

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 19, 2016

Item 4, Report No. 10, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on October 19, 2016.

4 VELLORE VILLAGE SOUTH LIBRARY – BUDGET AMENDMENT AND AWARD OF TENDER

T16-290

WARD 3

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager of Public Works and the Director of Infrastructure Delivery, dated October 11, 2016:

Recommendation

The Deputy City Manager of Public Works and the Director of Infrastructure Delivery, in consultation with the CEO of Vaughan Public Libraries (VPL), the Director of Financial Planning and Development Finance & Deputy City Treasurer and the Director of Procurement Services, recommend:

1. That Council approve the award of construction tender T16-290 for Vellore Village South Library to Jasper Construction Corp. at a cost of \$4,015,000, plus applicable taxes;
2. That a contingency allowance for construction in the amount of \$401,500, plus applicable taxes and administrative recovery be approved within which the Deputy City Manager of Public Works, or his designate, is authorized to approve amendments to the contract;
3. That Council approve the Vaughan Public Library Board's recommendation to increase the Vellore Village South Library design and construction budget (Capital Project LI-4539-14) by \$1,250,000 to be funded 90% from City-Wide Library Development Charges Reserve and 10% from the Capital from Taxation Reserve;
4. That Capital Project LI-4540-15 Vellore Village South Resources budget be reduced by \$450,000 and that those funds be returned to their original funding sources (90% from City-Wide Library Development Charges Reserve and 10% from the Capital from Taxation Reserve);
5. That Capital Project LI-4508-09 Civic Centre Resource Library Resources be closed by December 31, 2016, and the remaining project funds returned to their original funding sources (90% from City-Wide Library Development Charges Reserve and 10% from the Capital from Taxation Reserve) to offset these additional project costs ; and
6. That the Mayor and City Clerk be authorized to sign the appropriate documents.

Contribution to Sustainability

The design of the Vellore Village South Library utilized an integrated process, whereby sustainable Leadership in Energy and Environmental Design (LEED) principles have been incorporated into the overall project.

Economic Impact

Should Council approve the requested budget increase, it is recommended that the additional \$1,250,000 funding required be directly sourced 90% from the City-Wide Library Development Charges Reserve and 10% from the Capital from Taxation Reserve. This approach effectively achieves the same intent as the motions adopted by the Vaughan Public Library Board. Given the size and nature of this amendment, it is appropriate to fund the budget increase directly from reserves.

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The closing of capital project LI-4508-09 Civic Centre Resource Library Resources and the reduction in the budget of capital project LI-4540-15 Vellore Village South Resources, is anticipated to return sufficient funding to the City-Wide Development Charge Reserve and the Capital from Taxation Reserve to offset the increased funding allocation from these reserves to fund this budget amendment. This should mitigate the risk of this budget amendment having an effect on the state of the reserves, short term cash flow of the project and the long term capital plan for Libraries.

Communications Plan

Once the project is awarded, staff will advise the Mayor and Members of Council and will distribute a newsletter to the stakeholders as necessary.

Purpose

The purpose of this report is to secure Council authority to award construction contract T16-290 for Vellore Village South Library to Jasper Construction Corp.

Background - Analysis and Options

Detailed design for the Vellore Village South Library commenced in September 2015

As part of Item 17, Report No. 31, of the Committee of the Whole, which was adopted, as amended, by Council on September 16, 2015, RFP15-396 was awarded to ZAS Architects Inc. (ZAS), to provide Design & Contract Administration Services for the new Vellore Village South Library. ZAS developed a design that was supported by both the VPL Board and the City's Design Review Panel that best suited the needs of the VPL and other internal stakeholders.

VPL Board recommended a review of the proposed design at its meeting on April 21, 2016

On April 21, 2016, VPL staff provided the VPL Board with a status update of the VVSL project. A milestone was reached with the completion of the detailed design and cost estimate. The estimated construction cost exceeded the approved budget.

Following the April 21, 2016 VPL Board meeting, staff undertook a review of the proposed design. ZAS undertook a "value engineering" exercise to reduce the overall construction cost without impacting the design vision for the building. Staff supported the design revisions resulting from this exercise.

VPL Staff presented a revised building design and cost estimate to the VPL Board at its meeting on June 16, 2016

The revised building design incorporated a number of modifications that reduced the overall estimated construction cost to approximately \$3,778,059.00 plus contingency. Based on the funding available in Capital Project LI-4539-14, a funding shortfall of \$500,000.00 was identified. VPL staff provided this information to the VPL Board at its meeting on June 16, 2016.

Following the June 16, 2016 VPL Board meeting, it recommended a budget amendment increase of \$500,000.00 to Capital Project LI-4539-14 and adherence to the original project schedule.

Council adopted the recommendation in Special Finance, Administration and Audit Committee – (Item 4, Report 8) on June 21, 2016

At the meeting of the Special Finance, Administration and Audit Committee held on June 21, 2016, an increase of \$500,000.00 was approved for Capital Project LI-4539-14 Vellore Village

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South Library, funded through the repurposing of remaining funds in Capital Project LI-4508-09 Civic Centre and Pleasant Ridge Library Resources for a total construction budget of \$3,828,600.00 including contingency.

The City pre-qualified General Contractors for Tender T16-290, with the experience and ability to successfully carry out the scope of this project

By pre-qualifying General Contractors, the City reduced the level of uncertainty and risk that is associated with construction projects, particularly when construction is adjacent to an existing operational facility.

Request for Pre-Qualification (RFPQ) 16-095 was issued on March 8, 2016 and advertised on Biddingo, Daily Commercial News, City's webpage and OPBA, with a closing date of March 29, 2016. Documents were picked up by thirty-five (35) potential proponents, and proposals were received from twenty-eight (28) proponents. A total of eighteen (18) compliant submissions were received. On April 25, 2016, the prequalification evaluation committee met to evaluate.

The evaluation consisted of two phases:

- Phase 1: Evaluations of the written submissions
- Phase 2: Reference checks

A combined score of 70 points was stipulated in the RFPQ document as the threshold score for pre-qualifying a General Contractor.

Upon completion of the evaluation phases, the evaluation committee recommended the following eight (8) General Contractors be pre-qualified:

1. Aquicon Construction Company Ltd.
2. Brown Daniels Associates Inc.
3. Jasper Construction Corp.
4. M.J. Dixon Construction Ltd.
5. Steelcore Construction Ltd.
6. Tambro Construction Ltd.
7. Torcom Construction Inc.
8. TRP Construction General Contractors

The proposals received from the above mentioned General Contractors demonstrated their financial and technical ability to successfully carry out the scope of this project. Each of the eight (8) proponents identified similar projects, both in size and scope that were recently completed. As a result, each received a score that met or exceeded the 70 points stipulated in the RFPQ document.

Bids were received for Tender T16-290 Vellore Village South Library on August 17, 2016

Since the General Contractors were pre-qualified, there was not a requirement to advertise this Tender. The Tender was available for pick-up on July 20, 2016 and closed on August 17, 2016. A non-mandatory bidders meeting was held on July 27, 2016 with representatives from four (4) of the eight (8) pre-qualified General Contractors in attendance.

Eight (8) Pre-qualified Bidders submitted the following eight (8) compliant bids:

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<u>General Contractor</u>	<u>Total Bid Amount (excl. HST)</u>
Jasper Construction Corp.	\$ 4,015,000.00
Steelcore Construction Ltd.	\$ 4,060,000.00
TRP Construction General Contractors	\$ 4,140,000.00
Torcom Construction Inc.	\$ 4,275,000.00
Brown Daniels Associates Inc.	\$ 4,336,800.00
Tambro Construction Ltd.	\$ 4,397,000.00
M.J. Dixon Construction Ltd.	\$ 4,443,000.00
Aquicon Construction Company Ltd.	\$ 4,724,000.00

Tender results exceeded the project construction cost estimate

The submitted bids were all within a close range of each other, which indicates that competitive pricing was received and reflective of the current construction market. Project specific factors that may have contributed to cost premiums in the submitted bids include: aggressive schedule milestone/completion dates, existing site conditions such as the steep embankment at the location of the proposed addition; constrained construction work area adjacent to an operating parking lot, skate park/ice rink and ensuring that the community centre remains fully operational during construction.

Staff will ensure that the planning activities for future projects will include budget estimates that reflect the higher risk premiums associated with specific site conditions.

The VPL Board met on September 15, 2016, and recommended proceeding with the award of Tender T16-290 to the lowest compliant bidder

The lowest compliant bid exceeds the available total construction budget. At the VPL Board meeting held on September 15, 2016, two options were presented as a potential course of action to proceed with the project. The two options were:

Option 1: Continue with the approved design of Vellore Village South Library as it best meets VPL and the community's needs and amend the construction budget to support the current design with no further impact on VPL's Building Plan or construction schedule and award the construction tender to Jasper Construction Corporation in the amount of \$4,015,000.00 plus applicable taxes. A budget amendment will be necessary if this option is pursued.

Option 2: Cancel Tender T16-290 and embark upon a further re-design of the library in order to reduce construction costs. A revised design tender would be released in 2017. Project scope will be significantly scaled back and delays will occur if this option is pursued.

The VPL Board recommended proceeding with Option 1, and that Council approve the transfers outlined in the Recommendations 3, 4, and 5 to address the funding shortfall.

The estimated cost for the construction of this project is \$5,071,461 and is calculated as follows:

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TABLE 1 : ESTIMATED PROJECT COSTS	
CAPITAL PROJECT LI-4539-14	\$
Construction Tender Bid	4,015,000
Construction Contingency Allowance 10%	401,500
Soft Costs including Design	325,395
Soft Cost Contingency Allowance	42,150
Sub-total	4,784,045
HST 1.76% non-recoverable	84,199
Sub-total	4,868,244
3% Admin Recovery	146,047
Transfer to Reserve	57,170
Total	\$ 5,071,461
Total approved budget	\$ 3,828,600
Difference	\$ 1,242,861
Rounded	\$ 1,250,000

In accordance with the Contingency Matrix (identified in Appendix 1 of the Capital Project Finance Administration and Reporting Policy), a contingency allowance of 10% has been identified as an appropriate amount to address any unforeseen work in completing the scope of this project. Any residual funds will be used for future phases of the project to be tendered separately.

Based on the review of the tender bids by staff, it is appropriate to award tender T16-290 for Vellore Village South Library to Jasper Construction Corp.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

The proposed Vellore Village South Library supports the Term of Council Priority: *Support and provide arts, culture, heritage and sports in the community.*

Regional Implications

Not applicable.

Conclusion

Staff recommends that this contract be awarded to Jasper Construction Corp., in the amount of \$4,015,000, plus applicable taxes and that Council approve the Vaughan Public Library Board's recommendation to increase the Vellore Village South Library design and construction budget accordingly.

Attachments

Not applicable.

Report prepared by:

Paul Marcoccia, Project Manager, Design and Construction (Buildings), ext. 8173
Wei Chiao, Manager, Design and Construction (Buildings), ext. 8101