



CITY OF
ST. CATHARINES

Corporate Report

Report from Transportation and Environmental Services, Engineering and Construction

Date of Report: July 5, 2013

Date of Meeting: July 22, 2013

Report Number: TES-210-2013

File: 18.20.199

Subject: Municipal Services Improvements – Glencairn Drive / McKenzie Street, Change of Contract Amount

Recommendation

That Council approve an increase to the contract amount by \$30,000 to \$342,112 excluding HST for Project Number P12-008, Municipal Services Improvements – Glencairn Drive / McKenzie Street to Nexterra Substructures Incorporated.
FORTHWITH

Background

At its meeting of March 18, 2013 Council awarded the tender for the Municipal Services Improvements – Glencairn Drive / McKenzie Street to the low bidder, Nexterra Substructures Incorporated at their bid price of \$312,112 plus HST.

The project includes the replacement of the cast iron watermain on Glencairn Drive and McKenzie Street as well as surface and street drainage improvements at the intersection of McKenzie Street and Clover Street. The south block of Clover Street is located between the east ends of Glencairn Drive and McKenzie Street.

Report

Reporting of Construction Contract Expenditures

Staff report TES 188-2013 was before Council for consideration on July 8, 2013. This report describes the policy and process for the authorization of increased expenditures within an awarded contract and the reporting of the same to Council. As indicated in the report, unforeseen / unanticipated circumstances are not uncommon with municipal infrastructure projects. Municipal contracts typically include a contingency allowance for such items. A \$20,000 contingency allowance was included with this contract. Unfortunately, this allowance is not sufficient to accommodate the circumstances encountered. Although the awarded contract amount will be exceeded, the project will be completed well within the approved overall budget.

Nature of Cost Overruns

The cost overrun for this project resulted from the condition of the cast iron watermain on Clover Street. On the first day of the Glencairn Drive watermain installation the Clover Street watermain broke. At the City's request, the contractor performed an emergency repair before proceeding with the construction of the new main. Two weeks later, while the new Glencairn watermain was being connected to the existing system, the Clover Street watermain broke again. Once more the contractor completed an emergency repair at the City's request.

There would have been a very high likelihood of further breaks had this eighty-five metres of failing watermain been left in service. Once the adjacent watermain on Glencairn Drive and McKenzie Street were replaced, the Clover Street section would become the weak section in the area. Based on the recent break activity it was likely that the main would continue to break, leading to additional costly emergency repairs and unacceptable service disruption to the local residents.

Negotiation vs. Re-Tendering of Work

It was determined that the only practical way to proceed was through an extension / expansion of the executed contract. For the key item, the installation of 150mm diameter P.V.C. watermain, the unit price had already been established through a competitive bid.

Retendering this work was possible but carried risk, particularly related to the delay in replacement. Waiting until the original contractor was done and off site would have allowed time for the Clover Street watermain to break again. Retendering would have also led to additional mobilization and set up costs.

Most notably, retendering would have required the new Clover Street watermain to be tested and commissioned in isolation. Commissioning the Clover Street main together with the Glencairn Drive watermain reduced the price of testing and eliminated two four-hour water shut offs. Given the number of shut offs already experienced by the residents it was beneficial to eliminate two more.

Financial Implications

The estimated total cost for the additional replacement watermain is \$30,000. The cost of this additional unanticipated work resulted in a revised total estimated final construction cost for Project P12-008 which exceeds the approved contract award of \$312,112 by \$30,000.

Project P12-008 is comprised of two project accounts; the 2012 Capital Budget – Storm Sewer Improvements and the 2012 Water Budget – Water System Improvements. The extra work required will be applied to the 2012 Water Budget only. The Treasurer has confirmed that there are sufficient funds within the 2012 Water Budget – Water System Improvements for project P12-008 to accommodate the additional work.

Conclusion

P12-008 is an ongoing construction project with an anticipated completion date of late July 2013. However, the recent breaks in the Clover Street watermain between Glencairn Drive and McKenzie Street show the pipe was nearer to the end of its useful life than originally assumed. Including the replacement as part of the current contract helped avoid future costly emergency repairs and service disruption to the local residents. Due to the additional cost for this work staff estimates the final construction cost will exceed the awarded contract amount. The existing project account is able to fund the additional cost.

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