

TO: HONOURABLE MAYOR AND MEMBERS OF COUNCIL

FROM: PAUL JANKOWSKI, DEPUTY CITY MANAGER, PUBLIC WORKS
JACK GRAZIOSI, DIRECTOR OF INFRASTRUCTURE DELIVERY

DATE: FEBRUARY 12, 2016

SUBJECT: **COUNCIL – FEBRUARY 16, 2016**
FITNESS EXPANSION & RENOVATION PROJECT AT FATHER ERMANNO BULFON
COMMUNITY CENTRE - PROJECT UPDATE AND CONTRACT AMENDMENT
(WARD 2)

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Item #	1
Report No.	7 (cw)
Council - February 16/16	

Recommendation

The Deputy City Manager, Public Works and the Director of Infrastructure Delivery, in consultation with the Chief Financial Officer and City Treasurer, recommend:

1. That this communication be received for information purposes.

Purpose

This project has a long history which has been reported in the following Reports/Communications:

1. Council Report & Communication – June 24, 2015 – Tender Award for Construction Services & Contract Amendment for Architectural Services
2. Council Report & Communication – December 9, 2015 – Amendment to Contingency Allowance for Construction Services

At the Committee of the Whole meeting of February 2, 2016, Council requested staff to prepare a communication summarizing the final itemized project costs and components as reported on during the life of the project. Also included is a summary of process improvements which staff are, or will be, implementing for future capital projects, reflecting the organization's focus on continuous improvement and addressing issues which this project history has brought forward.

Background

The total project costs \$3,755,552 include Architectural Services, Construction Services, Project Control Services, 3% Administration Recovery, Transfer to Reserve and other ancillary costs

Table 1 below provides a financial summary of Capital Project BF-8285-11 FEBCC Fitness Centre Expansion & Renovation.

TABLE 1: TOTAL PROJECT COSTS	
	\$
Construction Services Contract – Percon Construction Inc.	3,264,273
Architectural Services Contract – Alaimo Architectural Inc. - <i>Note 1</i>	223,008
Project Control Services Contract – MHPM Project Managers Inc.	74,675
Other ancillary costs	14,811
Transfer to Reserve	69,400
Sub-Total	3,646,167
Administration Recovery (3%)	109,385
Total Project Costs	3,755,552

Note 1 - Includes \$3,200 change order proposed in Committee of the Whole Item 1, Feb 2, 201

TABLE 2: PROJECT FUNDING POSITION SUMMARY BF-8285-11	
Approved Budget	3,835,895
Less: Total Costs	(3,755,552)
Balance Remaining	80,342

The project was completed within the approved capital budget with a surplus of approximately \$80,342 which will be returned to the original funding source after the project is closed.

The construction services contract was completed at a total cost of \$3,264,273 and the architectural services contract totaled \$223,008

The Table below provides a detailed financial summary of both the architectural and construction services utilized for the FEBCC fitness expansion and renovation project.

TABLE 3: CONSTRUCTION AND ARCHITECTURAL SERVICES AWARD				
Date	Authority	Description	Architectural Services	Construction Services
Oct 24, 2012	Director of Purchasing Services	Awarded Tender T12-364 for Architectural Services to Alaimo Architect Inc (Alaimo)	\$75,160	
Apr 30, 2014	Director of Purchasing Services	Amended Contract during Design Phase for additional consulting services for the increased area of expansion	\$13,000	
Jun 24, 2014	Council	Amended Contract during Design Phase for additional consulting services for the increased area of expansion & renovation and the associated structural, mechanical & electrical engineering design work	\$119,080	
Jun 24, 2014	Council	Awarded Tender T14-024 for Construction Services to Percon Construction (Percon)		\$2,780,000
Jun 24, 2014	Council	Approved a 10% Contingency Allowance for Construction Services to Percon.		\$278,000
Dec 9, 2014	Council	Amended Contingency Allowance for Construction Services to Percon for risks identified at the time.		\$246,100
Oct 2014 to May 2015	Interim City Manager	Amended Contract for Additional Services during Construction Phase	\$12,568	
Feb 2, 2016	Council	Request to amend Contract for Architectural Insurance Extension from July to October 2015	\$3,200	
		TOTAL AWARD AMOUNT (excluding HST) - Note 2	\$223,008	\$3,304,100
		Less: Actual Project Costs	223,008	3,264,273
		BALANCE REMAINING	\$0	\$39,827

Note 2 – Total Award Amount includes the tender award amount and approved contingency allowance

Please note that the total value of approved payments to Percon Construction is \$3,264,273 at project completion, which is \$39,827 lower than the total award amount, as a result of the identified risks in December 2014 being remediated.

During construction of the fitness expansion and renovation project, all change orders were reviewed and issued by the Architect

Prior to executing a contractor's change order, it is common practice that the Architect review, evaluate and negotiate an appropriate cost to implement the change prior to issuing the change order. As part of the Father Ermanno Bulfon Community Centre (FEBCC) fitness expansion and renovation project, all change orders executed by staff to the General Contractor were processed and issued by the Architect. A single change order was issued during the close-out phase that was only reviewed by City staff, as it occurred after the Architect's assignment had expired. However, this change order was a credit to the construction contract that addressed the deletion of very minor work.

As with all projects, and in reflection of this organization's focus on continuous improvement, staff continues to refine our capital delivery approval processes to address some challenges highlighted through the delivery of this project

The scope of work in the original tender in 2012 for architectural services lacked specificity, resulting in multiple changes in the architectural contract as shown on Table 3. Redefining the scope of work after project initiation has cost/schedule implications and may also adversely affected the overall quality of the construction documents due to coordination errors.

Processes have been refined to place greater focus on project planning activities which will improve overall execution and delivery during construction

Since the time that the Tender document for the architectural services was developed for this project, City staff has increased the focus on project planning activities. Although this additional focus requires additional staff time and financial resources, it is an essential step to mitigate potentially larger project risks during design and construction. As a result, a more comprehensive Terms of Reference is included in these types of assignments which better define responsibilities, expectations and deliverables. The responses from the design services providers are more detailed, allowing staff to evaluate the proponents thoroughly before recommendations to retain one are considered by staff or Council.

Project management processes now also include better scope verification and validation activities that will reduce the total number of change orders that may be encountered during the construction phase. This increased focus results in more accurate estimates developed throughout the different project planning activities and minimize the potential for budget exceedance.

During construction, active project management activities will include cost engineering

As the construction phase commences, oversight of activities will continue. Through this active project management, greater efforts can be placed on mitigating any additional costs that may arise during construction, with an added benefit that any additional funding requests that may be needed, can be approved before additional work is authorized by staff, with input from designers, or other oversight professionals deemed required to supplement staff's expertise.


Conclusion

The total project has been successfully completed within original project budget allocated in the 2011 capital budget, however, staff continues to refine the City's project delivery processes to ensure that future design and construction contracts are more accurately estimated and delivered within the contracted prices


Report prepared by:

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Respectfully submitted,



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for Jack Graziosi
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