

**REPORT FOR ACTION****Amendment to Purchase Order Number 6045166
Issued to DPSL Group Limited for Construction
Services for the Albert Campbell Square Expansion
Project at the Scarborough Civic Centre (150 Borough
Drive)**

Date: September 20, 2019

To: General Government and Licensing Committee

From: Executive Director, Corporate Real Estate Management and
Chief Purchasing Officer

Wards: Ward 21 - Scarborough Centre

SUMMARY

Corporate Real Estate Management is completing a project that will improve Albert Campbell Square. The scope of work includes the installation of a splash pad, playground, and other public realm enhancements. Following a competitive tender process, the City of Toronto ("the City") issued a Purchase Order for \$2,773,000 to DPSL Group Limited on June 19, 2017. Following the issuance of the Purchase Order, and shortly after construction started, two significant challenges were encountered which delayed the project and drove additional costs. These two challenges are related to: 1) the structural safety of the underground parking structure located below the new playground, and 2) engineering redesign of the site servicing and drainage systems.

The purpose of this report is to request authority to amend Purchase Order number 6045166 issued to DPSL Group Limited for construction services for the Albert Campbell Square Expansion Project located at the Scarborough Civic Centre (150 Borough Drive). The total Purchase Order Amendment being requested is for an additional amount of \$400,000 net of all applicable taxes and charges (\$407,040 net of Harmonized Sales Tax recoveries), revising the value from \$3,273,000 to \$3,673,000 net of all applicable taxes and charges (\$3,737,645 net of Harmonized Sales Tax recoveries).

Construction of the project is currently progressing well, and expected to be completed in December 2019. All challenges have been resolved and the approval of the requested amendment will allow the City to bring the construction to completion.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, and the Chief Purchasing Officer recommend that:

1. The General Government and Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law) grant authority to amend Purchase Order Number 6045166 issued to DPSL Group Limited to provide continuity of construction services for the Albert Campbell Square Expansion Project by an additional amount of \$400,000 net of all applicable taxes and charges (\$407,040 net of Harmonized Sales Tax recoveries), revising the value from \$3,273,000 to \$3,673,000 net of all applicable taxes and charges (\$3,737,645 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

The requested amendment to Purchase Order Number 6045166 for an additional amount of \$400,000 net of all taxes and charges (\$407,040 net of Harmonized Sales Tax recoveries), adjusts the current contract value from \$3,273,000 net of all taxes and charges (\$3,330,605 net of Harmonized Sales Tax recoveries) to \$3,673,000 net of all taxes and charges (\$3,737,645 net of Harmonized Sales Tax recoveries).

Funding for the requested amendment of \$400,000 net of all applicable taxes and charges (\$407,040 net of Harmonized Sales Tax recoveries) is available within the existing project budget in the 2019 Council Approved Facilities, Real Estate and Environment & Energy Capital Budget and 2020-2028 Capital Plan under Work Breakdown Structure element CCA251-08.

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

DECISION HISTORY

At its meeting of May 24, 2017, the Bid Award Panel adopted BA23.6 "Award of Tender Call No. 144-2017 to DPSL Group Ltd. for Albert Campbell Square Expansion at 150 Borough Drive, Toronto" and granted authority to award a contract in the amount of \$2,821,805 net of Harmonized Sales Tax recoveries. The item is available online at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BA23.6>

COMMENTS

The City is completing work at Albert Campbell Square that will improve the amenities available to the public, including the installation of a splash pad, park, and playground. Challenges with the design of water drainage systems and safety concerns about the

structural slab have resulted in delays, increased scope, and higher-than-expected project costs.

The following is a summary and explanation of the additional costs required after the contract award of Purchase Order Number 6045166 was issued to DPSL Group Limited on June 19, 2017. Two purchase order amendments have been previously issued in the amount of \$250,000 each. The first amendment was required to address a safety concern with the structural slab, complete preparatory work to correct a drainage issue, and complete work to address minor, unforeseen site conditions. The second amendment enabled further design work to address the drainage issue, covered costs associated with bonding and schedule extensions, and accounted for further work to address minor, unforeseen site conditions. The requested third amendment is for costs associated with construction work to address the drainage issue and to ensure that adequate contingency is available for the duration of the project. These issues are addressed in further detail in subsequent sections of the report. Together with the requested amendment, the total value of all purchase order amendments is \$900,000. Table 1 provides a breakdown of the additional costs and amendments.

Table 1: Break down of additional costs and amendments (net of all taxes)

	Amendment 1	Amendment 2	Amendment 3 (Requested)	Total Amendments
Water Drainage Issues	\$50,000	\$50,000	\$280,000	\$380,000
Structural Issues	\$100,000	-	-	\$100,000
Bonding and Schedule Extensions	\$50,000	\$150,000	-	\$200,000
Unforeseen Miscellaneous Site Conditions	\$50,000	\$50,000	-	\$100,000
Additional Contingency	-	-	\$120,000	\$120,000
Total	\$250,000	\$250,000	\$400,000	\$900,000

Site Servicing (Water Drainage)

Prior to the issuance on the tender call for construction the design consultant applied for a building permit on behalf of the City. However, the consultant only prepared the

required drawings needed to obtain a building permit, and did not issue the drawings required for a plumbing permit.

Shortly after the start of construction, Corporate Real Estate Management staff identified two challenges with the design of the water drainage systems in consultation with Parks, Forestry and Recreation and Toronto Water:

- The storm water drainage system was designed to connect to the drainage system of the neighbouring condo building, which is located directly adjacent to Albert Campbell Square. This design was incorrect and modified to connect to the proper Toronto Water drainage systems.
- Likewise, Toronto Water identified that the splash pad drainage system must connect to the proper Toronto Water sanitary drain system, due to the potential presence of sunscreen and other substances in the splash pad waste water.

The redesign of both drainage systems affected site grading plans, and new scope of construction work was more extensive than the original design, which resulted in project delays and drove additional costs of approximately \$380,000.

If a plumbing permit application had been submitted during the permitting phase, these design challenges would have been identified by Toronto Water prior to construction and the additional costs would have been avoided.

Safety/Structural Engineering Challenge

A safety concern was identified in June 2018, requiring a temporary halt to the construction activities until the concern could be assessed. The Albert Campbell Square expansion (park and landscaping) is being constructed directly over top of an underground parking garage that belongs to an adjacent condo building. The concrete roof slab of this parking structure began to show signs of small cracks when construction started, as heavy machinery and materials were being used. This was unanticipated, as a professional structural engineer reviewed the structural capacity of the concrete roof slab prior to construction and issued a report stating that the underground parking structure was strong enough to support the construction equipment and materials.

Out of caution, the project team stopped work on the project and investigated the cause of the cracking. Extensive testing and further investigation of the parking garage's structural capacity determined 1) that the cracking of the concrete was not due to the construction activities and 2) that the structural capacity is more than adequate to support construction. Additional precautionary measures were recommended to further reduce the loading on the parking garage's concrete roof slab during construction, which the contractor subsequently implemented. These precautionary measures resulted in schedule extensions and additional project costs of approximately \$100,000, as these measures required the contractor to work with fewer materials and smaller machinery on the site.

Bonding and Schedule Extension Costs

The challenges related to the structural safety of the underground parking structure and the redesign of the site servicing and drainage systems resulted in construction schedule extensions, which drove additional costs of approximately \$200,000. These costs include additional bonding and insurance costs, additional storage fees, additional construction fence rental fees, and winter root protection for existing trees.

Unforeseen/Miscellaneous Site Conditions

Unforeseen and miscellaneous site conditions that are expected for a project of this size and complexity, represent \$100,000 of the completed amendments. These costs include: minor design changes and modifications to suit site conditions, ironsmith tree grates, architectural screening and structural engineering modifications to further strengthen concrete structures. These costs are captured within the allotted contingency budget.

Additional Contingency

If the requested amendment is approved, a contingency of \$120,000 will remain for the duration of the project. These funds will only be spent if required.

Current Construction Schedule

Construction of the project is currently progressing well and expected to be complete by December 2019. All challenges have been resolved and the approval of the requested purchase order amendment will enable staff to bring the project to completion.

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SIGNATURE

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