

TO: MAYOR & COUNCILLORS
FROM: DEPUTY GENERAL MANAGER FINANCE
SUBJECT: **CI – CONSTRUCTION MANAGEMENT AND CONSTRUCTION
BURNABY LAKE BRIDGE OVERPASS (CA-3282)**
PURPOSE: To obtain Council approval to award a Contract Increase (CI) for the re-finalized pricing of the Burnaby Lake Bridge Overpass project.

RECOMMENDATION

THAT a contract increase to Jacob Bros. Construction Inc., for an estimated cost of \$4,317,640 including GST in the amount of \$205,602 as outlined in the report titled “CI – Construction Management and Construction Burnaby Lake Bridge Overpass (CA-3282)” dated September 23, 2024 be approved; and

THAT final payment will be based on the actual quantity of goods and services delivered and unit prices as submitted.

1.0 POLICY SECTION

The City’s Procurement Policy requires Council approval for change orders, which individually or when accumulated with prior change orders, increases the total value of the contract by \$1,000,000.

2.0 BACKGROUND

On July 18, 2023, the City awarded a contract to Jacob Bros. Construction Inc. for the Construction Management and Construction of the Burnaby Lake Bridge Overpass project (CA-3282) for an estimated value of \$21,128,635 including GST in the amount of \$1,006,125.

3.0 GENERAL INFORMATION

This contract increase of \$4,317,640 including GST in the amount of \$205,602 is required for the following reason:

Jacob Bros. Construction Inc. was selected as the City’s Construction Manager (CM) in July 2023 under the CCDC 5B Contract. The CCDC 5B contract also known as “Construction Management at Risk”, where the proponent is responsible for both the management of construction and directly retains subcontractors and is responsible for their performance.

A CCDC 5B project involves retention of the CM prior to 100% design, with the CM providing insight and input to optimize the constructability of the design prior to finalization. Once the design is complete and updated open-book pricing completed by the CM, the parties can convert to stipulated price.

Prior to the stipulated price conversion, the CCDC 5B contract is a “cost plus” contract, with language that allows the parties to agree to exercise an option to convert to a Stipulated Price Contract. Despite this, the city asked proponents, including Jacob Bros, to include indicative costing for budgetary purposes during the CM selection process. This indicative pricing, while not intended as a final budget, was the initial sum used for the contract pricing.

Since retaining Jacob Bros. Construction Inc., the design team has since completed their design (Fall 2023), gone through an initial pricing exercise (December 2023), completed a Value Engineering (VE) process (January 2024), executed redesign of key items identified during VE (Spring-Summer 2024), and re-finalized pricing (August 2024).

The final budget is now known and can replace the initial indicative number used in the setup of the original contract price.

The revised total estimated contract value is \$25,446,276 including GST in the amount of \$1,211,728.

This project is supported by a \$6,874,687 provincial grant from the Investing in Canada Infrastructure Program. Grants that have been claimed to date total \$1,556,467, the remaining grant amounts will be provided as staff submit further progress claims.

The General Manager Engineering concurs with this recommendation.

| Contract History | Date | Accumulative Total Change |
|--------------------------------|------------------|----------------------------------|
| Original Contract Award | July 2023 | \$ 20,122,510 |
| Contract Increase #1 | Pending | \$ 4,112,038 |
| Subtotal | | \$ 24,234,548 |
| Plus GST | | \$ 1,211,728 |
| Total (Including GST) | | \$ 25,446,276 |

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

RFP #108-04-23 was publicly advertised. Upon closing, the City received a total of four submissions.

5.0 FINANCIAL CONSIDERATIONS

This capital work is included in the 2024 – 2028 Financial Plan under Engineering – Transportation for the Pedestrian Overpass Across Highway 1 project with a plan of \$19,000,000 to be funded from the Community Benefit Bonus Reserve.

Due to the increased costs noted above, a plan reallocation of \$5,500,000 will be made from the Burnaby Animal Shelter project, which is also funded by the Community Benefit Bonus reserve and is currently under review. This reallocation will increase the Pedestrian Overpass Across Highway 1 project plan to \$24,500,000 (excluding GST).

This contract increase will be accommodated under WBS element DPW.0414 (\$4,112,100 excluding GST).

Respectfully submitted,

Ratan Grewal, Deputy General Manager Finance

ATTACHMENTS

Attachment 1 – RFP 108-04-23

REPORT CONTRIBUTORS

This report was prepared by Steve Chan, Senior Buyer, and reviewed by Robyn Tegart, Senior Manager Procurement Services – Operations.