



Town of East Gwillimbury

COMMUNITY PARKS, RECREATION AND CULTURE REPORT CPRC-2019-17

To: Committee of the Whole Council

Date: June 4th, 2019

Subject: Tender Award for Contract T-19-01
Municipal Operations Centre Construction

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

RECOMMENDATIONS

1. **THAT** Report CPRC-2019-17 dated June 4th, 2019 entitled Tender Award for Contract T-19-01 – Municipal Operations Centre Construction be received; and
2. **THAT** Council approve the pre-qualified compliant low bid received from Percon Construction Incorporated in the amount of \$16,729,000, excluding taxes for Tender T-19-01; and
3. **THAT** Council approve extending the agreement with Strasman Architects Incorporated (SAI) in the amount of \$135,800, excluding taxes for Contract Administration for construction implementation as outlined in this report; and
4. **THAT** Council approve the revised project budget as outlined in this report; and
5. **THAT** the General Manager of Community Parks Recreation and Culture be authorized to execute, on behalf of the Town, an agreement with Percon Construction Incorporated for Contract T-19-01 Construction of 19850 Woodbine Avenue Municipal Operations Centre; and
6. **THAT** the recommendations and budget presented in this report be ratified at the Council meeting held on June 4th, 2019.

PURPOSE

The purpose of this report is to seek Council's approval to award the project tender for the construction of the new municipal operations centre at 19850 Woodbine Avenue.

"Our town, Our future"

BACKGROUND

Support for Critical Infrastructure and Core Service Delivery

The municipal operations centre project will support critical Town infrastructure and core services including Roads, Fleet, Water and Wastewater, Parks, Facilities and Fire training and development and emergency operations. The new facility will support over 120 full-time and seasonal staff throughout the year with some capacity for growth.

Current Operations Facilities and Site are Inadequate

At present operations for the Town are supported by retro-fit space at the Ontario Loft and portable trailers at the Sports Complex on a 4 acre site not meeting standards necessary to provide service levels to the growing municipality.

Land Investment at 19850 Woodbine Avenue

In 2014, Council approved the purchase of a 20 acre site at 19850 Woodbine Avenue at a cost of \$110,000 per acre for the development of a new municipal operations centre. The strategic land acquisition was purchased below market value. This future employment corridor today has a serviceable land value at +/- \$400,000 per acre. This represents a total appreciation in land value of approximately \$6,000,000. In addition, shifting operations to 19850 Woodbine Avenue will position the Town to repurpose the 4 acres behind the Sports Complex for parks and facility expansion without the requirement to purchase additional land.

Design under Approved Budget

In 2015, Council approved Capital budget project #15-064 for the design and contract administration for a new operations centre located on a 20 acre site at 19850 Woodbine Avenue in an amount of \$500,000 excluding taxes. Staff released RFP PR 2015-07 for the design and contract administration for the new operations centre. Strasman Architects Incorporated (SAI) was awarded the contract for the design phase in the amount of \$292,801, excluding taxes. The contract administration phase of the project for construction implementation as per RFP 2015-07 is \$135,800, excluding taxes.

First Phase of Project – Earthworks and Site Servicing under Approved Budget

Given the extended timelines for the Upper York Sewage Solution and the related impact on the projected timing of growth, staff initiated the process of updating the municipal wide capital program and development charges funding. As part of this process, an updated funding strategy for the construction of the Operations Centre was developed. A separate earthworks, grading and stormwater management contract (T-18-18) was tendered and awarded to O/A Laurin & Company in the amount of \$1,914,247, excluding taxes. On August 14, 2018, Council approved CPRC 2018-11 for Phase 1 “Earthworks & Site Servicing” in the amount of \$2,546,247. This included

tendered costs, contingencies, provisional items, pre-construction studies, reports and permits. Total costs for Phase 1 came in under budget at \$2,070,000. This phased approach minimized financial commitments in 2019 and prepared the site for facility construction into 2019/2020.

Preliminary Project Budget

In 2016/17 during the design process the project budget was estimated at \$15 to \$18 million. Council approved the total preliminary budget for construction at \$16,500,000, excluding taxes with the 2018 Capital Budget.

Prequalified General Contractors for Site Development & Facility Construction

Staff released RFP PR 2017-07 for the prequalification of general contractors for site development & facility construction of the Operations Centre. The following list of firms were pre-qualified for the Operations Centre construction tender:

Aquicon Construction Company Limited
BECC Construction Group
Bondfield Construction Company Limited
Buttcon Limited
Gateman Milloy
Graham Construction
Laurin General Contractor
M.J. Dixon Construction Limited
Percon Construction Incorporated

ANALYSIS

Electronic Procurement Process Enhanced

Corporate Services procurement staff in partnership with Legal Services and CPRC staff implemented tender process T-19-01. The Manager of Procurement improved the procurement process by utilizing an electronic bid document and service. This enhancement increased the efficiency and accuracy of the procurement process.

Competitive Procurement Process

T-19-01 was released on March 15^h, 2019 which included a site meeting on March 25th, 2019. The tender process was executed by the Town's Purchasing Branch and included a notification to the nine (9) pre-qualified general contractors for this phase of the project. Out of nine (9) pre-qualified firms that were invited to tender, there were seven (7) downloads of the documents with one plan taker submitting a "No Bid" notice due to their present workload. The tender closed on Tuesday, April 16th, 2019, with the following firms submitting a bid as shown below in Table 1.

Table 1

CONTRACT NO. & DESCRIPTION	CONTRACTOR	BID AMOUNT
Contract T-19-01 Construction of 19850 Woodbine Avenue (Municipal Operations Centre)	1. Percon Construction Incorporated	\$16,729,000
	2. Aquicon Construction Company Limited	\$17,058,000
	3. Buttcon Limited	\$19,084,909
	4. M.J. Dixon Construction Limited	\$19,713,000

The Manager of Procurement analyzed the bids and all were found to be responsive and compliant as per the conditions of this tender call. Based on the above bid results and analysis, it is the recommendation of staff that the following bid be accepted as the lowest compliant pre-qualified bidder for award:

Percon Construction Incorporated at a total bid price of \$16,729,000, excluding taxes.

Percon Construction Inc. was pre-qualified with 9 other firms based on criteria that included but was not limited to; references, past and previous projects, construction methodology, project management, capabilities of trades and staffing.

Percon Construction has a proven successful history

Percon Construction Incorporated is one of the largest general contracting and construction management companies in Southern Ontario specializing in mid to large-size industrial, commercial and institutional projects across a range of sectors. Since 1998 Percon has successfully constructed over 150 projects. Many of Percon’s Clients (over 80%) are repeat clients. Percon has constructed numerous projects for:

- York Region District School Board
- Southlake Regional Healthcare Centre (Medical Arts Building)
- Region of Peel
- Toronto and Region Conservation Authority
- Region of York
- City of Brampton
- Simcoe County
- Town of Whitchurch Stouffville
- Halton Catholic District School Board
- Peel District School Board

Regional Road Widening and FF&E Development Charge Eligible Capital Projects

As a requirement for site plan approval the Region of York requires left turn lanes and layby entry at the pedestrian and service vehicle access points to the Operations Centre Site. The Town is working with the Region of York to include this work under an existing contract to re-surface Woodbine Avenue in 2020 and for any potential cost sharing opportunities. CPRC and CIES will present and request the road widening project as a separate development charge eligible road project in the 2020 Capital Budget at approximately \$425,000, excluding taxes.

Additionally CPRC facilities branch will present a 2020 Capital project for the furniture fixtures and equipment (FF&E) required for the fit-up of the operations centre. New equipment requirements are development charge eligible project costs at approximately \$350,000, excluding taxes.

Responsible project management, tracking and reporting

A contracted project management firm, will be utilized on an as needed basis to an upset limit as described in this report to assist the dedicated project management team. Town staff will procure project management services in accordance with the procurement by-law including evaluation of qualifications, project management staff and hourly rates and disbursements. Project management support will assist with: maintaining schedule, budget, review and assistance with contemplated changes and changes to contract, quality control and assurance, project files, monitoring inspections and testing and deficiency correction.

During the construction implementation Town staff will provide Council with routine project status updates including project timelines and budget.

NEED FOR PUBLIC CONSULTATION

This report is presented to Council in public session.

FINANCIAL IMPLICATIONS

A breakdown of the total project budget is shown below in **Table 2**. All amounts exclude taxes.

Table 2

Project Funding Details	
Phase 1 Earthworks and Site Servicing	Amount
Total Project Costs Phase 1 Earth Works and Site Servicing	\$2,070,000
Phase 2 Construction of Municipal Operations Centre	
Tendering Costs Facility Construction	\$16,729,000
Architect Contract Administration	\$135,800
Project Management Support (not to exceed limit)	\$100,000
Total Revised Construction Budget Phase 2	\$16,964,800
Total Revised Project Budget	\$19,034,800

Development Charge Funding Sources within current YDSS Phase of Growth

The funding for this project is planned to come from a combination of development charges and community capital contributions. The proportionate allocations will be finalized as part of approval of the update to the development charge by-law in 2019. The revised project costs have been included in the updated development charge by-law. The by-law has also been updated to provide funding for the project within the Town's remaining York Durham Sewage Solution (YDSS) servicing allocation. Depending on the timing of development charge collections, short term construction financing in the form of internal or external borrowing may be required. Borrowing costs are development charge eligible project costs and have also been included in the updated by-law.

Non-Residential Construction Inflationary Pressures

The preliminary project budget of +/- \$16,500,000 was established when the project design process commenced in 2016. Since this time there has been significant inflationary increases to Non-Residential Construction rates.

The average for the Non-Residential Construction Index, as reported by Statistics Canada for Toronto from 2010 to 2015 was 1.8%. Over the Operations Centre project duration (2016 to 2019) the increase in the Non-Residential Construction Index has ranged from 2.7% to 5.7%. The preliminary budget would total \$19,317,080 if indexed to 2019 dollars.

The following are some of the causes for significant inflationary pressures that have effected Non-Residential Construction costs:

- Steel Tariffs (including structural steel, aluminum and steel finishing materials)
- Trade shortages and potential strikes
- Rising costs for materials including petroleum products
- Carbon Tax

ALIGNMENT TO STRATEGIC PLAN

The recommendations of this report align with the following Strategic Priorities):



Build Complete Communities

Effectively manage new and existing assets to deliver exceptional services to residents while ensuring a sustainable community



Quality Programs & Services

Continue to advocate for a safe and livable community for our residents while leveraging opportunities and partnerships



Culture of Municipal Excellence

Build an engaged and strategically aligned staff team to deliver high quality programs

CONCLUSION

Staff recommend Council award Tender T-19-01 Municipal Operations Centre Construction to Percon Construction Incorporated in the amount of \$16,729,000 excluding taxes, and extension of the contract with Strasman Architects for contract administration services as described in this report.

Staff recommend Council approve the revised project budget as described in this report.

APPENDICES

N/A

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