

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 9, 2014

Item 26, Report No. 41, of the Committee of the Whole, which was adopted, as amended, by the Council of the City of Vaughan on December 9, 2014, as follows:

By approving the following:

That the recommendation contained in the report of the Commissioner of Strategic & Corporate Services and the Director of Building & Facilities, dated December 2, 2014, be approved;

That the confidential recommendation of the Council (Closed Session) meeting of December 9, 2014, be approved; and

By receiving Confidential Communication C12, from Legal Counsel, dated December 9, 2014.

**26 FITNESS EXPANSION AT FATHER ERMANNO BULFON COMMUNITY CENTRE
(WARD 2) AWARD ADJUSTMENT AND PROJECT UPDATE**

The Committee of the Whole recommends:

- 1) That consideration of this matter be deferred to the Council meeting of December 9, 2014, for a report addressing concerns raised by Members of Council.**

Recommendation

The Commissioner of Strategic & Corporate Services and the Director of Building & Facilities, in consultation with the Director of Financial Planning & Analytics, the Director of Purchasing Services and the Manager of Building Construction, recommend:

1. That the additional contingency allowance for Contract T14-024, Fitness Expansion at Father Ermanno Bulfon Community Centre, be approved in the amount of \$246,100 by increasing the contingency amount from \$278,000 to \$524,100; and,
2. That the Commissioner of Strategic & Corporate Services, or delegate, is authorized to approve amendments to the contract as needed.

Contribution to Sustainability

Not applicable.

Economic Impact

There is no economic impact. There is sufficient funding remaining in approved capital project BF-8285-11 to accommodate this award increase (see tables 1 and 2).

Communications Plan

Not applicable.

Purpose

The purpose of this report is to request a \$246,100 award increase to the contingency allowance of capital project BF-8285-11 and to provide an update on the progress of the project to date and the complications that were encountered in its delivery.

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Background - Analysis and Options

Since the inception of the construction phase of this project, numerous changes were required due to unforeseen site conditions (e.g. poor soil conditions) and non-discretionary design changes (e.g. mechanical units were changed to provide the proper cooling capacity). As of Nov 10, 2014, nine Change Orders with a total amount of \$316,885 have been negotiated and issued; approximately 55% of these Change Orders are a result of the non-discretionary design changes and 45% of these Change Orders are a result of unforeseen site conditions. Item 44 of Council Meeting Minutes dated June 24, 2014, awarded Tender T14-024 to Percon Construction, stipulating a contingency allowance of \$278,000. As a result of the magnitude of the change orders negotiated to date, this contingency has been depleted.

In addition to the aforementioned Change Orders, there are other known issues that are being negotiated as changes to the contract, again due to non-discretionary design changes and site conditions (e.g. connection to the existing sewer system is at a different location than indicated on the drawings). Based on these known issues for which costs are still being negotiated, the forthcoming Change Orders are estimated to be in the order of \$50,000. Further to the known issues to date, and based on the uncommonly high number of non-discretionary design changes on this project, the City's Project Management consultant (MHPM), hired in August 2014 to manage the construction delivery portion of this project, recommends that the City set aside another \$150,000 as contingency for potential issues that may arise between now and the project's completion, which is currently estimated in April 2015.

Based on the above, we recommend a \$246,100 award increase to the contingency allowance as shown in Table 1 below:

Table 1: Award Adjustment Calculation

Award Adjustment Calculation	
Current Change Orders	316,885
Anticipated Change Orders	50,000
Contingency for Unknown Risk	150,000
Revised Contingency	516,885
Approved Contingency	278,000
Required	238,885
3% Administration Recovery	7,167
Total Adjustment	246,052
Round	246,100

The additional funding requirements can be accommodated within the remaining budget of capital project BF-8285-11, as shown in Table 2 below:

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Table 2: Project Financial Summary

Financial Summary	
BF-8285-11 Fitness Expansion at Father Ermanno Bulfon Community Centre	
Approved Budget: BF-8285-11	3,835,894.55
Less:	
Tender T14-024	2,780,000.00
10% Contingency	278,000.00
Other Commitments	426,929.00
3% Administration Recovery	104,547.87
Total Committed Funds	3,589,476.87
Budget Available	246,417.68
Contingency Increase	246,100.00
Budget Remaining	317.68

The Change Orders discussed above are having an impact on the construction schedule. On October 6, 2014, the general contractor issued an official notice that they were assessing the overall schedule timelines with respect to the delays that stemmed from various unforeseen site issues. The general contractor will notify the City of the overall anticipated project delay, after the completion of underground work, which is anticipated in mid-November. The schedule delay may have a cost implication due to additional site supervision fees. Actual cost implication will be assessed should the general contractor decides to submit a compensable delay claim.

Relationship to Vaughan Vision 2020 / Strategic Plan

Organizational Excellence – Ensure Financial Sustainability

Notwithstanding the uncommonly high number of design changes on this project, each of the proposed Change Orders was carefully reviewed and negotiated prior to approval to ensure financial sustainability.

Regional Implications

Not applicable.

Conclusion

Due to unforeseen site conditions and non-discretionary design changes, this project requires an additional contingency allowance to bring it to completion. It is therefore recommended that the remaining funding in capital project BF-8285-11 be assigned as contingency allowance.

Attachments

N/A

Report prepared by:

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