
Request for Permission to Exceed 25% of Purchase Order No. 351810, Plumbing & HVAC Services for Facilities

Recommendation

That the Standing Policy Committee on Environment, Utilities & Corporate Services recommend to City Council:

1. That the Administration be given approval for Purchase Order No. 351810 for Black and McDonald Limited to exceed 25% of the purchase order value and be extended to \$562,549.56, including taxes; and
2. That Purchasing Services issue the appropriate change order.

Topic and Purpose

The purpose of this report is to obtain City Council approval to exceed 25% of the purchase order value for Purchase Order (PO) No. 351810.

Report Highlights

1. PO No. 351810 is a blanket purchase order issued to Black and McDonald Limited (Black and McDonald) in 2014 for plumbing and HVAC services for various City facilities.
2. This purchase order was drawn upon to complete work in the lead up to the Remai Modern building opening to address critical work activities not being completed by either City of Saskatoon (City) forces or EllisDon.
3. Costs for this work are offset by withheld payments under the base construction contract for Capital Project #1813 - New Art Gallery.

Strategic Goals

This report supports the Strategic Goal of Asset and Financial Sustainability in promptly completing capital project wrap-up and meeting the operational readiness status schedule, by utilising blanket purchase order services with costs offset by withheld payments under the base construction contract for Capital Project #1813 - New Art Gallery.

Background

PO No. 351810 is a blanket order issued to Black and McDonald in late 2014 for plumbing and HVAC services for various City facilities.

City Council approved the construction of a new art gallery in Saskatoon. Smith Carter Architects and Engineers Inc. (now Architecture 49) were hired in 2010 to design, tender and manage construction. A construction contract was awarded in 2013 to EllisDon Corporation (EllisDon), with a target for completion in 2016.

Report

EllisDon achieved substantial performance for the Remai Modern and River Landing Parkade facilities on March 31, 2017. The City assumed the "Transition to Operational

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Readiness” role as the facilities became operational and occupied. During the transition period, the project transition team executed purchase requisitions to support the requirements of various goods and services essential to fully complete the building and achieve operational readiness. This included work to correct deficiencies or missing work for which the original contractor elected not to complete, as well as additional work and materials not included in the base construction contractor that was required to support building occupancy and functional program requirements.

The scope of work was difficult to predict and needed to be completed in as timely a manner as possible in order to prevent risk to the Gallery collection and ensure the building opening could be achieved as planned. As issues were identified, purchase requisitions were issued for any work not being completed by City forces or EllisDon; this occurred on a weekly basis. In July 2017, the Project Transition Team elected to employ the existing PO No. 351810 with Black and McDonald to address on-going complications with getting work orders issued individually and in a timely manner. Although the individual work orders issued weekly were low in value, given the frantic nature of the work leading up to the grand opening of the building, the total value following total completion of these activities exceeded the value of the PO. Given the critical timing that this additional work was identified, the Administration proceeded to complete the work in advance of City Council approval.

Policy Implications

According to Policy A02-027, Corporate Purchasing Procedure, City Council approval is required for contract increases above 25% of the original contract value.

Financial Implications

Details of the costs pertaining to PO No. 351810 are as follows:

Final Contract Cost	\$562,549.56
Less Original Contract Cost	\$318,750.00
Subtotal Cost over Original Contract Cost	\$243,799.56
GST Rebate (5%)	(\$ 12,189.98)
Total Net Cost to the City	<u>\$231,609.58</u>

The above shows that PO No. 351810 exceeded 25% of the original contract amount and therefore requires City Council approval.

These costs are offset by withheld payments under the base construction contract for Capital Project #1813 - New Art Gallery.

Other Considerations/Implications

There are no options, public and/or stakeholder involvement, communications, environmental, Privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

There are no Follow-up or Project Completion Implications.

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Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by: Rob Tomiyama, Special Project Manager
Reviewed by: Troy LaFreniere, Director of Facilities & Fleet Management
Reviewed by: Kerry Tarasoff, CFO/General Manager, Asset and Financial Management Department
Approved by: Dan Willems, Acting General Manager, Corporate Performance Department

Admin Report - R2 Exceed 25 Percent of PO 351810, Plumbing & HVAC Services for Facilities