



REQUEST FOR DECISION (RFD)

MEETING: Regular Council

MEETING DATE: June 14, 2022

ORIGINATED BY: Barbara Johnson, Chief Administrative Officer

TITLE/SUBJECT: BF07811

AGENDA NO.: D.1. f)

BACKGROUND/PROPOSAL:

The attached request from Kichton Contracting Ltd for a reduction in contract penalties due to an overage in Site Occupancy Days was received by MPA Engineering Ltd and discussed on June 10 2022 at the Post Construction Meeting. The full amount of the contract penalties is \$52,500 and MPA Engineering Ltd requires direction on whether to subtract the full amount of penalties from the final payment or whether the MD would “forgive” some or all of the penalties.

ATTACHMENTS:

- Letter from Kichton Contracting Ltd
- Email from MPA Engineering Ltd
- Progress Estimate 7 & Final

IMPLICATIONS:

- Kichton performed very well with no complaints from residents and had the disadvantage of taking over a contract late due to cancellation by previous contractor resulting in mostly winter work
- Kichton was given the opportunity to estimate additional costs due to taking over a job bid by a previous contractor (surety payment)
- Forgiving penalties means additional cost to the MD although still within the estimated grants and surety payment

RECOMMENDED ACTION:

For Council to pass a resolution either:

- authorizing MPA Engineering to forgive \$_____ in site occupancy day penalties (up to \$52,500 at \$1,500 per day)

OR

- to authorize MPA Engineering to not forgive any of the \$52,500 in site occupancy day penalties

Initials Show Support- Reviewed By:

CAO:

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25296 – 117 Avenue, ACHESON, ALBERTA T7X 6C2
TELEPHONE – (780) 447-1882, FAX – (780) 962-1967
Website: www.kichton.com

June 8, 2022

M.D. of Peace No. 135
5240 – 52 Avenue
Berwyn, AB T0H 0E0

ATTN: Barbara Johnson, Chief Administrative Officer
Bridge Replacement and Other Work
Bridge File 07811: Tributary to Peace River, SE 07-82-23-W5M
Contract 07811-20

RE: Contract Penalties (Overage in Site Occupancy Days)

This letter is to notify the MD of Peace River No. 135 that Kichton Contracting Ltd. is requesting that the Contract penalties (overage in site occupancy days) received to date be relieved.

Due to the late start of this bridge project, Kichton Contracting Ltd. had to scramble and find available crews and supervision to complete the project within the allotted timeframe. It was a very difficult year in finding competent manpower, and the anticipated production of the project suffered due to the manpower shortage. Unfortunately, this was a recurring problem on other projects that Kichton Contracting Ltd. had, and this conversation was had with several other clients. The manpower shortage created a total project delay of 20 days.

In addition, the existing clay proved challenging to re-use as the material was very dry and silty. Kichton Contracting Ltd. crews had to recondition the material multiple times to achieve the required compaction. This also hindered production and created more than anticipated site days, a delay of 10 days.

Lastly, due to the late award and start of the project, Kichton Contracting Ltd. had to work in winter conditions for a majority of the project. This created higher than anticipated costs and caused production issues. The project had to be phased differently due to the winter work, with bridge construction occurring during the winter, and earthwork in the spring of 2022. Due to the very brisk winter temperatures and weather that occurred during the project, this delayed the project by approximately 19 days.

In summary, Kichton Contracting Ltd. is hopeful that the MD will consider less penalties than have been given to date for the Contract. Although a 2022 project start was not discussed, we feel that our crews, suppliers, and subcontractors, have worked exceptionally hard to complete the project so that the County can open the road to the public in mid-2022. The 07811 Bridge will be opened by the end of this week, pending an inspection from MPA Engineering Ltd.

Thank you for the opportunity to work with the MD of Peace No. 135. We trust that you understand our position, and we look forward to working with you on other projects in the future.

Best regards,

David Kwasnecha, C.E.T.

Estimator / Project Manager | davidk@kichton.com

Kichton Contracting Ltd. | C. 780-872-4847 | P. 780-447-1882 ext. 2033 | F. 780-962-1967

Barbara Johnson

From: Megan Bartman <megan.bartman@mpaeng.ca>
Sent: Wednesday, June 8, 2022 9:08 AM
To: Barbara Johnson
Cc: Barry Denison; Clem Guenette
Subject: BF 07811 - Final Inspection Scheduling & Site Occ Penalty Relief Request
Attachments: Contract Penalties - 20-571 - MD Peace Bridge 07811.pdf; RE: KCL-20-571-COR-0002 Heating and Hoarding - MD Peace Bridge 07811

Good Morning Barbara,

Kichton should be finishing up the majority of the work today (or potentially tomorrow morning). Would the MD be available for a final inspection on Thursday Afternoon or Friday? Or is there a better time that might work for you?

Further to past discussions, Kichton has also submitted the attached request for relief on the site occupancy penalties. It's hard to quantify the true loss due to their referenced manpower issues/winter work, but at the very least, I would expect the 10 days assumed for the clay issues to be a bit much (potentially even double). In regards to the winter work/manpower issues, some of this potentially could've been addressed as part of the initial surety discussions. Honestly, I'm not too sure why Kichton didn't request additional site occupancy days at that time – I think this might be something to bring up as part of any discussions at the final inspection.

Today marks day 109 of site occupancy. Kichton had bid 60 days, and an additional 14 were approved for the hoarding structure installation and removal, resulting in a penalty of 35 days or \$52,500 (site occupancy rate is \$1,500/day). If approved, the days noted in the attached would more than cover the penalties that have been incurred on this project. (I wouldn't let it get to the point of a bonus for Kichton for site occupancy though) For reference (and compared to the original bids in Oct. 2020), Kichton had bid the lowest number of days. DCL had 70 days, and the 3rd and 4th bids had 82 and 150 days respectively. The Contractor that bid 82 days is generally fairly efficient/reasonable with their site occupancy days so that may've been a good estimate of the actual time required for this project (under normal weather conditions/without accounting for any unforeseen conditions etc.).

Site occupancy penalties do help to offset any additional engineering fees required due to the extended project duration (ex. our Scope Change #2 for \$15,245). As well there was the one extra work order issued for the Stainless Steel rebar supply issues (\$16,334). The MD also assisted with the heating/hoarding costs in the amount of \$52,450 although this was covered by the contingency money initially provided by the surety. Kichton had submitted an updated quote for \$103,540 but we had told them that any fees beyond the initial quote would be discussed at a later date, and could potentially be covered at the discretion of the MD if there were underruns elsewhere within the Contract. In the end, other than the additional days requested due to the conditioning required on the native clay, the other requests do fall outside of the typical AT specifications for extensions and will be up to the discretion of the MD on whether or not to accept the request. Kichton has been good to work with and overall, I think they did a good job on the project; that being said, I'm not sure that relieving all of the penalties is justified.

At this point in time, it may be best to discuss the site occupancy penalties and outstanding heating and hoarding fees at the final inspection when all parties are present. I don't think any final decisions would need to be made at that time, but Kichton may be able to provide further insight/justification for relaxing some of the penalties. Following the final, MPA can provide any further recommendations in this regard and we can discuss how you'd like to proceed. For now, I wanted to keep you in the loop about their request and that this will likely be a point of discussion at the meeting.

Let me know if you have any questions or require any additional information in this regard, and if there's a time that works best for you for a final inspection.

Thank you!

Megan Bartman, P.Eng.
Bridge Engineer



ENGINEERING
LTD

Box 6185, 9910 102 Street, Peace River, AB, T8S 1S2
Office (780) 624-8151, Fax (780) 624-5676, Cell (780) 527-4922
www.mpaeng.ca

Progress Estimate 7 & Final

Contract #: 07811-20 Bridge File: 7811

Contractor: Kichton Contracting Ltd.
 Address: 25296 117 Avenue
 Town/City: Acheson, Alberta
 Postal Code: T7X 6C2
 Contact: David Kwasnecha, CET
 Phone: 780-872-4847 Fax: 780-962-1967

Owner: Municipal District of Peace No. 135
 Address: PO Box 34, 5240 52 Avenue
 Town/City: Berwyn, Alberta
 Postal Code: T0H 0E0
 Contact: Barbara Johnson
 Phone: 780-338-3845 Fax: 780-338-2222



Bid Item No.	Description	Bid Prices				Sum of Previous Estimates		This Estimate		Total to Date	
		Unit	Qty.	Unit Price	Bid Total	Previous Qty.	Sum of Previous Payments	Qty. this Estimate	Current Payment Amount	Total Qty.	Total Payment
1	Mobilization	l.sum	1	\$ 185,000.00	\$ 185,000.00	1.00	\$ 185,000.00		\$ -	1.00	\$ 185,000.00
2	Traffic Accommodation for Bridge Construction	l.sum	1	\$ 140,700.00	\$ 140,700.00	0.80	\$ 112,560.00	0.20	\$ 28,140.00	1.00	\$ 140,700.00
3	Demolition and Disposal of Bridge Structure	l.sum	1	\$ 13,170.00	\$ 13,170.00	1.00	\$ 13,170.00		\$ -	1.00	\$ 13,170.00
4	Headslope Preparation and Backfill	l.sum	1	\$ 87,167.00	\$ 87,167.00	1.00	\$ 87,167.00		\$ -	1.00	\$ 87,167.00
5	Supply of Piling - HP 310 x 94 (Plain)	m	231	\$ 166.00	\$ 38,346.00	240.70	\$ 39,956.20		\$ -	240.70	\$ 39,956.20
6	Pile Tip Reinforcement	pile	14	\$ 87.50	\$ 1,225.00	14.00	\$ 1,225.00		\$ -	14.00	\$ 1,225.00
7	Pile Set-up	pile	14	\$ 1,425.00	\$ 19,950.00	14.00	\$ 19,950.00		\$ -	14.00	\$ 19,950.00
8	Pile Driving	m	231	\$ 85.00	\$ 19,635.00	240.70	\$ 20,459.50		\$ -	240.70	\$ 20,459.50
9	Plain Reinforcing Steel - Supply	kg	4795	\$ 3.60	\$ 17,262.00	3900.00	\$ 14,040.00		\$ -	3900.00	\$ 14,040.00
10	Corrosion Resistant Reinforcing Steel - Supply	kg	8167	\$ 4.75	\$ 38,793.25	8756.00	\$ 41,591.00		\$ -	8756.00	\$ 41,591.00
11	Stainless Reinforcing Steel - Supply	kg	552	\$ 5.50	\$ 3,036.00	586.00	\$ 3,223.00		\$ -	586.00	\$ 3,223.00
12	Reinforcing Steel - Place	kg	13514	\$ 1.65	\$ 22,298.10	13242.00	\$ 21,849.30		\$ -	13242.00	\$ 21,849.30
13	Concrete - Supply and Place (Class C)	m3	28	\$ 2,536.00	\$ 71,008.00	28.03	\$ 71,092.20		\$ -	28.03	\$ 71,092.20
14	Concrete - Supply and Place (Class HPC)	m3	63	\$ 2,750.00	\$ 173,250.00	62.00	\$ 170,500.00		\$ -	62.00	\$ 170,500.00
15	Precast Concrete Units - Supply (20 m SLC700 Int., 15 deg. RHF)	girder	6	\$ 29,227.00	\$ 175,362.00	6.00	\$ 175,362.00		\$ -	6.00	\$ 175,362.00
16	Precast Concrete Units - Supply (20 m SLC700 Ext., 15 deg. RHF)	girder	2	\$ 35,375.00	\$ 70,750.00	2.00	\$ 70,750.00		\$ -	2.00	\$ 70,750.00
17	Precast Concrete Units - Delivery	l.sum	1	\$ 29,465.00	\$ 29,465.00	1.00	\$ 29,465.00		\$ -	1.00	\$ 29,465.00
18	Precast Concrete Units - Erection	l.sum	1	\$ 44,640.00	\$ 44,640.00	1.00	\$ 44,640.00		\$ -	1.00	\$ 44,640.00
19	Miscellaneous Iron	l.sum	1	\$ 6,100.00	\$ 6,100.00	0.75	\$ 4,575.00	0.25	\$ 1,525.00	1.00	\$ 6,100.00
20	Bridgerail - Supply and Install	l.sum	1	\$ 36,190.00	\$ 36,190.00	0.80	\$ 28,952.00	0.20	\$ 7,238.00	1.00	\$ 36,190.00
21	Guardrail - Supply and Install	l.sum	1	\$ 38,380.00	\$ 38,380.00		\$ -	1.00	\$ 38,380.00	1.00	\$ 38,380.00
22	Heavy Rock Riprap (Class 1)	m³	165	\$ 315.00	\$ 51,975.00	160.00	\$ 50,400.00	25.40	\$ 8,001.00	185.40	\$ 58,401.00
23	Common Excavation	m³	6000	\$ 27.17	\$ 163,020.00	2950.00	\$ 80,151.50	690.00	\$ 18,747.30	3640.00	\$ 98,898.80
24	Borrow Excavation - Contractor Supplied	m³	5000	\$ 31.88	\$ 159,400.00	4400.00	\$ 140,272.00	706.00	\$ 22,507.28	5106.00	\$ 162,779.28
25	Subgrade Excavation	m³	120	\$ 6.75	\$ 810.00	120.00	\$ 810.00		\$ -	120.00	\$ 810.00
26	Gravel Surfacing, Des. 4 Class 40	t	390	\$ 38.50	\$ 15,015.00	381.40	\$ 14,683.90		\$ -	381.40	\$ 14,683.90
27	Gravel Surfacing, Des. 4 Class 20	t	295	\$ 44.00	\$ 12,980.00	294.10	\$ 12,940.40		\$ -	294.10	\$ 12,940.40
28	Culverts - Supply and Install (600 mm dia. CSP)	m	47	\$ 459.00	\$ 21,573.00	19.80	\$ 9,088.20	27.20	\$ 12,484.80	47.00	\$ 21,573.00
29	Roadway Work	l.sum	1	\$ 56,910.00	\$ 56,910.00	0.80	\$ 45,528.00	0.20	\$ 11,382.00	1.00	\$ 56,910.00
30	Erosion Control Barrier (Silt Fence)	m	100	\$ 10.30	\$ 1,030.00		\$ -	65.00	\$ 669.50	65.00	\$ 669.50
31	Erosion Control Soil Covering	m2	300	\$ 7.00	\$ 2,100.00		\$ -	98.00	\$ 686.00	98.00	\$ 686.00
32	Site Occupancy - Bridge Construction	day		\$ 1,500.00	\$ -	-24.00	\$ 36,000.00	-11.00	\$ 16,500.00	-35.00	\$ 52,500.00
	Material Escalation	l.sum	1	\$ 56,000.00	\$ 56,000.00	0.85	\$ 47,600.00	0.15	\$ 8,400.00	1.00	\$ 56,000.00
	Extra Work Order 1 - CR Steel Escalation	l.sum	1	\$ 16,334.00	\$ 16,334.00	1.00	\$ 16,334.00		\$ -	1.00	\$ 16,334.00
	Extra Work Order 2 - Heating & Hoarding	l.sum	1	\$ 52,450.00	\$ 52,450.00	1.00	\$ 52,450.00		\$ -	1.00	\$ 52,450.00
				SUBTOTAL	\$ 1,841,324.35		\$ 1,589,785.20		\$ 141,660.88		\$ 1,731,446.08
				HOLDBACK (10%)			\$ 158,978.52		\$ 14,166.09		\$ 173,144.61
				LESS HOLDBACK			\$ 1,430,806.68		\$ 127,494.79		\$ 1,558,301.47
				GST (5%)			\$ 71,540.33		\$ 6,374.74		\$ 77,915.07
				TOTAL PAYMENT DUE			\$ 1,502,347.01		\$ 133,869.53		\$ 1,636,216.55

Date Prepared: June 8, 2022

Prepared by: Megan Bartman, P.Eng.

Client Approval: Barbara Johnson



ENGINEERING LTD