



Amendment to Purchase Order No. 6040444 – Fire Alarm Upgrade Project - 40 College Street, Toronto Police Headquarters

Date: August 31, 2017

To: Government Management Committee

From: Chief Corporate Officer

Director, Purchasing and Materials Management Division

Wards: Ward 9

SUMMARY

The purpose of this report is to request authority to amend Purchase Order No. 6040444 issued to Ontario Electrical Construction (OEC) Company Ltd for the Fire Alarm Upgrade project at Toronto Police Headquarters, 40 College Street, Toronto, Tender Call No. 43-2014, by an additional amount of by \$440,000 net of all taxes and charges (\$447,744 net of HST recoveries). The additional funds are required to pay for contractor costs incurred due to project delays. These delays occurred as a result of coordination issues and site access restrictions imposed by the City during the Pan Am Games.

RECOMMENDATIONS

The Chief Corporate Officer and the Director of Purchasing and Materials Management Division recommend that:

1. The Government Management Committee in accordance with Section 71-11.1.1.C of the City of Toronto Municipal Code (Financial Control By-law), grant authority to amend Purchase Order No. 6040444 issued to Ontario Electrical Construction (OEC) Company Ltd for the Fire Alarm Upgrade project at Toronto Police Headquarters, 40 College Street, by \$440,000 net of all taxes, (\$447,744 net of HST recoveries), revising the current Contract value from \$1,646,288 to \$2,086,288, net of all taxes (\$2,123,006 net of HST recoveries).

FINANCIAL IMPACT

The amendment to purchase order no. 6040444 for an additional amount of \$440,000 net of all taxes and charges (\$447,744 net of HST recoveries), increases the current contract value from \$1,646,288 net of all taxes and charges (\$1,675,262 net of HST recoveries) to \$2,086,288 net of all taxes and charges (\$2,123,006 net of HST recoveries).

Funding for the requested amendment is available in the 2017 Council Approved Capital Budget for Facilities, Real Estate and Environment & Energy (FREEE). The increase will be funded within the approved total project cost of \$2,386,380 for the replacement of the fire alarm system at 40 College (CCA207-17).

The Deputy City Manager & Chief Financial Officer has reviewed this report and is in agreement with the financial impact information.

Table 1 - Financial Impact Summary

WBS Element/Cost Element	Description	Date	Total (net of HST Recoveries)
CCA207-17	Total Council Approved Project Budget	March 31, 2013	\$2,386,380
CCA207-17	PO- Ontario Electrical Construction	November 12, 2014	\$1,496,567
CCA207-17	POA- No. 1-	May 20, 2016	\$ 149,721
CCA207-17	Total Project Spent to Date	July 30, 2013	\$ 1,934,751
	Total Project Budget Available	July 25, 2017	\$ 451,629
CCA207-17	Proposed Increase in Ontario Electrical Construction contract (POA-No. 2)		\$ 447,744

DECISION HISTORY

At its meeting held on August 20, 2014, Bid Committee Meeting 195, Item 4 adopted the recommendation to award Tender no. 43-2014 to Ontario Electrical Construction (OEC) Company Ltd. for the Fire Alarm Upgrade Project at Toronto Police Headquarters, 40 College Street, Toronto, being the lowest bidder meeting the requirements of the tender. This report can be found at the following link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.BD195.4>

COMMENTS

The fire alarm upgrade project (Tender 43-2014) was tendered February 11, 2014 and on November 21, 2014, the City of Toronto entered into an agreement with Ontario Electrical Construction (OEC) Company Ltd. Purchase Order No. 6040444 was issued in the amount of \$1,496,567 net of all applicable taxes. On May 20, 2016, in accordance with the City's Financial Control By-Law, Financial Code 71, the Purchase Order was amended to increase the total amount by \$149,721 to \$1,646,288 net of all applicable taxes, for additional work needed due to unforeseen site conditions.

The original date for OEC to complete the project was December 31, 2014 but this was deemed unrealistic after initial consultation. A schedule was developed by OEC and approved by the City with an amended completion date of January 31, 2016.

On May 27, 2015 it was noted that due to the security efforts required by Toronto Police Services staff for the Pan Am Games, contractor work was suspended in the office areas and the 12th floor until August 24th, 2015. However, some work did continue.

In addition to the delay imposed by the Pan Am Games, there were other documented delays in obtaining site access to the office areas. As per the contract, OEC submitted access requests two (2) weeks in advance of scheduled construction; however, OEC was not permitted into private offices or secured spaces without supervision. On several occasions Toronto Police staff worked afterhours to accompany OEC into sensitive areas, including those where the PanAm security team was working, but there were nevertheless some delays as a result.

Furthermore there were occurrences in which OEC was denied access to the site. This was due to situations that required the Toronto Police force to operate with heightened security which did not allow for external contractors to be present in building. At other times OEC employees arrived on site without the required pre-authorized security clearance and were refused entry upon arrival.

Due to the unanticipated length of the project there were three different Project Managers assigned as the lead. Given the complexity of the project this also contributed to delays beyond the agreed upon completion date with OEC.

As a result the approved schedule was revised a total of five (5) times during the life of the project, with the final completion date set for January 13, 2017. This represents a 12 month extension of the agreed schedule.

Based on the unforeseen delays imposed on the contractor and the extension of the construction period due to access restrictions, it is the opinion of City staff that the delay costs submitted by Ontario Electrical Construction (OEC) Company Ltd are fair and reasonable.

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SIGNATURE

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