

Subject: Update on Additional Costs Related to Regional Road 98 (Montrose Road) Reconstruction

Report to: Public Works Committee

Report date: Tuesday, November 5, 2024

Recommendations

1. That Report PW 32-2024 **BE RECEIVED** for information.

Key Facts

- The purpose of this report is to respond to a request made at Public Works Committee for more information about PW 24-2024. The following report provides additional detail on the chronology of additional costs for both the Consultant (Parsons Inc.) and the Contractor (Beam Rankin Joint Venture) on Phase 1 of the Regional Road 98 (Montrose Road) Reconstruction project.
- In response to Request for Proposal 2019-RFP-334, Parsons Inc. was awarded the Environmental Assessment and Detailed Design in May of 2020 at an original Agreement/Purchase Order value of \$992,160 (including non-recoverable HST).
- In response to Request for Tender 2021-T-269, Beam Rankin Joint Venture was awarded the construction contract in January 2023 at an original Agreement/Purchase Order value of \$25,179,927 (including non-recoverable HST).
- Niagara Region Council approved additional fees to Parsons Inc. totaling \$1,766,983 (including non-recoverable HST) authorized under reports PWC-C 23-2021, PW 4-2022, PW 31-2022, and PW 24-2024 respectively. Fee increases were related to regulation changes, project staging to accommodate the South Niagara Hospital and additional works requested by project partners.
- Niagara Region Council approved additional fees to Beam Rankin Joint Venture totaling \$5,641,216 (including non-recoverable HST) authorized under reports PW 20-2023 and PW 9-2024. Fee increases were related additional works requested by our project partners and poor soil conditions not identified during pre-construction geotechnical works.
- All contract extensions associated with Parsons Inc. and Beam Rankin Joint Venture have been reported, approved and executed in accordance with the Region's Procurement by-law 02-2016.

Financial Considerations

The overall approved project budget is \$46,122,182 and includes cost-sharing amounts for project partners.

The total approved budget for project 20001191 is \$46,122,182 and includes \$20,790,651 in cost-sharing with the City of Niagara Falls (\$17,790,651) and the Ministry of Transportation Ontario (\$3,000,000). Capital budget adjustments were approved by Council under reports PW 10-2022, PW 20-2023, PW 1-2023, and PW 9-2024 to cover the cost-sharing amounts of the City of Niagara Falls and the Ministry of Transportation Ontario.

Parsons Inc. was awarded the Environmental Assessment and Detailed Design for the Regional Road 98 (Montrose Road) Reconstruction project in May of 2020

After a competitive bidding process under Request for Proposal 2019-RFP-334, Parsons Inc. was awarded the Environmental Assessment and Detailed Design in May of 2020. The original Agreement/Purchase Order value was \$992,160 (including non-recoverable HST). Niagara Region Council approved additional fees to Parsons Inc. totaling \$1,766,983 (including non-recoverable HST) authorized under reports PWC-C 23-2021, PW 4-2022, PW 31-2022, and PW 24-2024. Total Agreement/Purchase Order value is \$2,759,143 (including non-recoverable HST). For more information on the works associated with additional fees see the Analysis section of this report.

Beam Rankin Joint Venture was awarded the construction contract for the Regional Road 98 (Montrose Road) Reconstruction project in January of 2023

After a competitive bidding process under Request for Tender 2021-T-269, Beam Rankin Joint Venture was awarded the construction contract in January of 2023. The original Agreement/Purchase Order value was \$25,179,927 (including non-recoverable HST). Niagara Region Council approved additional fees to Beam Rankin Joint Venture totaling \$5,641,216 (including non-recoverable HST) authorized under reports PW 20-2023 and PW 9-2024. Total Agreement/Purchase Order value is \$30,821,143 (including non-recoverable HST). For more information on the works associated with additional fees see the Analysis section of this report.

All contract extensions associated with Parsons Inc. and Beam Rankin Joint Venture have been reported, approved and executed in accordance with the Region's Procurement by-law 02-2016.

Analysis

In order to meet South Niagara Hospital timeline requirements, the Environmental Assessment and Detailed Design were packaged under one assignment which is not standard practice.

Under normal circumstances Environmental Assessments are completed in advance of the detailed engineering assignment which mitigates the risk of additional scope and fees. However, due to timeline needs identified by the South Niagara Hospital team for the completion of the roadwork, the Environmental Assessment and Detailed Design were packaged under one assignment which is not standard practice. This approach increases the likelihood of potential project changes since the final scope of the detailed design is not completely realised until the Environmental Assessment is complete.

In July 2021, Parsons Inc. was approved for \$474,183 (including non-recoverable HST) in additional fees through report PWC-C 23-2021

The agreement with Parsons Inc. was increased by \$474,183 (including non-recoverable HST) for additional work required by review agencies (i.e. Ministry of Environment, Climate and Parks, Ministry of Transportation, Niagara Peninsula Conservation Authority, and Ministry of Natural Resources) and for compliance with new regulations not in place at the time of the Request for Proposal.

In January of 2022, Parsons Inc. was approved for \$257,860 (including non-recoverable HST) in additional fees through report PW 4-2022

The agreement with Parsons Inc. was increased by \$257,860 (including non-recoverable HST) for the additional design requested by the City of Niagara Falls. The additional design was related to a new extension to Reixinger Road to accommodate an entrance to the South Niagara Hospital, and new watermain and sanitary sewer infrastructure on Biggar Road to accommodate future development in the area.

In September of 2022, Parsons Inc. was approved for \$663,243 (including non-recoverable HST) in additional fees through report PW 31-2022

The agreement with Parsons Inc. was increased by \$663,243 (including non-recoverable HST) for additional design fees, and contract administration and construction inspection services. The additional detailed design fees, not part of the original scope, were related to utility relocations, property acquisition, archaeological

investigation, South Niagara Hospital liaison, and Ministry of Transportation Ontario liaison.

In June of 2023, Beam Rankin Joint Venture was approved for \$2,418,188 (including non-recoverable HST) in additional costs through report PW 20-2023

An additional \$2,418,188 (including non-recoverable HST) was added to contract 2021-T-269 at the request of the City of Niagara Falls for the installation of a new 450 mm diameter local sanitary sewer, including all appurtenances, required to accommodate anticipated increased flows resulting from the approved urban area expansion.

In April of 2024, Beam Rankin Joint Venture was approved for \$3,223,028 (including non-recoverable HST) in additional costs through report PW 9-2024

An additional \$3,223,028 (including non-recoverable HST) was added to contract 2021-T-269 to address poor soil quality related to the native backfill on Biggar Road, additional watermain work requested by the City of Niagara Falls, increased construction materials testing and contract administration.

In September of 2024, Parsons Inc. was approved for \$371,697 (including non-recoverable HST) in additional fees through report PW 24-2024

The agreement with Parsons Inc. was increased by \$371,697 (including non-recoverable HST) to address project needs not predicted as part of the original scope of work, primarily related to contract administration, inspection, and design of unanticipated works. The additional fees are related to new requirements related to excess soils regulations, requests from project partners such as additional underground infrastructure works, and changes and additions to the scope of design and construction due to the urban area expansion undertaken by the City of Niagara Falls.

Alternatives Reviewed

Not Applicable

Relationship to Council Strategic Priorities

The recommendation contained in this report serves to support the following strategic priorities of Council:

Effective Region, the Regional road network serves to provide critical links for the movement of goods throughout the Region. Implementing the preferred alternative ensures continuous improvement and modernization of the Regional road network to meet the requirements of the multiple users of this roadway.

Prosperous Region, the current recommendation provides an inclusive and welcoming community for all users and enhances multiple modes of transportation while meeting the principles of complete streets and walkable communities.

Other Pertinent Reports

Refer to Appendix 2

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Appendices

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| Appendix 1 | Key Plan |
| Appendix 2 | Other Pertinent Reports |