



**STAFF REPORT  
ACTION REQUIRED**

**Amendment to Purchase Order No. 6027774, Belfield Road Resurfacing and Watermain Replacement and Martin Grove Road Resurfacing, Contract 09EY-02RD**

<b>Date:</b>	August 5, 2010
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	Executive Director, Technical Services Director, Purchasing and Materials Management
<b>Wards:</b>	Ward 2 – Etobicoke North
<b>Reference Number:</b>	P:\2010\ClusterB\Tec\PW10032

**SUMMARY**

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The purpose of this report is to request authority to amend Purchase Order No.6027774 which was issued to D. Crupi & Sons Limited for the resurfacing, watermain replacement and sidewalk reconstruction on Belfield Road from Highway 27 to Kipling Avenue and on Martin Grove Road from Belfield Road to the north limit of Highway 409. The total amendment being requested is \$874,139.75 excluding GST, revising the current contract value from \$2,737,705.00 to \$3,611,844.75 excluding GST which requires committee approval, in accordance with the City of Toronto Municipal Code, Chapter 71- Financial Control By-Law.

The amendment is required to cover the cost of increased quantities of contract tendered items and extra work required to satisfactorily complete the project and to facilitate final payment and contract closure.

**RECOMMENDATIONS**

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

1. Amend Purchase Order No. 6027774, issued to D. Crupi & Sons Limited for Contract 09EY-02RD, by an additional amount of \$874,139.75 excluding GST.

## **Financial Impact**

The amendment for an additional amount of \$874,139.75 net of GST increases the current contract value from \$2,737,705.00 to \$3,611,844.75 net of GST. Sufficient funding is available for this increase in the 2010 Transportation Services Capital Budget in account CTP310-01-32 in the amount of \$649,102.82 and in the 2010 Toronto Water Capital Budget in account CPW542-04-12 in the amount of \$225,036.93.

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

## **ISSUE BACKGROUND**

On March 25, 2009, the Bid Committee awarded Contract 09EY-02RD, Tender Call No. 47-2009 for Belfield Road resurfacing, watermain replacement and sidewalks from Highway 27 to Kipling Avenue and Martin Grove Road resurfacing from Belfield Road to the north limit of Highway 409 to D. Crupi & Sons Limited, in the amount of \$2,737,705.00 excluding GST, being the lowest Tender meeting specifications. Purchase Order No. 6027774 was issued accordingly. The link to this report can be found at:

<https://netstorage.toronto.ca/oneNet/NetStorage/DriveQ%40QRY/2009/Others/bid/agendas/2009-03-25-bd112-ar.pdf>

Construction activity on this contract began in May 2009 and was completed in November 2009.

## **COMMENTS**

During construction the contractor was required to increase the quantity of some contract tendered items and to perform additional work to satisfactorily complete the project. The total costs incurred within each category and a description of the major items involved is provided below.

### **Increased Quantities for Contract Tendered Items**

The largest variations in tender quantities were in the following areas:

(1) As work was progressing it was considered necessary to remove and replace additional curb & gutter considered deficient. The additional cost of this work is \$105,549.80 excluding GST;

(2) As work was progressing it was considered necessary to remove and replace additional sections of sidewalk considered deficient. The additional cost for this work is \$101,500.32 excluding GST;

(3) Additional topsoil and sod was required to restore a larger area of boulevard than was anticipated during design. The additional cost for this work is \$58,260.00 excluding GST;

(4) Additional large-diameter service connections were required as they were not shown on record drawings. The additional cost for this work is \$28,690.60 excluding GST; and

(5) Additional 300mm watermain was installed to upgrade the connection at McCulloch Avenue. This enabled staff to avoid cutting the new Belfield Road pavement when the remainder of the McCulloch Avenue watermain was to be replaced later in 2009. The additional cost for this watermain work is \$41,762.00 excluding GST.

The total cost of the above items is \$335,762.72. With the addition of miscellaneous small items, the total additional cost due to variations in tendered quantities is \$610,729.29 excluding GST. All costs associated with these items are based upon tendered unit rates.

## **Additional Work**

The four largest additions to the contract and brief descriptions of why these were required are provided below.

### Additional cost for base and surface asphalt in driveways

Driveways were damaged during curb & gutter and sidewalk removals and replacement and sidewalk construction. Quantities for removal and replacement of asphalt driveways are typically included in tenders for this type of work, but in this case only the removals were included. The cost for adding the asphalt driveway replacement is \$159,036.48 excluding GST.

### Additional cost for rout and seal of cracks in concrete road base

Crack repairs in the concrete road base were expected and quantities for the repair of large cracks of varying depths were included in the tender. However, when the road base was exposed, smaller cracks were identified which did not require the type of repair included in the tender. A lower unit price (compared to tender items) was negotiated to repair these small cracks using the rout and seal method. The additional cost for this work is \$94,597.50 excluding GST.

### Additional cost for small diameter copper services

The watermain service connections that were included in the tender were large diameter services supplying the adjacent industrial landuses, based upon record drawing information. As the work progressed a number of unanticipated, small diameter copper services were encountered that were required to be connected to the new watermain. The additional cost for this work is \$57,815.44 excluding GST.

Additional cost due to faulty City valves

During the course of the project City crews were required to operate City valves to permit connections of the new watermain to the existing watermain. On a number of occasions, the City valves did not operate properly resulting in additional work and temporary restoration costs until such time that the proper operation of the City valves could be confirmed. The additional cost of this work is \$33,159.13 excluding GST.

Additional cost for traffic signals

The median islands on all four legs of the intersection of Belfield Road and Martin Grove Road were encroaching into the crosswalk areas. Although it was known that traffic signal civil work would be required, the designs for the traffic signal modifications were not available at the time of tendering. The added cost of this work is \$75,799.00.

The total cost for the above items is \$420,407.55. With the addition of miscellaneous small items, the total additional cost for all additional work not included in the original tender is \$481,664.00.

**Interest Charges**

The duration of the negotiation process for finalizing the contract was significantly longer than is typically required. It was agreed to compensate the contractor for interest on outstanding balances from December 4, 2009, which is the date 45 days after the date of substantial completion of the contract, up to August 18, 2010, the date which Public Works and Infrastructure Committee considers the proposed payment. The interest cost is \$36,746.47, based on a yearly carrying cost interest rate of 5.28 percent paid by the contractor. This interest rate was substantiated by the contractor's lending institution.

**Summary of Additional Costs**

The total additional costs for Contract 09EY-02RD are summarized in Table No. 1 below.

**Table No. 1: Summary of Additional Costs**

<b>Extra/Additional Work Type</b>	<b>Cost</b>
<b>1. Curb and Gutter</b>	\$105,549.80
<b>2. Sidewalk</b>	\$101,500.32
<b>3. Sod and Topsoil</b>	\$58,260.00
<b>4. Service Connections</b>	\$28,690.60

<b>Extra/Additional Work Type</b>	<b>Cost</b>
<b>5. McCulloch Avenue watermain</b>	\$41,762.00
<b>6. Driveway Asphalt</b>	\$159,036.48
<b>7. Road Base Repairs</b>	\$94,597.50
<b>8. Copper Services</b>	\$57,815.44
<b>9. Additional Work due to Faulty Valves</b>	\$33,159.13
<b>10. Traffic Signal Civil Work</b>	\$75,799.00
<b>11. Miscellaneous Small Items</b>	\$336,223.01
<b>12. Interest Charges</b>	\$36,746.47
<b>Total Additional Cost</b>	\$1,129,139.75
<b>Less Contract Contingency</b>	-\$255,000.00
<b>Purchase Order Amendment Request</b>	\$874,139.75

The total cost for additional work (tendered items and change orders is \$1,129,139.75 (excluding GST). A portion of this additional cost is covered under the contract contingency. An additional amount of \$874,139.75 is now required to amend Purchase Order No. 6027774 to complete the final payment for Contract No. 09EY-02RD. 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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