



## Change Order: Final Project Close Out and Reconciliation of Cash Allowance at 415 Driftwood (VAC 22336/RFQ 19183)

Item 7G

July 27, 2022

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2022-104

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** July 4, 2022

### **PURPOSE:**

The purpose of this report is to seek the BIFAC's approval of a change order of \$73,630.73 (exclusive of taxes) to LCD Mechanical Ltd. for final project close out and reconciliation of the cash allowance allocated for asbestos abatement and additional moving services at 415 Driftwood (Dev 025).

BIFAC approval is required for the recommended change order, as the cumulative amount of all change orders is both greater than \$250K and greater than 20% of the original contract amounts.

### **RECOMMENDATIONS:**

It is recommended that the BIFAC approve following recommendations to:

1. approve a change order for \$73,630.73 (exclusive of taxes) to close out the project and reconcile cash allowance allocated for asbestos abatement and additional moving services at 415 Driftwood (Dev 025); and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**PROGRAM BACKGROUND:**

Edgeley Village Driftwood was built in 1967 and consists of thirty-six buildings including a 16-storey apartment complex, two and three-storey townhouses and two-storey terraces above commercial space. In July 2019, a contract was awarded to LCD Mechanical Inc. for \$1,784,279.87 (exclusive of taxes) based on the outcome of RFQ 19183 for mechanical and electrical retrofits at 415 Driftwood Ave.

The original contract included a total allowance of \$100,000 in abatement, and \$30,000.00 in moving and cleaning, to a total allowance of \$130,000.00. This allowance was established based on similar work undertaken in the past. However, the state of the existing conditions and location of asbestos relative to discrete parts of the work ultimately required more extensive safety measures in order to facilitate the work. These additional costs were above and beyond the allowance and became known during the course of construction.

**REASONS FOR RECOMMENDATIONS:**

The items requested in this change order were contemplated in the original award which is why a cash allowance was included. During the course of conducting the due diligence in project close out process, TCHC project lead coordinated with the consultant and the general contractor to confirm quantities of work performed on site. The quantity of the abatement work was in excess of what had been originally forecast based on existing conditions noted above. This final change order to reconcile is required to close out the project.

To date, \$331,915.18 in change orders have been issued to LCD Mechanical Inc. With approval of this request, total cumulative change orders equal \$405,545.91 and is equivalent to 22.73% of the original purchase order issued as shown in Table 1. The revised total contract amount is \$2,189,825.78.

**Table 1: Change Order Summary**

<b>Scope of Work</b>		<b>Reason for Change</b>	<b>Value</b>
1	TCHC mechanical and electrical system upgrades including supply, installation, testing (2020-2021)	Unforeseeable site conditions & TCHC directed	\$331,915.18
2	Cash allowance reconciliation	Final reconciliation	\$73,630.73
<b>Approved Change Orders to Date</b>			<b>\$331,915.18</b>
Recommended Change Order			\$73,630.73
<b>Total Cumulative Change Orders</b>			<b>\$405,545.91</b>
Original contract awarded (VAC 19338)			\$1,784,279.87
Revised contract amount			\$2,189,825.78
<b>Cumulative Change Order %</b>			<b>22.73%</b>

**IMPLICATIONS AND RISKS:**

The project, including all change order work, was completed on December 31, 2021. This work was approved through the executed CCDC2 process (stipulated price contract) in place for change orders.

There was a contractor delay in providing back-up documentation and invoices for cash allowance items to the design consultant and TCHC project lead. After numerous requests to LCD throughout a 4 month period, documentation was received and the extra amounts were confirmed by the TCHC project lead and the consultant. The actual costs incurred for the asbestos abatement were reconciled per the invoices submitted by Universal Cleaning to LCD.

Funding for the change order award is within the project budget.

**SIGNATURE:**

*“Allen Murray”*

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Allen Murray  
Vice President, Facilities Management

**STAFF CONTACT:**

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