



Report to: General Committee

Date Report Authored: October 24, 2013

SUBJECT: Southeast Community Centre & Library Project –
Construction Contract Award
PREPARED BY: Phoebe Fu, P. Eng., Director, Asset Management

RECOMMENDATION:

- 1) **THAT** the report entitled “Southeast Community Centre & Library Project – Construction Contract Award” be received;
- 2) **AND THAT** Staff be authorized to award Contract 180-T-13 to the lowest priced qualified Bidder, Bondfield Construction Company Ltd, for the construction of the Southeast Community Centre & Library, in the amount of \$47,767,225 (excluding HST);
- 3) **AND THAT** a contingency amount of \$2,388,361 (excluding HST), representing 5% of the Contract Award, be established to cover any unforeseen additional construction costs that may be incurred during construction, and that Staff be authorized to approve the expenditure of this contingency amount up to the specified limits in accordance with the City’s Expenditure Control Policy;
- 4) **AND THAT** the Contract Award be funded from the Southeast Community Centre & Library project budget account 070-5350-13500-005 in the amount of \$50,155,586 (excluding HST);
- 5) **AND THAT** the Solar Photovoltaic System cost be funded from the Life Cycle Replacement and Capital Reserve Fund in the amount of \$1,035,000 (excluding HST) with the associated revenues to be repaid to the Reserve;
- 6) **AND THAT** the funds remaining in the approved budgets which total \$4,337,855 be returned to the original funding sources;
- 7) **AND THAT** the contingency purchase order for Architectural/Engineering Services fee by Perkins and Will be increased by \$146,040 (excluding HST) to account for additional project scope to be funded from the “Southeast Community Centre Architect Consulting Services” capital account 070-5350-11318-005;
- 8) **AND THAT** Council express its intention to recover any future excess capacity that may be created from the addition of this facility from future Development Charges; and further,
- 9) **AND THAT** this report be brought forward to the October 29, 2013 Council Meeting,
- 10) **AND FURTHER THAT** Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to seek Council approval to award the construction contract for the Southeast Community Centre & Library (SECC&L). The target for construction completion of the project remains as Q4 2015.

BACKGROUND:

Council passed the following resolution at their meeting on June 17, 2012:

"That Council authorizes Staff to proceed with tendering to the pre-qualified General Contractors for the construction phase of the project"

OPTIONS/DISCUSSION:**A. Project Schedule**

Project is presently progressing on schedule.

- Issued Tender for Construction Contract July 30, 2013
- Project Land Transaction Closing October 4, 2013
- Construction Contract Award November, 2013
- Occupancy February 2016

The acquisition of the site was completed on October 4, 2013.

Site Plan Endorsement and Building Permit will be available prior to construction contract award. Supporting documents have been circulated and all comments from authorities having jurisdiction have all been addressed.

An Executive Steering Committee has been established to provide oversight for the project, including monthly meetings to monitor and review progress of the project from a cost, schedule, and risk perspective.

B. Construction Tender (General Contractor)

Staff released a pre-qualification request for proposal to the market place to ensure the contractors bidding on this tender are qualified to undertake a project of this magnitude and complexity and have the appropriate resources to complete the work in accordance with City of Markham requirements within the specified timelines. Pre-qualification Request for Proposal 012-P-13 was issued to the market place in accordance with the Purchasing By-law 2004-341.

PRE QUALIFICATION INFORMATION (012-P-13):

Advertised	ETN
Pre qualification closed on	January 15, 2013
Number picking up document	61
Number responding to pre qualification	13
Number of contractors pre qualified	5

CONSTRUCTION TENDER INFORMATION (180-T-13):

Advertised	July 30, 2013 (By Invitation)
Tender closed on	September 20, 2013
Number picking up tender documents	5
Number responding to tender	5

DETAILED PRICE INFORMATION:

Bidder	Bid Price (excluding HST)	Contract Price (excluding HST)
Bondfield Construction	\$45,666,000	\$47,767,225
Graham Construction	\$46,200,000	\$47,949,000
Carillion	\$45,988,324	\$47,996,241
Ellis Don	\$52,300,000	\$54,874,145
PCL	\$55,949,925	\$57,793,289

In accordance with the terms of the tender document:

- Bidders submitted a **“Bid Price”** to complete the scope of work.
- Bidders submitted **“Separate Prices”** for items which the City could **add** to the scope of work (in its sole discretion). These “Separate Prices” items were included to enable the City (budget permitting) to add additional scope of work items necessary to provide a complete project which meets all of the necessary requirements for the facility’s intended use.
- Bidders submitted **“Alternate Prices”** for items which the City could **substitute** for the scope of work (in its sole discretion). These “Alternate Prices” items (with the exception of one item – Running Man Signage) were included to enable the City to substitute items for the scope of work included in the Bid Price for the purpose of reducing project costs.
- **“Contract Price”** is determined by adding to the Bid Price any “Separate Price(s)” selected by the City and adding/deducting from the Bid Price any “Alternate Price(s)” selected by the City.
- **Contract Award is based on the lowest “Contract Price”**

For the reasons detailed in Section D of this report, Staff recommends that ALL of the “Separate Prices” items be added to the Contract Award, and that one of the “Alternate Prices” item be added to the Contract Award.

The “Contract Price” listed above for each Bidder reflects the Bid Price submitted by the Bidder, plus the “Separate Prices” items and “Alternate Prices” item recommended by Staff to be added to the Contract Award.

Bondfield has both the lowest **Bid Price** and the lowest **Contract Price**.

C. Scope of Work Items Included in the Contract Award

The favourable Bid Prices submitted by the Bidders (all within the original construction cost estimate) enable the City to retain within the scope of work the following important elements to the project:

C1. LEED Gold Level of Certification:

On December 10, 2012 Council approved the energy conservation and sustainability initiatives, targeting LEED Gold level of certification on the basis of adding enhancements to the base building design. The construction cost to effect the required architectural, mechanical and electrical components to target to achieve LEED Gold is included in the scope of work. LEED Gold level of certification can only be achieved on the basis of adding a 300 kW Solar Photovoltaic System (which is discussed in detail in item D6 of this report).

C2. Enhanced Outdoor Space:

The original cost estimate for the site was based on comparable quality and features to the Cornell Community Centre and Library Project ("CCC&L"). The hardscaped portion for SECC&L is larger by 1.35 acres compared to CCC&L. In addition, various components of the larger site such as the northwest corner, the basketball courts, and features within the large open piazza are included in the scope of work.

C3. Audio-Visual (AV) in Social Gathering Space:

Staff had been requested to review enhanced audio visual/acoustic features in the social gathering space within SECC&L. Specialist acoustical and AV consultants were retained to assist with the design. The study provided acoustic and AV features to accommodate the various anticipated uses of the space. The capital cost of the AV features is included in the scope of work.

C4. Enhanced Acoustics in Social Gathering Space:

In addition to C3 above, an enhanced acoustic feature is included in the scope of work.

C5. Electrical work to accommodate Emergency Reception Centre:

The power distribution system for the SECC&L has been designed to provide the switching, distribution, and connection features necessary to operate as an Emergency Reception Centre. To operate the SECC&L as an Emergency Reception Centre, a portable generator would be required but is not included in the scope of work. Only electrical capital cost is included in the scope of work.

D. Additional Items Included in the Contract Award

In light of the favourable prices submitted by the Bidders, and in order to provide a complete project which meets all of the necessary requirements for the facility's intended

use, Staff recommends that ALL of the “Separate Prices” items be added to the Contract Award, and that one of the “Alternate Prices” items be added to the Contract Award.

Separating the scope of work for the additional items for implementation at a later date would require additional design fees, project management resources, separate tendering processes, potential conflicts with two contractors on site and additional time. Awarding all additional items with the construction contract is efficient from resources, scheduling and cost perspectives.

The price submitted by Bondfield for the additional items (\$2,101,225) is reasonable for the scope of work as specified. The additional items are listed below:

“Alternate Prices” Item

D1. “Running Man” Exit Signage

This is to provide “running man” graphical signage to facilitate exiting from the building, instead of the traditional text of “EXIT”, per the new 2012 Building Code.

“Separate Prices” Items

D2. Regional Road 14th Avenue Future Widening – Landscape Cost

The latest York Region Official Plan shows a 43.0 metre right-of-way for 14th Avenue, which requires the City of Markham to dedicate a 10.5 m road widening to the Region at no cost. The interim situation, in advance of the road widening which is not currently scheduled, will be an additional boulevard width of approximately 7 metres to the north of the project site. It has been confirmed by the Region that this work is not included in the Region’s 10 Year Capital Plan. Due to the uncertain timing of the 14th Avenue widening, Staff has been directed to design the additional boulevard space in consultation with the Region.

Additional landscaping includes relocating the sidewalk, planting trees, and sodding the boulevard space.

D3. East/West Municipal Road – Landscape Enhancements:

Landscape features such as sidewalks, sod and planting have been designed for the north boulevard of the East/West Road (adjacent to SECC&L lands).

D4. Geotextile under Unit Paving

This is for the geotextile fabric between the concrete base and the bedding sand layer of all exterior unit paving to improve the long term performance and maintainability of the unit paving.

D5. Urban Square Landscape Feature

This relates to the provision of a landscape feature within the northwest Urban Square.

D6. Solar Photovoltaic System

Staff was directed by Council to include the 300kW Solar Photovoltaic rooftop array as an option in the construction tender.

In light of the ongoing changes in the solar industry, the requirements associated with the Ontario Power Authority (“OPA”) Fee-In Tariff (“FIT”) Program, and the option to lease out the rooftop to PowerStream, staff conducted a thorough due diligence review of the Solar Photovoltaic System option. For the reasons detailed below, staff recommends that the Solar Photovoltaic System item be added to the Contract Award:

- The project is a good investment since it has a ROI greater than 10% and a simple payback of shorter than 10 years. The Solar Photovoltaic System will be funded from the Lifecycle Replacement and Capital Reserve Fund as an investment.
- In a Report to Council dated November 27, 2012, Staff advised that the expected capital cost of a 300 kW Solar Photovoltaic System was approximately \$1.2M - \$1.8M. The prices submitted by the Bidders for the Solar Photovoltaic System range from \$1.035M to 1.913M, with Bondfield’s price being the lowest. Staff have confirmed that Bondfield’s price is comparable with current market rates (which are experiencing a decline in hardware costs). As per the tender document, as the “Photo Voltaic System Integrator”, Bondfield would install, and commission a fully-operational grid-tied Solar Photovoltaic System as described in the tender specifications, and would administer and document the OPA Fit Program. Any fees or security amounts required for the connection process will be paid for by Bondfield.
- Bondfield has experience installing systems of the type and scope specified in the tender document. Bondfield’s Energy Division has successfully constructed and commissioned over 50 individual FIT rooftop solar PV projects amounting to total installed capacity of over 10MW in the Province of Ontario. Bondfield has procurement relationships with all top tier module, inverter and racking solar hardware manufacturers.
- Including the Solar Photovoltaic System in the construction tender will: (1) provide the City with a full “turn-key” Solar Photovoltaic System at the end of the construction process; (2) provide the City with a fully administered OPA process, which will reduce the need for Staff resources; (3) result in the City owning and operating the Solar Photovoltaic System asset; and (4) provide the City with direct revenue from the FIT Program. None of the foregoing would preclude the City (at a later date) from partnering with PowerStream to operate the Solar Photovoltaic System, if considered in the best interests of the City to do so.
- Not including the Solar Photovoltaic System in the construction tender, and separating this item for procurement of the system / administration of the FIT Program application at a later date would require additional design fees, additional project management resources, a separate tender process, and potential conflicts with two contractors on site, and could result in significant delays with the risk that the City could miss the Commercial Operation Date within the OPA’s required timeframe.

FINANCIAL CONSIDERATIONS:**A. Contract Award Considerations**

The SECC&L proposed Contract Award and Construction Cost is summarized below.

Item	Description	Bondfield
1	Tender Price (HST excluded)	\$45,666,000
2	Separate Prices* / Alternate Prices**	
2.1	Regional Road: 14th Avenue Boulevard Landscaping*	\$220,725
2.2	Future South Road Boulevard Landscaping*	\$159,000
2.3	Geotextile under Unit Paving*	\$8,100
2.4	Urban Square Landscape Feature*	\$675,000
2.5	"Running Man" Exit Signage**	\$3,400
2.6	Solar PV	\$1,035,000
	Tender Award Price	\$47,767,225
	Contingency 5%	\$2,388,361
	Construction	\$50,155,586

Staff recommends awarding Contract 180-T-13 to the lowest priced qualified Bidder, Bondfield Construction Company Ltd., for the construction of Southeast Community Centre & Library, in the amount of \$47,767,225 (excluding HST).

Staff recommends the contingency amount of \$2,388,361 (excluding HST), representing 5% of the Contract Award, be established to cover any unforeseen additional construction costs that may be incurred during construction, and that Staff be authorized to approve the expenditure of this contingency amount up to the specified limits in accordance with the City's Expenditure Control Policy.

The SECC&L project cost estimate is summarized below:

Report Date	24-Sep-12 Original Budget A	07-Oct-13 Revised Budget B	Variance Increase/ (Decrease) B-A
Construction	\$50,404,762	\$47,767,225	-\$2,637,537
Construction Contingency	\$2,520,238	\$2,388,361	-\$131,877
Subtotal	\$52,925,000	\$50,155,586	-\$2,769,414
Internal / Other Costs	\$5,295,000	\$5,190,559	-\$104,441
Municipal Fees	\$500,000	\$500,000	\$0
FF&E / IT costs\	\$7,830,000	\$7,401,000	-\$429,000
Total Cost Estimate (excluding land)	\$66,550,000	\$63,247,145	-\$3,302,855

Staff recommends that the Contract Award, including contingency, be funded from the Southeast Community Centre & Library project budget account 070-5350-13500-005 in the amount of \$50,155,586 (excluding HST).

Staff recommends that the Solar Photovoltaic System cost of \$1,035,000 (excluding HST) be funded from the Life Cycle Replacement and Capital Reserve Fund.

There is a favourable variance from previous approved budgets totaling \$4,337,855 that will be returned to original funding sources. Since the Solar Photovoltaic will be funded from the Life Cycle Replacement and Capital Reserve Fund for \$1,035,000 there is a net favourable variance of \$3,302,855.

The surplus balance of \$4,337,855 will be returned to the original funding sources; \$104,240 to be returned from 'South East Community Centre / Architect Consulting Services' 2011 Capital account 70-5350-11318-005 and \$4,233,615 to be returned from 'South East Community Centre' 2013 Capital account 70-5350-13500-005;

B. Prime Consultant Contingency Consideration

The following items were added to the Prime Consultant (Perkins and Will) scope of work and funded from the existing contingency purchase order of \$270,000 (excluding HST).

Item	Description	Amount excl. HST Impact
1	LEED Silver to LEED Gold (Evaluation)	\$ 6,175.00
2	Acoustics and A/V Consulting for Social Gathering Space	\$ 75,190.00
3	Emergency Reception Centre	\$ 8,000.00
4	LEED Gold and Photovoltaic (Design)	\$ 37,175.00
5	14th Avenue Boulevard Expansion	\$ 8,000.00
6	HPNC Grant Submission	\$ 11,500.00
	Total, Additional Contingency Amount	\$ 146,040.00

To ensure sufficient contingency funds remain in place for additional Prime Consultant services throughout the construction phase, Staff recommends increasing the contingency purchase order accordingly.

The additional contingency for 'Perkins and Will' in the amount of \$146,040 will be funded from the existing 'South East Community Centre / Architect Consulting Services' 2011 Capital account 70-5350-11318-005.

HUMAN RESOURCES CONSIDERATIONS

Not Applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

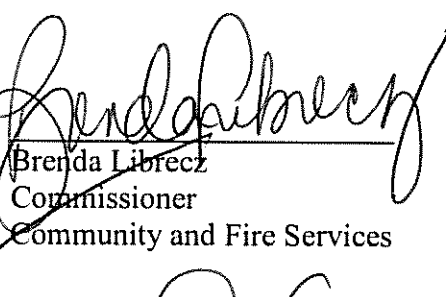
The project aligns with the following City of Markham corporate goals: Integrated Leisure Plan, Diversity Action Plan, Economic 2020, Greenprint and Culture Master Plan.

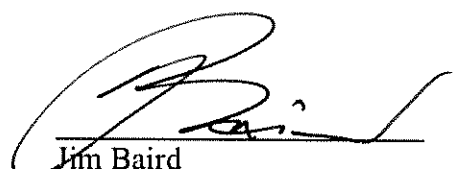
BUSINESS UNITS CONSULTED AND AFFECTED:

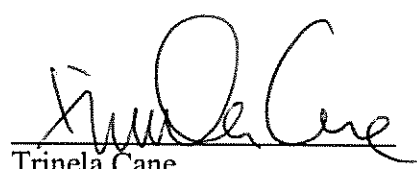
Recreation Services, Markham Public Libraries, Planning and Urban Design, Engineering, Legal and Financial Services have been consulted.

RECOMMENDED BY:


Andy Taylor
Chief Administrative Officer


Brenda Librecz
Commissioner
Community and Fire Services


Jim Baird
Commissioner
Development Services


Trinela Cane
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