

## Memo

July 12, 2012

File No.: 5200-125-107

To: Deputy City Manager & COO, City Operations

Re: Amendment of Engineering Services Commission for the Wastewater Treatment Plant Upgrade

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### BACKGROUND

In 2008, council approved initiating the process to engage professional engineering services for conceptual, pre-design, detailed design and construction engineering of the Wastewater Treatment Plant Upgrade. For this important city project, a Qualifications Based Selection approach was used to ensure that it had the best consulting team, to provide services for all phases of the project with less emphasis on fees. The commission was awarded to AECOM Canada Ltd., with the Engineering Agreement signed February 22, 2011. On June 28, 2012, a memo was submitted to cover fees related to the submission of an application for P3 Canada funding. The purpose of this memo is to request approval to amend the engineering services agreement for the project to address predesign engineering fees.

### DISCUSSION

In 2008, City Council approved Report CR08-28 that recommended:

1. Public Works (now City Operations) Division to initiate the process to engage consulting and professional engineering services for condition assessment, pre-design, detailed design and construction engineering of the Wastewater Treatment Plant upgrade;
2. The authority to award a commission for the pre-design stage, after review of proposals from professional engineering firms be delegated to the General Manager of Public Works (now Deputy City Manager of City Operations); and
3. The Administration provide a report to City Council after completion of pre-design that will cover the Administration's recommendation on the best project delivery method as well as the recommended treatment process, cost estimates (capital and further engineering costs) and scheduling.

On January 26, 2011, the Deputy City Manager of City Operations awarded the commission to AECOM Canada Ltd. The WWTP Upgrade project has progressed through most of the Conceptual Planning phase. On June 28, 2012 a memo for the Deputy City Manager of Operations to approve the amendment of the Engineering agreement to enable AECOM to prepare the P3 Canada Fund application for \$377,385 was submitted. The completion of this application will address Item 3 of CR08-28.

While the original intent was that the engineering agreement would be amended sequentially at each new stage of design (the City would negotiate an agreed upset fee with the consultant for the next engineering phase) operating circumstances and the delivery method agenda have changed the project dynamics such that construction could occur simultaneously with detail design and even pre-design stages. This would (and is likely to) happen if critical components are fast-tracked, as later stage work design would be deferred. These additional approval requests will be made to Council in August and that should help with project management by providing more flexibility to adjust to the project dynamics as well as avoid project delays.

AECOM's original Stage 2 proposal contained the Upset Fee for the Concepts Plan phase and estimates for the pre-design, detailed design and construction services phases as follows:

**Original Stage 2 Proposal Fees Estimates**

Component	Costs (plus taxes)	Type of Cost
Concept Phase	\$1,990,551	Upset Fee
Pre-design Phase	<small>s. 17(1)(g), 18(1) (b) &amp; (c) LAFOIPPA</small>	Estimate
Detailed Design and Tender Documents Phase		Estimate
General Engineering during Construction Phase		Estimate
Construction Phase		Estimate
<b>Total</b>		<b>Estimate</b>

The original upset fee for the current Engineering Agreement only applies to Conceptual Design plus allowances of \$100,000 to cover third party inspection and geotechnical work as well as a \$100,000 contingency.

The recent request for AECOM's work on the P3 Canada funding application would bring the fee approvals-to-date to \$2,568,386.

AECOM has proposed upset fees of \$2,268,000 for the predesign. Environmental Engineering finds the fees acceptable and in line with large scale engineering projects of this nature. Predesign would proceed upon approval by the City of the proposed fees submitted and the Engineering Agreement would be amended to enable this additional work.

The original project approval, combined with the P3 Canada Fund and the consultant's proposed predesign would result in a total Upset Fee of \$4,836,386 for the project as follows:

### Approval Fees and Allowances to Accommodate Predesign and Project Changes

Component	Costs (plus taxes)	Type of Cost
Concept Phase	\$1,990,551	Approved Upset Fee
Third Party allowance (Concept Phase)	\$100,000	Approved Allowance (Part of Upset Fee)
Contingency	\$100,000	Approved Allowance (Part of Upset Fee)
<b>Subtotal of Original Project Approval</b>	<b>2,199,551</b>	Original Project Approval
Evaluation of Delivery Options submitted June 28, 2012	\$377,835	Previously Proposed Upset Fee with \$50,000 contingency
<b>Subtotal to July 1, 2012</b>	<b>\$2,568,386</b>	Subtotal of Upset Fees and Contingency
Predesign	\$2,268,000	Upset Fee Requested for approval
<b>New Total with Consultant's Proposed Predesign Upset fee</b>	<b>\$4,836,386</b>	Subtotal of Upset Fees and Contingency

### BUDGET IMPLICATIONS

The estimated capital budget for the Wastewater Treatment Plant Upgrade is approximately <sup>s. 17(1)(d) LAFO</sup> million, including engineering services and construction. The engineering costs would be expected to be <sup>s. 17(1)(d) LAFOIPPA</sup> over the course of the project (after the initial concepts are complete). The estimated consultant's commission fees are in line with Consulting Engineers of Saskatchewan Inc.'s *Schedule of Recommended Fees to be Charged for General Engineering and Geoscience Projects and Services*. There are adequate approved funds in the Capital Account U6001 to cover all cost items requested.

### RECOMMENDATION

Your approval is requested:

1. To amend the engineering commission to AECOM Canada Ltd. Upset Fee by the following amounts (plus taxes) for:
  - a. \$2,268,000 to develop the project to a 20% design level for the P3 Canada Fund Application; and

These expenditures for the project are eligible expenses under the Acquisition of Goods, Equipment and Services Policy. Environmental Engineering will work with the City Solicitor's office to prepare an amendment to the engineering services agreement. The consultant will be requested to execute the amendment, which be forwarded to the City Solicitor for execution by the City Clerk.

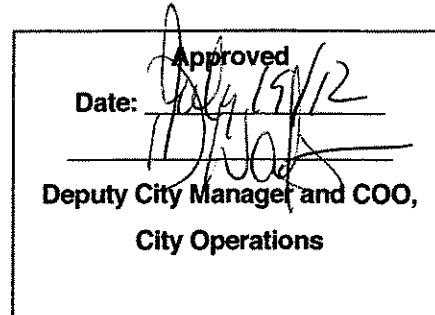
The Managers of Financial Operations and Financial Services as well as representatives of the Legal department have reviewed this report, discussed the recommendations and concur with them.

Should you have any questions, please contact Peter Hagar, Project Manager, directly at 777-7469 or the undersigned at 777-7649.

s. 28(1) LAFOIPPA

Derfick Bellows, P.Eng, F.E.C., ICD.D  
Director, Environmental Services

PH/KD/fm



cc: City Solicitor (Attn. J Krueger)  
Financial Services  
**Purchasing Branch**  
Manager of Wastewater Treatment Plant  
Manager of Environmental Services  
Senior Engineer, Environmental Engineering (Attn. P. Hagar)

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