



REPORT TO COUNCIL

To: **Mayor and Councillors**

Subject: Contract No. T2022-024, 56 Avenue and Park Avenue Utilities Replacements - Request for Additional Funds

File #: 5240.01

Doc #: 192475

From: Goran Corda, BTech
Project Manager

Date: February 12, 2024

RECOMMENDATION:

1. THAT “*Contract No. T2022-024, 56 Avenue and Park Avenue Utilities Replacements*” be increased by an additional \$898,500 (excluding GST) to address unforeseen circumstances encountered on 56 Avenue.
2. THAT the Director of Engineering, Parks and Environment be authorized to execute change orders up to the revised contract limit of \$5,055,000 (excluding GST).

PURPOSE:

“*Contract No. T2022-024, 56 Avenue and Park Avenue Utilities Replacements*” was awarded to McDonald & Ross Construction Ltd. (Contractor) at the May 23, 2023 Council Meeting. The scope includes replacement of utilities on both 56 Avenue and Park Avenue. The project is well underway but unanticipated sub-surface conditions have resulted in significant cost increases related to the disposal of excavated materials, specifically on 56 Avenue.

The purpose of this report is to secure Council’s approval for additional funds, over the original contract value to address the Contractor’s claim for extra work as a result of unforeseen ground conditions.

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POLICY:

The additional funding request is in accordance with the City's Purchasing Policy FN-12.

COMMENTS/ANALYSIS:

The City awarded the contract to McDonald & Ross Construction Ltd. (Contractor) at the May 29, 2023, Council Meeting and the work is in progress. The contract includes replacement of utilities on two roadways, namely 56 Avenue from 200 Street to 203 Street (56 Avenue) and Park Avenue. The utilities replacements on Park Avenue are substantially complete and on 56 Avenue only the storm sewer replacement is outstanding and this is the area that the claim for contaminated materials applies to.

Provincial regulations around contaminated materials changed in 2023 without any consultation with the construction sector and local governments, impacting the disposal of certain excavated materials that may now be considered as contaminated materials requiring disposal in specific locations.

The Contractor commenced construction in July 2023, undertaking soil samples as a precursor to the removal and disposal off site of any trench excavation materials and the test results determined that in certain areas the levels of chlorides in the samples exceeded the new regulations.

As a result the Contractor submitted a claim to the City for additional costs for disposal that included trucking the material the additional distance as well as the increased material disposal fees.

The City's Contract Administrator (CA) undertook an extensive review of the validity of the contractor's claim in conjunction with the City's legal counsel and found the Contractor's claim to be reasonable. Additional evaluation by the CA determined that the contractor's claim could be reduced to approximately 50% of the originally claimed \$1.2M by reusing some of the material as trench backfill.

In addition to the specific contamination claim there are other non-related minor change orders in the contract that are deemed reasonable, well within the industry expectations and it is recommended that an additional 5%, or \$241,000 be approved to cover any unforeseen extras. Any unused funds would be reallocated to the original funding sources.

The Contractor's utility contract started in July 2023 was scheduled to be completed by the end of year 2023 although the Contractor has been granted additional working

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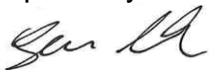
days due to weather delays and for the extra work. Given the contract's outstanding remaining works it is expected that substantial completion will be achieved by late March 2024.

BUDGET IMPLICATIONS:

The original contract with McDonald and Ross Construction Ltd. was for \$4,174,715.00, excluding taxes. The additional cost to deal with the contaminated trench material is estimated at \$639,000 and the additional contingency is \$241,000 for a total estimated project cost of \$5,055,000 as per the table below:

Contract T2022-024 McDonald & Ross, 56 Avenue and Park Avenue Utilities Replacement (excluding GST)					
Location	56 Avenue from 200 Street to 203 Street			Park Avenue	
	Water 67218	Sewer 68218	Transportation 60066	Water 67059	TOTAL
Original Contract Value T2022-024 McDonald and Ross =	1,137,657.50	2,086,950.00	654,317.50	295,790.00	4,174,715.00
Change Orders (CO)	150,259.21	488,310.11			638,569.32
Contingency 5% =	64,395.84	128,763.01	32,715.88	14,789.50	240,664.22
New T2022-024 Contract limit =	1,352,312.55	2,704,023.12	687,033.38	310,579.50	5,053,948.54
			Rounded up Amount =		5,055,000.00

Respectfully Submitted,



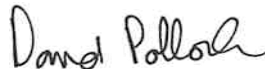
Goran Corda, B.Tech
Project Manager

Concurrence:



Hirod Gill, Ph.D., P.Eng.
Manager of Engineering Services

Concurrence:



David Pollock, P.Eng.
Director of Engineering, Parks & Environment

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CHIEF ADMINISTRATIVE OFFICER'S COMMENTS:

I support the recommendation.



Francis Cheung, P. Eng.
Chief Administrative Officer