

Amendment to Purchase Order No. 6041671 with Black & Veatch Canada Company for Sewer Rehabilitation Program Management Post-Construction Services

Date: June 8, 2021

To: Infrastructure and Environment Committee

From: General Manager Toronto Water and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request authority to amend Purchase Order No. 6041671 with Black & Veatch Canada Company (Black & Veatch) for Sewer Rehabilitation Program Management post-construction services by \$71,038 net of all taxes and charges (\$72,288 net of HST recoveries), increasing the current purchase order value from \$141,709 net of all taxes and charges (\$144,203 net of HST recovery) to \$212,747 net of all taxes and charges (\$216,491 net of HST recovery).

Purchase Order 6041671 is one of three Purchase Orders that arose from the award of Request for Proposal 9117-15-7011 to Black & Veatch for Sewer Rehabilitation Program Management for 2015 to 2017 Capital Construction Years. The overall contract value awarded to Black & Veatch was \$5,730,353 as the upset limit net of all taxes and charges and has been amended twice, once in 2018 for \$59,357 and again in 2019 for \$495,215.

This current amendment is being requested for unanticipated additional services beyond base scope effort for the successful completion of the planned Sewer Rehabilitation Program, 2015 through 2017 construction years. Infrastructure and Environment Committee authority is required to approve this amendment in accordance with Chapter 71 (Financial Control).

RECOMMENDATIONS

The General Manager, Toronto Water and the Chief Procurement Officer recommend that:

1. The Infrastructure and Environment 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 No. 6041671 with Black & Veatch Canada Company for Sewer Rehabilitation Program Management post-construction services for 2015 to 2017 Capital Construction Years, by an additional amount of \$71,038 net of all taxes and charges (\$72,288 net of HST recovery), revising the current purchase order value from \$141,709 net of all taxes and charges (\$144,203 net of HST recovery) to \$212,747 net of all taxes and charges (\$216,491 net of HST recovery).

FINANCIAL IMPACT

Amendment of the Post-Construction Services Purchase Order No. 6041671 by an additional amount of \$71,038 net of all taxes and charges (\$72,288 net of HST recovery) will increase the purchase order from \$141,709 net of all taxes and charges (\$144,203 net of HST recovery) to \$212,747 net of all taxes and charges (\$216,491 net of HST recovery).

Funding is included in the Toronto Water 2021 Approved Capital Budget and 2022-2030 Approved Capital Plan, as summarized in Table 1 below.

Table 1: Financial Impact Summary

WBS Element	Description	2021	2022	Total (net of HST recoveries)
CWW465-06	Sewer Rehabilitation	\$52,288	\$20,000	\$72,288

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

DECISION HISTORY

The Bid Award Panel adopted Item No.BD31.2 at its meeting held on June 17, 2015, thereby authorizing the award of Request for Proposal 9117-15-7011 to Black & Veatch Canada Company for Sewer Rehabilitation Program Management for 2015 to 2017 Capital Construction Years, in the amount of \$5,730,353 as the upset limit net of all taxes and charges.

The Bid Award Panel decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.BD31.2>

The contract commitments consist of three (3) purchase orders: design services, contract administration services, and post-construction services.

Since the time of award there have been two amendments to these commitments. In August 2018, the purchase order for design services (PO6041669) was amended by \$59,357 and in March 2019 the purchase order for contract administration services (PO

6041670) was amended by \$495,215. Given that authority is now being requested to further amend the contract commitment requiring total expenditures in excess of \$500,000 of the original value of award, approval of the appropriate standing committee is required.

COMMENTS

1. Sewer Rehabilitation Program

Toronto Water maintains sanitary (3,726 km), combined (1,517 km) and storm (4,983 km) sewers. The purpose of the Sewer Rehabilitation Program is to maintain the existing sewer network in a state of good repair. Toronto Water's 2021 Approved Capital Budget and 2022-2030 Approved Capital Plan has a total of over \$770 million assigned to the Sewer System Rehabilitation Program.

The City retained Black & Veatch Canada Company (B&V) to provide overall program management for 2015, 2016 and 2017 capital construction years. As the base scope of work, B&V was responsible for the planning, coordination, public notification and management, specification and tender documents preparation, construction inspection and post construction services for an estimated \$80 million for the 2015, 2016 and 2017 construction years. The construction work included trenchless Cured-In-Place-Pipe (CIPP) sewer main structural lining, mechanical cleaning and flushing, spot repairs, connection replacements, and maintenance hole rehabilitation.

Under its scope of work, B&V was required to prepare between 6 and 12 new tenders and be responsible for 4 to 6 simultaneously active contracts that require contract administration and post-construction services during each construction period of the program. The number and value of the contracts varied based on the requirements in the particular year.

2. Amendment of Purchase Order No. 6041671 - Post-Construction Services

Post-construction services are the services required during the 24 month warranty period after the date of substantial performance. Services include conducting inspections at regular intervals, preparing a list of warranty deficiencies, providing deficiency resolution services and, notifying the contractors that contractual obligations under the terms of the warranty have been fulfilled when all deficiencies have been resolved. Under its scope of work, B&V was required to provide post-construction services for up to 12 contracts during the warranty period.

Since the start of work under this assignment, issues arose that required B&V to perform additional work during the post-construction phase.

(i) Additional Scope for Sewer Forcemain Rehabilitation

As part of a high-priority sewer repair, an additional contract for a sewer forcemain rehabilitation at two locations was added to the original base scope for design, contract

administration and post construction. A section of pipe rehabilitated under this contract did not meet the pressure testing requirements and B&V is currently providing deficiency resolution services including exploring and recommending alternative solutions for repairing the section of pipe.

(ii) Support Services with Litigation and Receivership Process

D.M. Robichaud Associates Ltd. (DMR) was the general contractor for three contracts under the program and went into receivership shortly after entering the warranty period.

Before going into receivership in 2019, DMR filed a Statement of Claim with the Ontario Superior Court of Justice relating to one of the contracts. In response to this claim, the City subsequently filed a Statement of Defence and Counterclaim and is involved in an ongoing litigation process. In addition, DMR made various claims on the other two contracts, and the Receiver has pursued reconciliation through direct negotiations with the City. B&V provided informational support to the City in respect of the litigation and receivership process arising from these Projects. This effort included attending meetings with the Receiver and assisting Legal Services in responding to specific items related to claims.

The cost to amend the post-construction services purchase order to B&V to secure the continuation of B&V services and assisting the City in negotiating the closure of the remaining portion of the 2015, 2016 and 2017 Sewer Rehabilitation Program is \$71,038 net of all taxes and charges. In order to complete the remaining work, the purchase order delivery date will also be amended to December 31, 2022.

CONTACT

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SIGNATURE

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