



# Town of East Gwillimbury

## ADMINISTRATION REPORT ADMIN2022-03

To: Council

Date: September 7, 2022

Subject: Tender T-22-15  
Health and Active Living Plaza Construction Tender

Origin: Community Parks, Recreation and Culture (CPRC) – Facilities Branch

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### RECOMMENDATIONS

1. **THAT** Administration Report ADMIN2022-03 dated September 7, 2022, entitled Tender T-22-15 – Health and Active Living Plaza Tender, be received; and
2. **THAT** Council award the lowest bid from Tender T-22-15 to Aquicon Construction subject to the removal of the landscaping and park portion of Tender T-22-15 in an amount of \$76,523,000 excluding taxes; and
3. **THAT** Council approve the award for contract administration in an amount not to exceed \$2,250,000 to MJM Architects and project consultants. Included in this provision, Council approve the Request for Proposal (RFP) P-22-18 for Project Management support services to Colliers Project Leaders Inc. for an amount not to exceed \$353,500 excluding taxes as described in this Report ADMIN2022-03; and
4. **THAT** Council approve the revised project budget and funding sources presented in this Report ADMIN2022-03; and
5. **THAT** Council authorize staff to hold a public meeting to inform stakeholders of a forthcoming amendment to the Development Charge By-law; and
6. **THAT** Council authorize the Mayor & Clerk to execute the Health and Active Living Plaza facility construction contract with Aquicon Construction Co. Ltd.

### PURPOSE

This report is to seek Council's approval for the award of a construction contract for the Health and Active Living Plaza facility subject to the removal of the landscaping and park portion of the tender.

This report also seeks Council approval of the revised budget and development charge funding sources.

## **BACKGROUND**

T-22-15 – Health and Active Living Plaza Facility and Park Construction closed on Thursday August 11, 2022. Three (3) pre-qualified general contractors bid on the tender. The recommended construction contract amount of \$76,523,000 excluding taxes includes the facility construction and removes the park construction from the contract.

## **ANALYSIS**

### **COVID-19 and Inflationary Pressure**

The COVID-19 pandemic has had significant impacts upon the construction industry resulting in unprecedented and unpredictable market conditions. Supply chain issues, rising commodity prices, labour shortages and inflationary pressures have created an environment of uncertainty for both contractors and owners. Over the past two years construction pricing has increased between 20 to 40% depending on the type of construction and timing.

Statistics Canada measures the average costs of construction across Canada in the Building Construction Price Index which is released on a quarterly basis. The Index increased in one year (Q3 2020 to Q3 2021) more than it had in the three-year period preceding Q3 2021. In determining the cause for this significant increase, analysts cite the labour shortages arising from the pandemic (COVID-19) which resulted in supply chain problems. Moreover, as employees were sent home, many families decided to renovate their houses, causing shortages of materials. The economics of increasing demand for materials and labour in the face of a shrinking supply has put upward pressure on the cost of construction in the residential market, as well as commercial, industrial and institutional construction. With this level of volatility and uncertainty in the market, bidders may include an allowance with their bids to mitigate financial risk.

### **Municipal Comparators Show Rapid Escalation in Pricing**

Prior to the COVID-19 pandemic, multi-use recreation complexes had an average cost per square foot of approximately \$500.00 to \$550.00 per square foot. Values may vary given the type of facilities constructed within the multi-use centre and timing of construction. The following table provides examples of recent municipal comparators for similar multi-use recreation centre construction projects (Aquatics Centres, Gym and Multi-use Space) tendered and being prepared for tender after the start of the COVID-19 pandemic. Over the past six months some cost per square foot construction values have increased an additional 25%.

Project	Project	Cost per Square Foot	Date of Tender
Western North York	\$73,800,000	\$865/Sq ft	TBC
East Gwillimbury	\$74,523,000	\$826/Sq ft	August 2022
North East Scarborough	\$73,000,000	\$869/Sq ft	April 2022
Prince Albert	\$105,000,000	\$695/sq ft	March 2022
Guelph South End	\$110,000,000	\$660/sq ft	February 2022

### Budget to be adjusted based on tender pricing and market conditions

The project was competitively tendered following a pre-qualification in which 5 bidders were prequalified to submit tenders. There were 3 bids submitted at the tender stage for both the facility and park construction. A summary of the 3 bids is shown below:

Bidder/Contractor	Bid Amount (excl. HST)
Aquicon Construction Co. Ltd.	\$85,973,000*
Tambro Construction Ltd.	\$103,590,000
Percon Construction Inc.	\$111,150,000

\*The \$85,973,000 has been adjusted to remove the park scope of work. As a result, the recommended contract award to Aquicon Construction Co. Ltd. includes the construction of the facility only at a construction contract value of \$76,537,000, excluding taxes. The tender included a provision that made award subject to adequate budget and Council's approval.

### Health and Active Living Plaza is a High Priority for Service Delivery for Residents

The Health and Active Living Plaza is one of the highest priority projects for service delivery for residents as indicated in the 2018 Council approved Parks and Recreation Master Plan. This project reflects the Town's commitment to deliver services that promote the health and well-being of its residents. The Health and Active Living Plaza includes the Town's first aquatics centre, library, gym, program and permit space and children's play space. **Appendix 1 – Health and Active Living Plaza**

### Environmental Leadership

The Health and Active Living Plaza incorporates numerous Thinking Green Development Standards and Council approved Net Zero design concepts making the facility the most environmentally friendly facility built by the Town. The industry leading technology will decrease energy consumption, save on operating costs and decrease greenhouse gas emissions.

### **Timing of the Park construction increased costs due to unknown market conditions**

Under the current tender, the park construction would occur at the end of the facility construction in approximately two years. Given the current 2022 park construction costs per acre the delayed timing of the park construction has resulted in inflated pricing as the contractors bidding the work are uncertain of market conditions over the next two years.

Staff recommend removal of the park from the current scope of work and re-tendering the project to pre-qualified park specific contractors over the next 16 to 24 months. Staff will continue to monitor park construction pricing and ensure development charges and funding is sufficient at the time of re-tendering.

### **De-Scoping and Phasing will enable this high priority project to proceed**

Staff recommend an option to remove or de-scope the landscaping portion of Tender T-22-15 pertaining to the construction of the landscaping work and park and award the contract to Aquicon Construction Co. Ltd. for the remaining work at a reduced contract price. The lowest bid was significantly greater than the projected budget for this project. A reduction in the originally contemplated scope by removing the portion of the original scope pertaining to the construction of the park will enable the project to proceed in accordance with a revised funding and financial strategy included with this report. This component is identifiable in the bids as “Table F – Landscape HALP.” At a future time, the Town would proceed with a new tender for the construction of the park.

### **Aquicon Construction has a long and proven history constructing Recreation Centres and Libraries**

Over the past 30 years Aquicon Construction has built over 100 large scale recreation centres, libraries and institutional facilities in the Greater Toronto Area and Ontario. Some of the successful past municipal recreation centre and library projects include:

Oak Ridges Community Centre  
Bradford West-Gwillimbury Community Centre  
Sherwood Community Centre – Milton  
Meadowvale Community Centre – Mississauga  
McBain Community Centre and Library – Niagara Falls  
Brooklin Community Centre and Library  
Peterborough Sports and Wellness Centre  
Newcastle Community Centre – Clarington  
Gore Meadows Community Centre and Library – Brampton  
Erin Meadows Multi-Use Complex – Mississauga  
Bostwick Community Centre and Library – London  
Stoney Creek Recreation Centre

## **Responsible Project Management, Tracking and Reporting**

MJM Architects completed the detailed design of the Health and Active Living Plaza. Town staff are recommending MJM Architects and consultants proceed with contract administration services for construction with project management support services. On May 25, 2022, the Town released RFP 2022-18 for project management support during the construction implementation phase of the project. A total of 7 firms submitted proposals for project management support services.

The most favourable submission was from Colliers Project Leaders Inc. with a not to exceed limit of \$353,500 that is included with the Consulting Costs of the Approved Budget.

Project management support will be utilized on an as needed basis to an upset limit as described in this report. Project management support will assist with maintaining schedule, budget, review and assistance with contemplated changes and changes to contract, quality control and assurance, project records and files, monitoring inspections, testing and deficiency correction. During the construction implementation, Town staff will provide Council with routine project status updates including project timelines and budget.

## **FINANCIAL IMPLICATIONS**

### **Project construction will have no tax levy impact**

The following table summarizes the approved project budget, the bid submitted by Aquicon and the projected revised budget required. Costs included in the pre-tender budget estimate are included the Development Charge Background Study.

Costs incurred to date are also shown to illustrate the full scope of the project. Please note that the budget figures include the non-recoverable HST that is applicable to the project. All construction costs are funded from development charges and community capital contributions. No tax levy funding will be required.

	<b>Pre-Tender Council Approved Budget Estimate<sup>1</sup></b>	<b>Aquicon Tender Results<sup>1</sup></b>	<b>Proposed Tender Award and Revised Budget<sup>1</sup></b>
Costs Incurred to date			
Project Design	\$2,253,411	\$2,253,411	\$2,253,411
Land	\$8,000,000	\$8,000,000	\$8,000,000
<b>Subtotal</b>	<b>\$10,253,411</b>	<b>\$10,253,411</b>	<b>\$10,253,411</b>
Construction			
Facility	\$58,147,000	\$75,835,000	\$77,870,000
Park	\$5,253,000	\$11,652,000	Future
Roadworks	\$1,500,000	\$1,500,000	\$1,500,000
Consulting/Contract Administration/Project Management	\$1,870,000	\$1,870,000	\$2,250,000
Fixtures, Furniture & Equipment	\$1,500,000	\$1,500,000	\$1,500,000
<b>Subtotal Construction</b>	<b>\$68,270,000</b>	<b>\$92,357,000</b>	<b>\$83,120,000</b>
Internal Borrowing / Provisional Items	\$11,000,000	\$11,000,000	\$11,000,000
<b>Project Total</b>	<b>\$89,523,411</b>	<b>\$113,610,411</b>	<b>\$104,373,411</b>
<b>Funding</b>			
Development Charges	\$85,723,411	\$109,810,411	\$100,573,411
Community Capital Contributions	\$3,800,000	\$3,800,000	\$3,800,000
<b>Total Funding</b>	<b>\$89,523,411</b>	<b>\$113,610,411</b>	<b>\$104,373,411</b>

<sup>1</sup> Includes non-recoverable HST

### **An amendment to the development charge by-law is required**

The costs associated with the Health and Active Living Plaza included in the Town's development charge by-law total \$88.4 million. To ensure sufficient development charges are generated to fund the revised costs, the development charge by-law must be amended to reflect the results of the tender. The Development Charges Act requires a public meeting be scheduled to present the updated study to the public and to solicit input. Staff propose to hold the public meeting and table an amendment to the by-law prior to the end of 2022.

### **Temporary internal borrowing may be required to cashflow the project**

Between development charge reserves and committed developer contributions, the Town has over \$60 million currently available for the project. It is projected that with the amendment to the development charge by-law, approximately \$25 - \$30 million in

development charges related to the project could be collected during the project construction period. This is dependent on the amount of growth that occurs during this timeframe.

If growth does not occur as projected, temporary borrowing from other Town reserves may be required until the development charge collections are received. Sufficient reserves are available to borrow from if required. Any interest costs incurred will be recovered from development charges.

### **Alternate sources of funding will be pursued**



To assist with project funding, the Town will continue to pursue other sources of funding, such as grants available from senior levels of government (e.g., gas tax) and private sector sponsorship/naming opportunities.

### **NEED FOR PUBLIC CONSULTATION**

Staff will work with Communications to inform the public through various Town media outlets including the Town website and social media.

### **ALIGNMENT TO STRATEGIC PLAN**

The recommendations of this report align with the following Strategic Priority(ies):

	<b>Build Complete Communities</b>	Effectively manage new and existing assets to deliver exceptional services to residents while ensuring a sustainable community
	<b>Quality Programs &amp; Services</b>	Continue to advocate for a safe and livable community for our residents while leveraging opportunities and partnerships
	<b>Culture of Municipal Excellence</b>	Build an engaged and strategically aligned staff team to deliver high quality programs
	<b>Responsible Growth &amp; Environmental Protection</b>	To promote the stewardship, preservation, conservation, protection and enhancement of the natural environment in East Gwillimbury  Ensure development occurs in a sustainable fashion, with a focus on preserving the Town's cultural heritage and environmental features

**CONCLUSION**

The construction of the Health and Active Living Plaza Facility is an important priority for the Town. Staff seek Council approval for an award of construction contract, project management services and revised budget and funding strategy. Staff also recommend proceeding at a later date with the park construction as described in this report.

**APPENDICES**

Appendix 1 – Health and Active Living Plaza

Prepared by:
<i>Original Signed by</i>
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Reviewed and Recommended by:
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Reviewed and Recommended by:
<i>Original Signed by</i>
Janis Ingram Town Solicitor

Approved for Submission by:
<i>Original Signed by</i>
Thomas R. Webster Chief Administrative Officer
























## Health & Active Living Plaza

September 7, 2022
























# HALP PROGRAM

-  POD PROGRAM ROOM
-  AQUATICS CENTRE
-  UNIVERSAL CHANGE FACILITIES
-  LIBRARY
-  MAKER SPACE
-  RECORDING STUDIO
-  UNIVERSAL WASHROOMS
-  CONCESSION
-  INDOOR PLAYSPACE
-  GYMNASIUM
-  TRACK
-  OPTIONAL FITNESS (LIGHT CARDIO AND STRENGTH & CONDITIONING)
-  INTERIOR BOARDWALK
-  COURTYARD GALLERY
-  RECEPTION
-  ADMINISTRATION
-  SERVICES
-  ELEVATOR
-  STAIRS





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EAST GWILLIMBURY  
Public Library

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