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**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

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## 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 9<sup>th</sup>, 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 5<sup>th</sup>, 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.

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## 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.

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

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 3<sup>rd</sup>, 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 6<sup>th</sup>, 2020 to May 4<sup>th</sup>, 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 <sup>th</sup> , 2019 |
| • CSD 77 – 2020 | Corporate Service Committee | December 9 <sup>th</sup> , 2020  |

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**Prepared by:**

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Management

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**Recommended by:**

Todd Harrison, CPA, CMA  
Commissioner/Treasurer  
Corporate Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*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

Total Estimated Project Cost (20000805 & 10PR1420)*	Revised Council Approved Budget (as per CSD 77-2020)	Budget Decrease/ Reallocation	Revised Council Approved Budget	Expended & Committed as of 04/08/21	Contract Award/ Forecast	Budget Remaining
	(A)	(B)	(C) = (A) + (B)	(D)	(E)	(F) = (C) - (D) - (E)
Construction (including Construction Contingency and 1.76% non-refundable HST) (a)	15,409,277	47,927	15,457,204	15,409,278	47,926	(0)
Project Contingency (b)	-	-	-	-	-	-
Property Acquisition ( c)	1,359,321	-	1,359,321	1,359,321	-	-
Consulting Services (d)	1,513,276	-	1,513,276	1,407,550	170,213	(64,488)
Permitting ( e)	54,369	-	54,369	54,369	-	-
Furniture, Fixtures and Equipment (f)	395,476	-	395,476	386,433	-	9,043
Project Management (In-House) and Operations (g)	220,405	-	220,405	132,763	32,197	55,445
Property Remediation (h)	1,653,991	-	1,653,991	1,653,991	-	-
<b>Total Estimated Project Cost</b>	<b>20,606,115</b>	<b>47,927</b>	<b>20,654,042</b>	<b>20,403,706</b>	<b>250,336</b>	<b>(0)</b>
<b>Project Funding Sources</b>						
Regional reserves & debt	(17,069,312)		(17,069,312)	(16,818,976)	(250,336)	0
NRPS Capital Levy	(189,870)		(189,870)	(189,870)		-
Capital Interest Closeout	(679)		(679)	(679)		-
Capital Variance Project - Levy	(3,346,254)	(47,927)	(3,394,181)	(3,394,181)		-
	<b>(20,606,115)</b>	<b>(47,927)</b>	<b>(20,654,042)</b>	<b>(20,403,706)</b>	<b>(250,336)</b>	<b>0</b>

\*All costs include 1.76% non-refundable HST  
\*\* Total Contract Award is equal to i) \$15,189,833 before tax; ii) \$15,457,204 including 1.76% non-refundable HST; iii) \$17,164,510 including 13% HST

Niagara Regional Police Service - 1 District  
Total Approved Budget

CSD 27- 2021  
May 12, 2021  
Appendix 2

Column1	Total Budget
<b><u>Total Budget (20000805 &amp; 10PR1420)</u></b>	
Approved Budget - 2009	14,736,000
CSD 2-2018 NRPS D1 Initiation	2,483,991
CSD 13-2019 Approved Capital Variance Request	3,346,254
Transfer from NRPS Capital Reserve	39,870
Revised Budget	20,606,115
CSD 27-2021 Capital Variance Request*	47,927
Final Revised Budget	<b>20,654,043</b>

\*Council approval required due to total capital variance requests for project exceeding \$250,000