

Region of Waterloo

Corporate Services

Treasury Services (Procurement)

To: Regional Council

Meeting Date: October 12, 2022

Report Title: Increase T2021-104 – Ottawa Street Improvements from Fischer Hallman Road to International Place in the City of Kitchener, Ontario

1. Recommendation:

That the Regional Municipality of Waterloo increase the contract with Capital Paving Inc. for T2021-104 – Ottawa Street Improvements from Fischer Hallman Road to International Place in the City of Kitchener, Ontario in the amount of \$500,000.00 for a total contract price of \$3,687,044.00 plus all applicable taxes.

2. Purpose / Issue:

Purchasing by-law 22-034 Section 12 item 1a requires Council to approve the disbursement of additional funds in excess of the greater of \$250,000 or ten percent (10%) of the original contract price.

3. Strategic Plan:

Award of this contract meets the 2019-2023 Corporate Strategic Plan objectives under Strategic Focus Area 2, Sustainable Transportation to:

- Increase participation in active forms of transportation (cycling and walking); and
- Improve road safety for all users – drivers, cyclists, and pedestrians.

4. Report Highlights:

- On April 21, 2021 T2021-104 - Ottawa Street Improvements from Fischer Hallman Road to International Place in the City of Kitchener, Ontario was approved in the amount of \$3,187,044.00 plus all applicable taxes as detailed in Council Report COR-TRY-21-33.
- An increase to the contract in the amount of \$500,000.00 for a total contract price of \$3,687,044.00 plus all applicable taxes is required to bring the project to completion. There is sufficient budget capacity to fund these costs.

5. Background:

During construction of the project, a number of changes were required which were not included in the original tender. These changes resulted in increased quantities for some tender items as well as extra work to the contract resulting in extra costs, including the following (all figures are rounded to the nearest \$100):

- AC Index Price Adjustment on binder and surface asphalt resulted in an additional cost of \$166,100 - the AC Index Price Adjustment is a requirement stated in our Contract Documents that pays for an adjustment if the price of asphalt cement fluctuates (either up or down) from the time of tender to the date of asphalt placement.
- During construction, various issues were identified during installation and connection of 600mm concrete watermain, which resulted in design changes as well as extra works. These works caused an additional cost of \$395,200, a portion of which is recoverable from the City of Kitchener.
- Other miscellaneous changes added a total of approximately \$61,600 in extra costs.

6. Area Municipality Communication and Public/Stakeholder Engagement:

Nil

7. Financial Implications:

There are sufficient funds in the Region's approved 2022-2031 Transportation and Water Capital Programs to complete the work under this contract.

The City of Kitchener has indicated that they have sufficient funds budgeted for this work and had asked that the work proceed on their behalf.

Detailed Financial Implications tables are included in Appendix A.

8. Conclusion / Next Steps:

Nil

9. Attachments:

[Appendix A: Detailed Financial Implications](#)

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Reviewed By: Lisa Evans, Manager, Procurement/Chief Purchasing Officer

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer

Appendix A – Detailed Financial Implications

Additional costs are as follows:

T2021-104 Increase	\$500,000
Regional Engineering - Supervision (HST N/A)	25,000
Consulting Engineering – Contract Admin/ Inspection	<u>25,000</u>
Subtotal	\$550,000
Plus: Applicable Net HST of 1.76%	<u>9,200</u>
Total	<u>\$559,200</u>

Note: All figures are rounded to the nearest \$100.

The additional project costs will be funded as follows:

Water Capital Reserve (Project #04082)	\$328,900
Water Development Charge Reserve Fund (Project #04082)	121,600
Transportation Capital Reserve (Project #05955)	62,500
City of Kitchener	<u>46,200</u>
Total	<u>\$559,200</u>

Note: All figures are rounded to the nearest \$100.

The Region's approved 2022-2031 Transportation Capital Program includes a budget of \$830,000 in 2022 for Ottawa Street Improvements from Fischer Hallman Road to International Place in the City of Kitchener (Project #05955) funded from the Transportation Capital Reserve. There is sufficient budget to accommodate the increase in contract.

The Region's approved 2022-2031 Water Capital Program includes a budget of \$5,341,000 in 2022 for Watermain Upgrades (project #04082) to be funded from the Water Capital Reserve (73%; \$3,898,900) and the Water Development Charge Reserve Fund (27%; \$1,442,100). There is sufficient budget to accommodate the increase in contract.

The cost for the City of Kitchener on this contract for local watermain is \$46,200. The City of Kitchener has indicated that they have sufficient funds budgeted for this work and had asked that the work proceed on their behalf.

Approvals

Type your first and last name and the date you approved (Month DD, YYYY) forward e- mail with attached report to next approver. Save any changes as a next revision level.

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