
Subject: Niagara Regional Police Services (NRPS) 1 District – Amending Agreement with Merit Contractors Niagara Ltd.

Report to: Corporate Services Committee

Report date: Wednesday, May 12, 2021

Recommendations

1. That the CCDC-2 Stipulated Price Contract of \$17,111,289 (including 13% HST) awarded to Merit Contractors Niagara Ltd. (“Merit”) **BE INCREASED** by \$53,221 (including 13% HST) for a total revised Contract of \$17,164,510 (including 13% HST) for the construction of the NRPS 1 District Facility in St. Catharines;
2. That the Gross Budget for Niagara Regional Police Service (NRPS) 1 District Facility in St. Catharines **BE INCREASED** by \$47,927 and that the increase **BE FUNDED** from the Capital Variance – Levy Project; and
3. That the Regional Chair and the Regional Clerk **BE AUTHORIZED** to execute an amendment to the CCDC-2 Stipulated Price Contract between Niagara Region and Merit as proposed in Recommendation 1 above.

Key Facts

- On March 1, 2019 Niagara Region entered into a CCDC-2 Stipulated Price Contract with Merit, in the amount of \$16,761,290 (\$14,833,000 base contract plus 13% HST) for the construction of the new NRPS 1 District facility in St. Catharines.
- On December 9th, 2020 CSD 77- 2020 was approved to increase Merit’s contract by \$350,000 (including 13% HST), for a total revised Contract of \$17,111,290 (including 13% HST).
- On April 5th, 2021, Merit submitted a Change Notice entitled “Covid 19 Protocols Project Duration”, seeking compensation for additional costs incurred due to Covid-19.
- Last month, the NRPS 1 District facility achieved Substantial Completion and NRPS staff have moved in and are operating out of the new facility.
- The cumulative value of the CCDC-2 Stipulated Price Contract, inclusive of the proposed amendment, will exceed \$5,000,000 and therefore requires the authorization of Regional Council in accordance with Niagara Region’s procurement By-law 02-2016 as amended on February 28, 2019 pursuant to Section 18 (c) and Schedule B.

Financial Considerations

Pursuant to CSD 13-2019, Council approved the award of Contract 2018-T-23 for the construction of the NRPS 1 District facility in St. Catharines to Merit Contractors Niagara Ltd. for \$15,094,090 (inclusive of non-refundable HST). Below is a schedule showing the history of increases on this contract.

Contract	Inclusive of 1.76% Non-refundable HST	Inclusive of 13% HST
Contract Award (2018-T-23)	\$15,094,090	\$16,761,290
Council Approved Contract Increase (CSD 77-2020)	\$315,187	\$349,999
Revised Total Contract	\$15,409,277	\$17,111,289
Pending Contract Increase	\$47,927	\$53,221
Pending Revised Total Contract	\$15,457,204	\$17,164,510

Region Staff confirms there are not sufficient funds in the project budget (20000805) to address the latest proposed increase to Merit's contract. The increase of \$47,927 will be used to address costs that have arisen outside of normal construction that are related to delays caused by COVID-19. The increase will be tracked as a COVID-19 related cost.

The proposed increase of \$47,927 will be funded from the Capital Variance – Levy Project. Staff confirms the current balance of uncommitted funds in the Capital Variance – Levy Project is \$2,685,871 as of April 8. The total funds added to this project via the Capital Variance – Levy Project prior to the current request was \$3,346,254. Council approval is required per the Budget Control By-Law for the \$47,927 increase due to the prior Capital Variance – Levy Project funding for this project exceeding \$250,000.

Analysis

On April 3rd, 2020 the Province of Ontario announced a Province-wide shut down of all non-essential construction related projects, putting a stop to construction on the NRPS 1 District site from April 6th, 2020 to May 4th, 2020. Once the shutdown period ended,

the province mandated additional requirements for face coverings, hand washing, and physical distancing on construction sites in order to slow the spread of Covid-19.

As a result of the shut-down and mandated requirements, Merit submitted a request for extra for COVID related costs including: demobilizing / re-mobilizing and securing the site during the one month shut-down, additional cleaning facilities, extension of insurance and bonding requirements and equipment rentals. In addition, the pace of work was impacted due to additional cleaning requirements and social distance protocols restricting the number of trade staff allowed on the site at a given time.

Alternatives Reviewed

Throughout the NRPS 1 District project, Region staff have worked diligently to mitigate extra costs and with the exception of the COVID related costs, the project will be delivered within budget.

In consultation with the Prime Consultant, Region staff reviewed the extra costs submitted by Merit and have deemed them to be reasonable and fair. In order to ensure safe working conditions on the site and due to provincial orders, Merit incurred additional costs that could not be avoided nor could they have been anticipated at the time of tender. As such, staff is recommending increasing the contract amount for Merit as per the financial section.

Relationship to Council Strategic Priorities

Approving this recommendation by staff will align with Council's Strategic Priority to:

- Promote a Healthy and Vibrant Community; and
- Reasonable Growth and Infrastructure Planning.

Other Pertinent Reports

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| • CSD 13 – 2019 | Corporate Service Committee | February 20 th , 2019 |
| • CSD 77 – 2020 | Corporate Service Committee | December 9 th , 2020 |

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Commissioner/Treasurer
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Submitted by:

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This report was prepared in consultation with Nicole Menard, Senior Project Manager; and reviewed by Bradley Ray, Associate Director, Facilities Projects, Assets & Energy Management; Adam Niece, Program Financial Specialist; and Nicole Wolfe, Director, Construction, Energy & Facilities Management.

Appendices

Appendix 1 – NRPS 1 District Total Estimated Project Cost

Appendix 2 – NRPS 1 District Total Approved Budget