



Change Order: Construction Administration Fees for Phase 3 Bleecker Street Garage Repairs (VAC22345)

Item 7H

July 27, 2022

Building Investment, Finance and Audit Committee

Report: BIFAC:2022-105

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

From: Vice President, Facilities Management

Date: July 7, 2022

PURPOSE:

The purpose of this report is to seek the BIFAC's approval of a change order of \$8,406.15 (exclusive of taxes) to Pancon Engineering Limited ("Pancon") for additional construction administration services for repairs to the parking garage at 275, 325, and 375 Bleecker Street, (Dev. 66).

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 the following recommendations to:

1. approve a change order to Pancon Engineering Limited for \$8,406.15 (exclusive of taxes) for additional construction administration services associated with a construction cost increase of \$210,153.75 for repairs to the parking garage at 275, 325, and 375 Bleecker Street; and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

PROGRAM BACKGROUND:

The parking garage at 275, 325, 375 Bleecker Street consists of two underground levels of shared parking for all 3 buildings with separate access to each building. The garage was in very poor condition and required major rehabilitation work. A Direct Award (DA 16409) was issued to Pancon in 2016 for design services and tender documents for the parking garage restoration. The direct award did not include contract administrative services.

A three-phased construction project for the Bleecker Street parking garage restoration was awarded in 2018 (RFQ 18335). Each phase of the construction project focused on one of the three buildings that share the parking garage. The VAC for the contract bid award was for all three phases with the condition that PO's for additional phases would be issued separately pending evaluation of the G.C.'s performance and budget availability.

Since the award did not include contract administrative services, Pancon was issued a purchase order (DA 19007) for construction administration services for Phase 1 only at 275 Bleecker St. in 2019. Subsequent change orders were issued to Pancon in 2020 for construction administration services at Phase 2 (35 Bleecker), and again for Phase 3 (375 Bleecker) in 2021.

When this project was first initiated, TCHC did not have a steady capital plan. As such TCHC could only tender work it had funding for. Construction administration services for phases 2 and 3 of the project could not be included in the initial award and thus had to be completed as change orders as funding became available. Now that TCHC has a steady capital plan, all phases of a project are included in the initial award.

The project is scheduled to be completed by September 01, 2022.

REASONS FOR RECOMMENDATIONS:

It is typical for the consultant that produces the construction tender documents for a project to also provide contract administration and close-out services. Pancon as the engineer retained to provide bid documents, they have a unique understanding of the existing conditions and the strongest capacity to ensure the documents are adhered to. This continuity

is vital to quality control and consistency in project delivery. Further, the experience gained from delivering the same work at 275, 325, 375 garages at Bleecker Street represents significant additional value for the project. Separating these duties between two engineers would require additional time for procurement, lost time for project orientation, and would create inherent gaps between design and delivery. This change order is required to finalize the project accounting.

The change order items cannot be disassociated from the original scope of work; therefore, Pancon, as the consultant awarded this project, has to implement and ensure that the compliance measures, construction schedule, and cost efficiencies comply. In addition, Phase 3 construction administration is a continuation of Pancon's consulting services scope of work. This additional cost should be awarded to the original consultant, Pancon Engineering Limited, in order to maintain liability for the original design.

Previous change orders on this award did not require BIFAC approval as they were within Business Unit and CEO authority.

To date, \$259,704.47 in change orders have been issued to Pancon. With approval of this request, total cumulative change orders equal \$268,110.62 and is equivalent to 200.98% of the original purchase order issued as shown in Table 1. The revised total contract amount is \$401,511.12

Table 1: Change Order Summary

| | Scope of Work | Reason for Change | Value |
|---|---|----------------------------|--------------|
| 1 | Additional Permit fees – paid to the City | Permitting | \$198.59 |
| 2 | Phase 1 fire access review as per Toronto Fire Services | Unforeseen site conditions | \$3,500 |
| 3 | Design of temporary shoring to new fire route | TCHC directed | \$4,500 |
| 4 | Additional CA fee after construction change order (4%) | Design | \$14,122.88 |

| | | | |
|---------------------------------------|---|---------------|---------------------|
| 5 | Review of phase 1 landscape work above garage slab; planters/curb footings revision. Landscape design change to mitigate extra load above podium slab | TCHC directed | \$6,600 |
| 6 | Phase 2 construction administration services | Design | \$119,963 |
| 7 | Phase 3 construction administration services | Design | \$110,820 |
| 8 | Additional construction administration fees | Design | \$8,406.15 |
| Approved Change Orders to Date | | | \$259,704.47 |
| Recommended Change Order | | | \$8,406.15 |
| Total Cumulative Change Orders | | | \$268,110.62 |
| Original contract awarded (VAC 19007) | | | \$133,400.50 |
| Revised contract amount | | | \$401,511.12 |
| Cumulative Change Order % | | | 200.98% |

IMPLICATIONS AND RISKS:

Facilities Management staff have determined that the vendor has the capability and capacity to deliver the work within the timeline. The recommended vendor has performed similar work for TCHC with satisfactory results.

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will be evaluated in accordance with TCHC's Vendor Compliance Evaluation System. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding for the change order award is within the program budget of the 2022 Capital Budget.

SIGNATURE:

“Allen Murray”

Allen Murray
Vice President, Facilities Management

STAFF CONTACT:

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