

# Staff Report



Development Services Department

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**REPORT TO:** Finance and Corporate Services Committee

**DATE OF MEETING:** December 12, 2022

**SUBMITTED BY:** Steve Allen, Manager, Engineering Design and Approvals,  
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**WARD(S) INVOLVED:** 2

**DATE OF REPORT:** December 2, 2022

**REPORT NO.:** FIN-2022-492

**SUBJECT:** Fergus Avenue Reconstruction Purchase Order Extension

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## **RECOMMENDATION:**

That the Purchase Order for T21-092 Fergus Avenue (Weber Street East to Thaler Avenue) Clover Place Reconstruction, issued to Steed and Evans Limited, St. Jacobs, Ontario be increased in the amount of \$90,000 funded by an existing surplus in the project account.

## **REPORT HIGHLIGHTS:**

- The purpose of this report is to increase the purchase order to account for higher than anticipated costs during construction.
- There is sufficient surplus in the project account to fund the PO increase.
- This report supports the delivery of core services.

## **BACKGROUND:**

The reconstruction of Fergus Avenue is identified as a priority infrastructure replacement project within the Water Infrastructure Program (WIP). The purpose of the project is to replace aging underground infrastructure and rebuild all surface features including curb, sidewalks and asphalt roadway. Funding for the completion of the construction phase of the project was approved by Council as part of the 2021 Budget.

Work for the Fergus Avenue reconstruction was publicly tendered by the city in June 2021 and was awarded in July of 2021 at a cost of \$4,241,989.50 including taxes. Work started in August of 2021. Due to the size of the project, it was tendered as a 2-year project to be completed in 2021 and 2022. The construction of Fergus Avenue Reconstruction is now essentially complete

## **REPORT:**

The reconstruction tender was awarded July 2021 and construction was completed over two construction seasons (2021 and 2022). A number of unforeseen circumstances such as a utility conflicts, greater quantity of impacted soils than anticipated, and asphalt price indexing have resulted in additional costs and a requirement to increase the purchase order.

On September 9, 2022, the purchase order was increased by 10% (\$375,397.30), the maximum allowable amount under the past Purchasing By-law, Item 170.7.6. This increase covered the items as detailed above however additional funds are required to close the project out.

A number of the out-of-scope changes required using current material and labour pricing rather than unit pricing from the original contract. Material and labour costs have risen sharply over the last 12-18 months from when the contract was executed in 2021. Additionally, the contract includes price indexing provisions for asphalt cement which is a standard provision. As the price of asphalt has increased significantly between the time of bids being submitted (July 2021) and the placement of the asphalt, the city is obligated to compensate the contractor for this price increase as per the terms of the executed agreement.

## **STRATEGIC PLAN ALIGNMENT:**

This report supports the delivery of core services.

## **FINANCIAL IMPLICATIONS:**

Capital Budget – The recommendation has no impact on the Capital Budget. Sufficient surplus funding exists in the project account.

## **COMMUNITY ENGAGEMENT:**

INFORM – This report has been posted to the City's website with the agenda in advance of the council / committee meeting.

## **PREVIOUS REPORTS/AUTHORITIES:**

There are no previous reports/authorities related to this matter

**APPROVED BY:** Justin Readman, General Manager, Development Services