



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Information Item No. 1
Audit and Finance Standing Committee
August 16, 2023

TO: Chair and Members of the Audit and Finance Standing Committee

SUBMITTED BY: **-ORIGINAL SIGNED-**

Cathie O'Toole, Chief Administrative Officer

DATE: July 31, 2023

SUBJECT: **CAO Contract Amendment Reporting**

INFORMATION REPORT

ORIGIN

This report originates from the ratification of a new Procurement policy 2022-012-ADM in November 2022. The Policy states the CAO may approve and sign contract amendments that exceed the thresholds detailed below, provided that the CAO must submit a report including the details of such contract amendments at the next scheduled meeting of the Audit & Finance Standing Committee.

LEGISLATIVE AUTHORITY

Administrative Order Number 2022-012-ADM, the Procurement Policy

32(7) The approval and signing authority limits for cumulative contract amendments are as follows:

Position	Approval Authority
CAO	(a) \$20,000 or (b) a 20% increase to the originally approved contract amount, whichever is greater.
CAO (with reporting to Audit & Finance)	The CAO may approve and sign contract amendments that exceed the thresholds above, provided that the CAO must submit a report including the details of such contract amendments at the next scheduled meeting of the Audit & Finance Standing Committee.

BACKGROUND

The purpose of this report is to provide a listing of all CAO approved contract amendment reports.

2022-012-ADM allows for the CAO to approve and sign amendments that exceed the threshold of 20% or \$20,000, provided that the CAO must submit a report including the details of such contract amendments at the next scheduled meeting of the Audit and Finance Standing Committee.

DISCUSSION

All CAO contract amendment reports recorded in Attachment 1 are available for viewing from the Procurement Department. This excludes reports that are marked Private & Confidential.

FINANCIAL IMPLICATIONS

The financial implications, including budget details and account details are outlined in the Financial Implications section of the individual report detailed in Attachment 1.

COMMUNITY ENGAGEMENT

No community engagement was required.

ATTACHMENTS

Attachment 1 – Approved CAO Contract Amendments Report.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Jane Pryor/Director, Procurement/Finance and Asset Management 902.292.3128

ATTACHMENT 1**Approved CAO Contract Amendment Reports**

Name	Original PO Awarded Amount	Value of Amendment	Updated Value of PO	% of Increase	Reason for Increase
CAO Award Contract Amendment PO #2070834773 Keshen Goodman Library Renovation	\$245,208	\$527,327	\$772,535	215%	Halifax Public Libraries have requested additional design changes to improve accessibility, energy efficiency, occupational health and safety, and branch services.



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CAO Contract Amendment Report

APPROVED BY: Original Signed

Denise Schofield, Acting Chief Administrative Officer

APPROVAL DATE: July 27, 2023

SUBJECT: Contract Amendment – 19-188 PO #2070834773 – Keshen Goodman Library Renovation

ORIGIN

This report originates from a need to increase contract PO #2070834773.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S 2008, c.39:

Section 79A (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if:

- (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality;
- (b) the expenditure is in respect of an emergency under the Emergency Management Act; or
- (c) the expenditure is legally required to be paid.

Administrative Order Number 2022-012-ADM, the Procurement Policy

32(7) The approval and signing authority limits for cumulative contract amendments are as follows:

Position	Approval Authority
DCAO or Executive Director (or their delegate)	(a) \$15,000; or (b) a 15% increase to the originally approved contract amount, whichever is greater.
CAO	(a) \$20,000 or (b) a 20% increase to the originally approved contract amount, whichever is greater.
CAO (with reporting to Audit & Finance)	The CAO may approve and sign contract amendments that exceed the thresholds above, provided that the CAO must submit a report including the details of such contract amendments at the next scheduled meeting of the Audit & Finance Standing Committee.
Council	Any amount.

RECOMMENDATION

It is recommended that the Chief Administrative Officer approve an increase of \$76,013 (net HST included) to PO #2070834773 (19-188 - Design Services Dartmouth North Library and Keshen Goodman Library) with Fathom Studio with funding from CB190010 - Keshen Goodman Library Renovations as outlined in the Financial Implications section of this report.

BACKGROUND

The overarching goals of the Keshen Goodman Library renovation project are to provide enhanced branch services for this growing community, to improve building accessibility, and to advance energy efficiency. The renovation will include a building addition, providing an updated workspace and delivery service area for Halifax Public Libraries staff. There will be exterior improvements to the outdoor library and parking lot, enhancing accessibility and providing further outdoor programming opportunities for the community.

Request for Proposal No. 19-188, Design Services - Dartmouth North Library and Keshen Goodman Library Interior Renovation, was awarded to the highest scoring proponent, Fathom Studio Inc., at a cost of \$245,208 (net HST included) in January 2020. On June 6th, 2023, Halifax Regional Council approved an increase to PO #2070834773 in the amount of \$362,359. This increase was to provide the project with additional consultant services to accommodate unforeseen site conditions, project phasing, furniture coordination, and the replacement of the existing rooftop unit.

Outside! Landscape Architects Inc. were originally the landscape architecture consultants for the renovation; however, have recently requested to be removed from the project. Unspent amounts allocated to PO #2070856766 (Outside! Landscape Architects Inc.) will be re-allocated to the project. Fathom Studio Inc., the prime consultant for the project, was requested to provide HRM with a fee proposal to take on the outstanding landscape architecture scope for the remainder of the construction phase of the project. It is staff's opinion that replacing the landscape architecture consultant will result in best value, product and schedule for the project. A vendor evaluation form will be completed in accordance with the Procurement Policy.

Halifax Public Libraries have also requested additional design changes to improve accessibility, energy efficiency, occupational health and safety, and branch services.

DISCUSSION

Staff has recommended an increase to PO #2070834773 - Fathom Studio Inc. for changes to the contracted scope of work in the amount of \$76,013 (net HST included). The requested amount is broken out by discipline:

- Architectural Consulting Services \$20,597(net HST included)
- Landscape Architecture Consulting Services \$17,656 (net HST included)
- Mechanical and Electrical Consulting Services \$17,760 (net HST included)

Staff has recommended an additional \$20,000 (8.51% increase) contingency allowance for potential future unforeseen site conditions and additional design changes. The release of these contingency funds will be by approval of the PM, only if necessary.

A summary of the funding changes are as follows:

PO Award (net HST included)	\$245,208
CO increases approved to date	\$451,314

Request for Increase (net HST included) **\$ 76,013**
 New Contract Value (net HST included) \$772,535

Previous CO Increases	Approval	Amount (Net HST)
Dartmouth North Library Renovation - client requested design changes	PM – Darren Young	5,903
Keshen Goodman Library Renovation – Halifax Public Libraries master planning study for Keshen site	PM – Darren Young	9,960
Dartmouth North Library Renovation – sprinkler re-design work	PM – Darren Young	5,448
Keshen Goodman Library Renovation – air handling unit replacement study	CAO – Jacques Dubé (Approved July 5, 2021)	18,217
Keshen Goodman Library Renovation – air handling unit replacement construction documents, teen computer lab steel design, barrier-free washroom design; coordination of civil and landscaping consultants	Council (Item 15.1.1 – March 22, 2022)	49,427
Keshen Goodman Library Renovation – extended project phasing; millwork design; accommodations for site conditions; construction administration for air handling unit replacement	Council (Item No. 15.2.1 – June 6, 2023)	362,359

The total amount of changes (approved and pending) is \$527,327, which represents a cumulative increase of 215% to the original contract value of \$245,208. The current percentage of design fees in relation to capital construction costs are in line with industry standards. Increases in design scope for this contract are outlined below:

- Architectural, Mechanical, and Electrical Consulting Services: Fathom Studio will provide additional consultant services for client requested design changes which include edits to the staff area, program rooms and millwork pieces to improve accessibility, ergonomics, and customer service.
- Landscape Architecture Consulting Services: Fathom Studio will provide grading and drainage analysis while also reviewing all accessibility features of the outdoor library. They will provide construction administration services for the landscape architecture scope for the remainder of the project.

FINANCIAL IMPLICATIONS

Budget Summary:	<u>Project Account No. CB190010 – Keshen Goodman Library Renovations</u>
	Cumulative Uncommitted Budget \$ 971,136
	Less: Contract Amendment #07 \$ 76,013 *
	Balance \$ 895,123

* The total project cost is estimated to be \$7,440,310 (net HST included).

* Total contract value for PO # 2070834773 - Fathom Studio Inc. is \$772,535

RISK CONSIDERATION

The risks associated with this recommendation rate low. To determine this, consideration was given to financial, reputational, and operational matters. The recommendation mitigates risks the project would otherwise incur due to insufficient consultant services to fully complete the work.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

SOCIAL VALUE

There are no social value considerations associated with this purchase order agreement.

ALTERNATIVES

The CAO could choose not to approve the outlined requests. Reduction of scope is possible, but this would impact HalifACT initiatives, accessibility goals, security requirements and quality of branch services.

ATTACHMENTS

No attachments.

A copy of this report and information on its status can be obtained by contacting the Procurement Office at 902.490.4170, or Fax 902.490.6425.

Report Prepared by: Maribeth McCarvill, Project Manager, Facility Design & Construction, 902.943.0732
