHR Properties Inc. The total amount of these invoices is \$1,387,704.86, net of all taxes.

## **COMMENTS**

FHR Properties Inc. entered into a construction contract with Soncin Construction Corporation for construction of the underpass for a tendered amount of \$35,224,691.12 (excluding GST). Construction started on July 17, 2006 and was completed on December 15, 2009 at a cost of \$37,912,669.25 (excluding GST). The City's share of the final cost of construction was \$19,342,155.45 (excl. GST).

FHR Properties Inc. retained Morrison Hershfield to provide engineering and contract administration services in connection with the design, construction administration and site supervision during construction of the underpass. The final fee for contract administration was \$2,284,946.95 (excl. GST), of which the City's share was \$1,491,820.90. In addition, the City owed FHR Properties Inc. \$2,266,728.51 (excl. GST) for engineering services incurred during the design phase of the project, prior to July 2006, and which were subsequently paid in April 2008. The final cost of the City's share of consulting services paid during the construction phase of the project was \$3,758,549.41 (excl. GST).

The City's share of the cost of engineering, construction and contract administration exceeded the limit of Purchase Order No. 6020685 due to construction delays, contractor claims, and extra work orders. Further, adjustments were made to the cost-apportionment between the City and FHR Properties Inc. under the Precinct Agreement. One notable example was the cost of the construction of the underground storm water detention tank, whereby the cost apportionment between FHR and the City was finalized to approximately 97% of the City's cost based on the source of the volume of water entering the tank.

The limit of Purchase Order No. 6020685 was reached with a partial payment by the City against FHR Properties Inc.'s July 2009 invoice. FHR Properties Inc. continued to incur construction expenses from July 13, 2009 to December 15, 2009, when construction of the underpass was completed. Further, FHR Properties Inc. continued to incur contract administration expenses until May 6, 2010, during the period of contract wrap-up, which comprised rectification of deficiencies and finalization of as-built drawing

The City advised FHR Properties Inc. that an application for an amendment to Purchase Order No. 6020685 to cover the outstanding invoices for construction, contract administration and engineering, would be made after receipt of the final invoice from FHR Properties Inc. for the City's share. FHR Properties Inc. advised the City that the final invoice was issued on June 14, 2010 after the City accepted the as-built drawings in the digital format of the City's standards.

Accordingly, an additional amount of \$1,387,704.86 (excluding GST) is required to amend Purchase Order No. 6020685 for final payment to the FHR Properties Inc. for the City's total share of the engineering, construction and contract administration of the Simcoe Street Underpass, south of Front Street.

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

## **CONTACT**

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## **SIGNATURE**

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Gary Welsh, P. Eng.  
General Manager  
Transportation Services

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Peter M. Crockett, P. Eng.  
Executive Director  
Technical Services

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Lou Pagano, P. Eng.  
Director  
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