

Amendment to Purchase Order Number 6056437 with Stantec Consulting Ltd. for Professional Engineering Services for the Bridge Program Management Assignment 2

Date: July 7, 2026

To: General Government Committee

From: Chief Engineer and Executive Director, Engineering and Construction Services and Chief Procurement Officer

Wards: All

SUMMARY

This report is seeking authority to amend Purchase Order Number 6056437 issued to Stantec Consulting Ltd., (formerly Morrison Hershfield Limited) awarded through Request for Proposals Doc2754972072 for Professional Engineering Services for the Bridge Program Management Assignment 2 (BPMA2), Contract Number RFP-20ECS-TI-22BE.

The amendment is being requested for additional professional engineering fees associated with BPMA2, which requires the reconciliation of engineering fees on bridge projects where the tendered construction values exceeded the estimated construction value used at the time of design commencement. Under the terms of the consulting agreement, Stantec Consulting Ltd.'s engineering services fees are paid as a percentage of construction contract award value and reconciled once the tendered construction value is known, or for shelved structures, on the basis of the pre-tender construction estimate. Several bridge projects have tendered materially above the construction values estimated at design commencement, driven by sustained market escalation, site-specific complexities during detailed design, and the addition of three F.G. Gardiner Expressway structures to the program. The Provisional Sum included at award to fund these fee adjustments has been substantially drawn down over the course of the program and is no longer sufficient to accommodate the reconciliations required for these bridge projects.

The total value of the Purchase Order Amendment for Stantec Consulting Ltd., that is being requested is \$1,477,359 net of all applicable taxes and charges (\$1,503,361 net of Harmonized Sales Tax recoveries), revising the current value of Purchase Order Number 6056437 from \$20,099,196 net of all applicable taxes and charges Amendment to Purchase Order 6056437 with Stantec Consulting Ltd., for the Bridge Program Management Assignment 2

(\$20,452,941 net of Harmonized Sales Tax recoveries) to \$21,576,555 net of all applicable taxes and charges (\$21,956,302 net of Harmonized Sales Tax recoveries).

Approval of this Purchase Order Amendment will allow Stantec Consulting Ltd. to be compensated for these fee reconciliations in accordance with the consulting agreement and is required to enable continued delivery of the BPMA2 through to its planned conclusion in 2028.

RECOMMENDATIONS

The Chief Engineer and Executive Director, Engineering and Construction Services and the Chief Procurement Officer recommend that:

1. The General Government Committee, in accordance with Section 71-11.1.C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-Law), grant authority to the Chief Engineer and Executive Director, Engineering and Construction Services to amend Purchase Order Number 6056437 with Stantec Consulting Ltd., for the provision of additional professional engineering services associated with the Bridge Program Management Assignment 2, Contract Number RFP-20ECS-TI-22BE, in the amount of \$1,477,359 net of all applicable taxes and charges (\$1,503,361 net of Harmonized Sales Tax recoveries), revising the current value of Purchase Order Number 6056437 from \$20,099,196 net of all applicable taxes and charges (\$20,452,941 net of Harmonized Sales Tax recoveries) to \$21,576,555 net of all applicable taxes and charges (\$21,956,302 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

The total value of the requested amendment for Purchase Order Number 6056437 is \$1,477,359 net of all applicable taxes and charges (\$1,503,361 net of Harmonized Sales Tax recoveries), revising the current value of Purchase Order Number 6056437 from \$20,099,196 net of all applicable taxes and charges (\$20,452,941 net of Harmonized Sales Tax recoveries) to \$21,576,555 net of all applicable taxes and charges (\$21,956,302 net of Harmonized Sales Tax recoveries).

Funding for the Purchase Order Amendment is available in the 2026-2035 Capital Budget and Plan for Transportation Services (Bridge Rehabilitation and F.G. Gardiner Rehabilitation Programs), as summarized in Table 1 below (net of Harmonized Sales Tax recoveries).

Table 1: Financial Impact Summary (net of Harmonized Sales Tax Recoveries)

WBS Element	Description	2026	2027	Total
CTP515-01-183	City Bridge Rehabilitation	\$522,459	\$300,672	\$823,131
CTP122-08-41	F.G. Gardiner Rehabilitation	\$680,230	\$0	\$680,230
Total		\$1,202,689	\$300,672	\$1,503,361

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

DECISION HISTORY

At its meeting held on March 23, 2021, the Infrastructure and Environment Committee adopted Item IE20.6, granting authority in accordance with Section 195-8.4 of the City of Toronto Municipal Code Chapter 195 (Purchasing By-Law) to award Contract Number RFP-20ECS-TI-22BE, Ariba Document Number 2754972072, to Morrison Hershfield Limited for Professional Engineering Services for the Bridge Program Management Assignment, in the amount of \$23,841,431 net of all applicable taxes and charges (\$24,261,040 net of Harmonized Sales Tax recoveries), including contingencies, in support of Transportation Services' Bridge Rehabilitation Program. The award will be divided into two (2) components: (1) Program Management Services in the amount of \$4,017,490 net of all applicable taxes and charges (\$4,088,198 net of Harmonized Sales Tax recoveries); and (2) Professional Engineering Services (including data collection, engineering design, tender preparation, services during construction, and post construction services), in the amount of \$19,823,941 net of all applicable taxes and charges (\$20,172,842 net of Harmonized Sales Tax recoveries). The Committee decision can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2021.IE20.6>

COMMENTS

Background

The Bridge Program Management Assignment 2 (BPMA2) supports the City's Bridge Rehabilitation Program, which maintains state of good repair of City-owned bridges and culverts. Under BPMA2, the supplier is responsible for program management, data collection, preliminary design, detailed design, services during construction, and post construction services for the rehabilitation of bridge structures across the City, originally scoped at 39 structures from 2022 to 2025. The City retains a supervisory role and has the right to modify, add, or remove project scope as necessary to satisfy its capital program needs.

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The City issued Purchase Order Number 6052375 to Morrison Hershfield Limited for the Professional Engineering Services component of BPMA2. On February 6, 2025, Purchase Order Number 6052375 was replaced by Purchase Order Number 6056437 following a change of the Supplier's legal name from Morrison Hershfield Limited to Stantec Consulting Ltd.

Prior to this Report, Purchase Order Number 6056437 has previous amendments in the amount of \$408,456 net of all applicable taxes and charges (\$415,644 net of Harmonized Sales Tax recoveries).

Basis of Compensation - Percentage of Construction Cost

Under the consulting agreement, Stantec Consulting Ltd.'s engineering services fees (data collection, preliminary design, detailed design, services during construction, and post construction services) are paid as a percentage of construction cost, excluding taxes. The percentages were established at the time of award and applied to the estimated construction cost of each bridge project, which determined the upset limit of their fees at the time of design commencement.

The consulting agreement provides that engineering fees are subsequently reconciled once the tendered construction value is known. Where the construction value exceeds the estimated construction value used at the time of award, Stantec Consulting Ltd. is entitled to additional compensation calculated by applying the contractual percentages to the increase in value. Conversely, where the tendered construction value is less than the estimate, fees are reduced. For reconciliation purposes, the tendered construction value is taken as the construction contract award price excluding contingency.

The reconciliation mechanism was anticipated at the time of award through the inclusion of a Provisional Sum valued at \$2,500,000 within the \$4,800,000 Provisional Sum and Allowances category, specifically for "consultant fee adjustments due to tender pricing greater than estimated construction cost."

Where a project is shelved and does not proceed to construction following completion of detailed design, the consulting agreement has provisions that the data collection, preliminary design, and detailed design fees are reconciled on the basis of a percentage of the pre-tender construction estimate developed during detailed design as reviewed and accepted by the City.

Need for Additional Funding

Over the course of the BPMA2, several bridge projects have proceeded to tender at values materially higher than the estimated construction values used at the time of design commencement, driven by sustained construction market escalation, site-specific complexities during detailed design, and the addition of three F.G. Gardiner Expressway structures to the program scope. The Provisional Sum allocated for tender reconciliation, together with the available balance within the Engineering Services Provisional Allowances, has been effectively exhausted by reconciliations completed earlier in the program.

Staff have completed reconciliation of engineering fees with Stantec Consulting Ltd. for the bridge projects shown in Table 2. For structures that have been tendered, the reconciliation reflects the difference between the fees calculated on the estimated construction value and the fees calculated on the tendered construction value. For structures that have been shelved prior to tender, the fees have been reconciled on the basis of the pre-tender construction cost estimate developed during detailed design, in accordance with the consulting agreement.

Table 2: Reconciliation Amounts Subject to this Purchase Order Amendment

Change Order	Description	Amount (net of all taxes and charges)
Change Order 108	Reconciliation of design fees - tendered bridge IDs 416, 417, 423 (F.G. Gardiner Expressway structures, added to the program under CO 69 for design services)	\$668,465
Change Order 110	Reconciliation of design fees - shelved IDs 70 and 207	\$436,724
Change Order 115	Reconciliation of design fees - shelved IDs 516 and 524	\$76,699
Allowance for Future Fee Adjustment Required as per Terms of the Contract	Allowance for the final reconciliation of shelved structures once tendered, expected by 2027	\$295,471
Total (net of all taxes and charges)	Purchase Order Amendment total amount requested	\$1,477,359

Risk

Change Orders 110 and 115 relate to bridge projects that have been shelved prior to tender due to capital coordination but are expected to be tendered under this assignment by 2027, and the reconciliation amounts have therefore been calculated on the basis of the pre-tender construction cost estimate rather than the actual tendered construction value. Where the tendered construction cost comes in lower than the pre-tender estimate, the difference will be applied as a credit, but where it comes higher, the additional design fees will be drawn from the allowance. The allowance included in this amendment is intended to absorb the risk of moderate upward variation between the pre-tender estimate and the eventual tendered construction value. The reconciliation of all other structures in the program is complete.

Analysis and Recommendation

The reconciliation amounts have been calculated by applying the contractual percentages established at the time of award to the change in construction value between the estimated and tendered construction costs. This is the same basis on which all engineering fees under this assignment have been calculated and is consistent with the reconciliation mechanism anticipated by the consulting agreement at the time of award. Staff have reviewed Stantec Consulting Ltd.'s reconciliation documentation and have verified the calculations against the contractual percentages and construction values for each project. The amounts are considered fair and reasonable, and consistent with Stantec Consulting Ltd.'s entitlement under the consulting agreement.

Approval of this Purchase Order Amendment will allow Stantec Consulting Ltd. to be compensated for the reconciliation of design fees on the structures set out in Table 2, in accordance with the percentage of construction cost basis of compensation set out in the consulting agreement. The amendment is required to enable continued delivery of the BPMA2 through to the assignment's planned conclusion in 2028.

CONTACT

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SIGNATURE

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