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Item #	42
Report No.	30 (cw)
Council - June 24/14	

**TO:** HONOURABLE MAYOR AND MEMBERS OF COUNCIL

**FROM:** JOSEPH PITTARI, COMMISSIONER STRATEGIC AND CORPORATE SERVICES

**DATE:** JUNE 24, 2014

**SUBJECT:** BUDGET AMMENDMENT AND AWARD OF TENDER T14-155  
CIVIC CENTRE RESOURCE LIBRARY CONSTRUCTION – WARD 1

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**Recommendation:**

The Commissioner of Strategic and Corporate Services, in consultation with the Commissioner of Finance & City Treasurer, the Director of Purchasing Services, the Director of Building and Facilities, and the Chief Executive Officer of Vaughan Public Libraries provides the following recommendation on behalf of the Vaughan Public Library Board for Council's approval:

1. That Tender T14-155 for the construction of the Civic Centre Resource Library be awarded to Aquicon Construction Co. Ltd., in the amount of \$12,700,000, plus applicable taxes; and,
2. That a 5% contingency allowance in the amount of \$635,000, plus applicable taxes be approved within which the Commissioner of Strategic and Corporate Services or his designate is authorized to approve amendments to the contract; and,
3. That the above amount plus the applicable administration recovery fee be funded from capital budget LI-4519-09 Civic Centre Resource Library; and,
4. That \$438,000 be transferred from the Sale of Public Land Reserve to the CityWide Development Charge Library Reserve in recognition of relocation of the new Library on the Civic Centre lands; and
5. That the capital budget be increased by \$2,320,572, funded as follows:
  - a. \$2,170,572 from the CityWide Development Charge Library Reserve
  - b. \$150,000 transferred from LI-4511-14 Civic Centre Resource Library Communication and Hardware; and
6. That the inclusion of this matter on a Public Committee or Council agenda with respect to amending the capital budget identified as Budget Amendment and Award Report for Award of Tender T14-155 Civic Centre Resource Library Construction – Ward 1 is deemed sufficient notice pursuant to Section 2(1)(c) of By-Law 394-2002 as amended.
7. That the Mayor and Clerk be authorized to sign all documentation necessary to complete the contract.

**Economic Impact**

On April 23, 2014 staff brought a report to Committee of the Whole (Working Session), in which ZAS Architects provided a presentation. The Committee was also apprised that additional funding of up to \$2.0M may be necessary for the construction phase.

It was further communicated that due to the change in campus location and footprint there was a cost differential relative to the original plan. An external consultant was engaged in February 2014 to provide the land valuation for the parcel of land; this valuation was substantiated by the City's Real Estate

Department. As a result of this valuation, staff is recommending an internal transfer of funds back to the Citywide Development Charge (DC) Library Reserve in the amount of \$438,000.

An evaluation of tenders reveals the actual shortfall has been identified as \$2,320,572. This evaluation also revealed that costs associated with cabling were included in the tender specifications, while they are also included in the separately approved 2014 Communication and Hardware budget. As a result it is proposed that \$150,000 be transferred from the Civic Centre Resource Library Communication and Hardware budget (LI-4511-14) to the Civic Centre Resource Library construction project (LI-4519-09) thus reducing the shortfall to \$2,170,572.

The entire capital budget increase is recommended to be funded from the Library DC Reserve; resulting in a zero property tax impact from the additional costs. The impact to the Library DC Reserve would be as follows:

DC Amount to be funded	\$2,170,572
Less:	
Internal Transfer to DC Reserve from relocation <sup>1</sup>	(\$438,000)
Remaining Allocation from DC Background Study <sup>2</sup>	<u>(\$1,222,572)</u>
Reallocation from future Library DC Program	<b>\$510,000</b>

<sup>1</sup> This amount is to be transferred from the City's Sale of Public Land Reserve

<sup>2</sup> This amount represents the incremental amount, over and above the existing budget, which was already included in the DC Background Study for this project and therefore has no impact on the Library DC capital program going forward; Gas Tax Funding for the LEEDS component of the building has been utilized which reduced the budgeted DC funding portion

While the internal transfer and the remaining allocation from the DC Background Study (see notes above) are not considered to be adverse impacts to the City, the reallocation from the future Library DC Program of \$510,000 will have an impact on the Library's capital budget program over the next 10 years.

This reallocation of the \$510,000 has both advantages and disadvantages.

The advantage of reallocating the \$510,000 DC cost is that it will enter the Library's 10 Year Historic Service Level Inventory at an earlier point in time. The City is limited by the DC Act, 1997 to collecting DCs for future Libraries by calculating a "10 year \$/capita historic service level" which in effect creates a "funding envelope" for the Library program.

**By increasing capital dollars spent now, the Civic Centre Library will enter the inventory at a higher value and help boost the amount of funds to be collected for future libraries through the next DC by-law review.**

While the overall amount that can be spent in a 10 year period is capped, there is some flexibility as when to optimally make investments during that 10 year period to add items to inventory. Historically, the Library Program has not made steady optimal investments to maximize DC collections. For instance, the last library to come in to full operation was the Pierre Berton Resource Library in 2004. This represents a long time lag that results in declining service levels. Delaying the construction of this library would further exacerbate the declining service levels being experienced by this DC program and further reduce future funding potential.

The disadvantage of this reallocation is simply that the 10-year Library Capital Program will essentially be "shifted" by \$510,000 outside the 10 year horizon. This amount is relatively small in comparison to the value of a future resource library (4-5%), but a result of the shift might come in the form of reducing

square footage in the libraries built, reducing cost per square foot of the new libraries and potentially, although unlikely, shifting an entire library outside of the 10 year horizon.

Investing the \$510,000 now will help bolster a declining service level earlier rather than later and secure higher DC collections for this service going forward. As of the end of Q1 2014, the CityWide DC Library Reserve is at \$5,470,732 and therefore the additional draw on the reserve is viable and will not have an immediate adverse cash flow impact on the City's finances. The table below illustrates the 4 year preliminary capital plan plus 1 year estimate to align with the DC review period to be funded from the CWDC-Library Reserve:

	2014	2015	2016	2017	2018
Opening Balance - Mar 31, 2014	5,470,732	4,849,562	6,241,539	4,559,966	2,396,342
Anticipated Revenues	1,549,402 *	2,089,702	2,359,819	2,388,009	2,476,740
Recognized Capital Projects	(2,170,572) **	(697,725)	(4,041,392)	(4,551,633)	(3,535,683)
Forecasted Closing Balance	4,849,562	6,241,539	4,559,966	2,396,342	1,337,399

\* includes the \$438,000 transfer and interest

\*\*additional funding for Civic Center Resource Library

The above plan includes the building of three libraries in spanning 2016-2018; forecasted funding is available to meet the plan before the next DC review period. (Figures are dependent on market conditions and inflation.)

## **Background:**

The design and construction of the Vaughan Public Libraries Civic Centre Resource Library has an approved budget of \$12,296,000. As per the Civic Centre Master Plan (2009 version), the Library was initially located in the Vaughan City Hall Campus, south of City Hall.

On September 25, 2012, Council approved Vaughan Public Library Board recommendation to retain ZAS Architects Inc. to provide architectural services for the design, development and construction of the Resource Library as the lead consultant for this project. ZAS Architects Inc. together with representatives from Vaughan Public Libraries as well as Building and Facilities formed the project design team.

At the Council meeting of April 23, 2013, Council directed the Civic Centre Resource Library be relocated on the Vaughan City Hall campus to the north west quadrant of the civic square, fronting onto Major Mackenzie Drive. As a result, the preliminary design that ZAS provided for the initial location was changed to accommodate the new location.

On September 26, 2013, ZAS Architects Inc. presented to the Design Review Panel (DRP), and received the panel's comments. Overall, the DRP was supportive of the design that ZAS presented and the concepts that guided them.

On October 3, 2013, a community public meeting took place at Vaughan City Hall. The Public was invited to meet the Architectural firm, City and Library staff and review the design, to share ideas and provide input. The presentation was well received.

Over the two week period from October 4 – 20, 2013 VPL also gathered community input through both an on-line survey and a paper survey distributed through the design display erected in the Maple Library. Citizens expressed support, delight and enthusiasm for the proposed design and the coming Library.

On October 17, 2013 ZAS Architects Inc. presented the proposed Vaughan Civic Centre Resource Library to the Vaughan Public Libraries Board. The Board members motion was as follows:

“THAT the Board receives the project update on the Civic Centre Resource Library and endorse the plan as presented by ZAS Architects”.

On January 27, 2014, the prequalification for General Contractors closed, and 21 compliant submissions were received. Staff evaluated the submissions and finalized a list of seven (7) prequalified General Contractors.

On April 23, 2014 staff brought a report to Committee of the Whole (Working Session), in which ZAS Architects provided a presentation. The Committee was also apprised that additional funding of up to \$2.0M may be necessary for the construction phase.

Tender T14-155 was issued to the prequalified bidders on May 20, 2014, with an initial closing date of June 10, 2014, which was extended to June 18, 2014. The following six (6) bids were received:

Aquicon Construction Co. Ltd., Brampton, ON	\$12,700,000.00
Bondfield Construction Company Limited, Concord, ON	\$13,055,000.00
Percon Construction Inc., Toronto, ON	\$13,075,000.00
Buttcon Limited, Concord, ON* Corrected	\$ 13,324,00.00
The Atlas Corporation, Concord, ON	\$14,235,000.00
Elite Construction Inc., Concord, ON	\$15,220,000.00

The lowest bidder, at \$12,700,000, plus applicable taxes, is Aquicon Construction Co. Ltd. Taking into consideration the level of design detail provided in the contract documents, the fact that this is a new construction project (as opposed to a renovation and/or an addition), and in consultation with ZAS Architects, a 5% contingency in the amount of \$635,000 is deemed sufficient for the purpose of addressing potential unknown conditions that may arise during construction.

At its June 19, 2014 meeting, the Vaughan Public Library Board reviewed the results of Tender T14-155, and provided the following recommendation:

MOTION: THAT the Vaughan Public Library Board approve the recommendation that Aquicon Construction Company Limited be awarded Tender T14-155 in the amount of \$12,700,000 to provide services for the construction of the Resource Library located at 2191 Major MacKenzie Drive,

AND THAT the provisional items of sod in lieu of concrete walkway, and concrete paving in lieu of precast concrete pavers in the courtyard, be approved,

AND THAT the Vaughan Public Library Board approve the transfer of \$150,000 from the Civic Centre Resource Library Communication and Hardware budget LI 4511-14 to the Civic Centre Resource Library Construction Project LI 4519-09,

AND THAT the transfer refund of \$438,000 cost differential regarding Civic Centre Library land be transferred back into the VPL Development Charges Reserves,

AND THAT the Vaughan Public Library Board approve the additional amount of \$2,170,572 from the Library Development Charges Reserve Fund be added to the budget for the Civic Centre Resource Library Construction Project LI 4519-09,

AND THAT the Vaughan Public Library Board's recommendation be forwarded to the City of Vaughan Council for approval.

MOVED BY: S. Kerwin  
 SECONDED BY: G. Locilento  
 MOTION CARRIED.

Additional funding in the amount of \$2,320,572 will be provided as follows:

**Project Budget**

LI-4519-09 Civic Centre Resource Library - Construction	12,857,400
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Less:

Expenses	665,387
Commitments	190,178
	<hr/> 855,565

<b>Remaining Budget</b>	<b>12,001,835</b>
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**Tender Award**

Aquicon Construction Co. Ltd.	12,700,000
Contingency	635,000
Additional Fees for Architect	150,000
PM Services	150,000
Commissioning	75,000
Alternative Prices 2 & 3*	(45,250)
	<hr/> 13,664,750
HST @ 1.76%	240,500
Administration Recovery @ 3%	417,157
Total Requirements	<hr/> 14,322,407

<b>Funding Shortfall</b>	<b>(2,320,572)</b>
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LI-4511-14 CCRL	150,000
Communication/Hardware	
CWDC - Library Reserve - land transfer	438,000
CWDC - Library Reserve	1,732,572

\* as per Library Board recommendation 2 above



## memorandum


As result of the above amendment, the capital project requirement with funding sources is as follows:

<b>Expenses</b>	
Approved	12,857,400
Amendment	<u>2,320,572</u>
Total	15,177,972
<b>Funding</b>	
City Wide DC - Library	12,670,572
Transfer from Taxation	1,377,400
Gas Tax Reserve	<u>1,130,000</u>
Total	15,177,972

Communication prepared by:

Michael Shatil  
Director, Building and Facilities

Respectfully submitted,

*Pen!*   
Joseph Pittari, MSc  
Commissioner, Strategic and Corporate Services