

**THE CORPORATION OF THE TOWN OF GEORGINA****REPORT NO. CAO-2019-0046****FOR THE CONSIDERATION OF  
COUNCIL****October 23, 2019****SUBJECT: AWARD OF CONTRACT – CAO2019-064 – CONSTRUCTION –  
RENOVATION SERVICES – THE LINK PHASE 2 & 3**

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**1. RECOMMENDATION:**

1. That Council receive Report No. CAO-2019-0046 prepared by the CAO's Office dated October 23, 2019 regarding the Award of Contract CAO2019-064 - CONSTRUCTION - RENOVATION SERVICES - THE LINK PHASE 2 & 3;
2. That Council approves and authorizes the Manager of Procurement Services to enter into a contract with PAC Building Group Corp, Toronto, Ontario, in the amount of \$2,291,539 plus HST as shown under Option 4, Table 1, Columns A (\$344,869) + B (\$90,280) + C (\$1,856,390);
3. That Council approves a contingency of \$486,668 (25%) for the base building (Column C – \$1,856,390) and Sutton Senior's scope of work (Column B – \$90,280), plus HST, as described in Option 4, Table 1;
4. That Council approves and authorizes the Manager of Procurement Services to enter into a contract with PAC Building Group Corp, Toronto, Ontario, in the amount of \$344,869 plus HST as shown under Option 4, Table 1, Column A,
5. That Council approves a contingency of \$86,217 (25%) for the Community Living's scope of work, plus HST, as described in Option 4, Table 1;
6. That Council approves additional funding of \$845,320 as per Option 4, Table 1, to be funded by long term debt.

**2. PURPOSE:**

To seek Council approval and authorization for the awarding of Contract CAO2019-064 - CONSTRUCTION - RENOVATION SERVICES - THE LINK PHASE 2 & 3.

### **3. BACKGROUND:**

As Council is aware, the Link - Phase 1 renovations have been completed, and approximately 15,570 square feet of the existing building is currently being used for supporting the development of various community organizations as Council envisioned in this "community hub" concept:

- Georgina Food Pantry
- GTTI's food programming
- Routes
- Hospice Georgina
- Georgina Chamber of Commerce
- Jericho Youth Services (fall 2018)
- Farmers Market (seasonal/outdoor)

The results of Phase 1 of the Link, has made Georgina's "community hub" the most advanced and noteworthy "community hub" within York Region. Council and the community should be proud of the success of the Link, as it embodies the very principles envisioned by the Province of Ontario in its promotion of the community hub concept. The success of the Link, is under-scored by the fact that all of the space in Phase 2 and 3 have valued tenants eagerly anticipating occupancy. These potential tenants include:

- Community Living Georgina
- Sutton Seniors
- York Region (Community Health Services) – to be determined

On September 12, 2018, Council approved Report CAO-2018-0015, awarding contract RC2018-075-Consulting Services – Prime Design Consultant – Link Phase 2 and 3 to +VG Architects, Toronto, Ontario to prepare the necessary detailed designs for the renovations required for the Link Phase 2 and 3.

### **4. ANALYSIS:**

The Request for Tender (RFT) No. CAO2019-064 regarding Construction Services for the Link Phase 2 and 3 renovations was prepared by the Office of the CAO and Procurement Services and posted on June 12, 2019. There was a total of 18 plan takers, and 10 different firms attended the mandatory site meeting held on June 20, 2018. The closing date of RFT No. CAO2019-064 was July 08, 2019, at which time 5 bids were submitted by the following firms:

1. PAC Building Group Corp.
2. W.S. Morgan Construction Limited
3. ONIT Construction Inc.
4. Van Horne Construction Ltd.

5. Lisgar Construction Company a Division of United Shelters Limited

Procurement Services completed a preliminary analysis of the submissions and found them to be acceptable to the basic Terms and Conditions as set out within the bid call Document and the procurement policy.

In line with the RFT requirements and based on Procurement Services analysis of the submissions it was concluded that the successful proponent was PAC Building Group Corp.

**Option #1** in Table#1 is the base bid to provide complete renovations to the Link Phase 2 and 3 with minor work to the roof and minor work to refinish the existing ramp.

**Option #2** in Table#1 is the base bid to provide complete renovations to the Link Phase 2 and 3 with minor work to the roof in addition to removing and replacing stair and ramping in East Hallway.

**Option #3** in Table#1 is the base bid to provide complete renovations to the Link Phase 2 and 3 in addition to removing and re-roofing phase 2 and 3 building areas, and minor work to refinish the existing ramp. Please note that the indicated roof work was stipulated as part of the original budget (\$1,785,000) as per 18-LNK-1 business case with a 20% contingency included. After many conversations with various subject matter experts (i.e. cost consultants and contractors), it seems that cost escalation over the past 2 years (2018-2019) has contributed to unforeseen higher construction costs. The experts speculate it is due to lack of skilled trades, tariffs, availability of lots of work, etc...

**Option #4** in Table#1 is the base bid to provide complete renovations to the Link Phase 2 and 3 in addition to removing and re-roofing phase 2 and 3 building areas, and remove and replace stair and ramping in east hallway. Staff highly recommends that this option as it eliminates the following risks associated with postponing of the respective scope mentioned:

- Additional Demobilization and mobilization costs
- Additional staff costs to plan, support and deliver
- Higher escalated construction costs
- Disruption to business continuity of the facility

**A 25% contingency** is added to the costs to compensate for project unknowns that may arise during the course of the project. Typically, for this type of project a 15% contingency may have been sufficient to anticipate these unknowns, such as weather related issues (i.e. frost on the roof), unknown site conditions (i.e. hidden walls that may interfere with ducting), market unknowns (i.e. material cost escalation) and other project unknowns. However, in this project the proponent

provided a bid that stipulated a start date of July 2019 with a five-months construction timeline. Due to factors outside of the control of Town (i.e. Community Living and York Region unable to commit to the leases and the Capital investment in a timely manner), the project has been delayed for almost four months. Thus, this project will have to commence in the middle of winter. This is a major impact on the budget as the successful proponent may ask for additional extras (in addition to the unknowns mentioned above) to cover their costs for winter work (i.e. external roof work, heating, exterior winterization of material, etc.)

**Table#1**

Capital Investment												
Option #	Description	Community Living's Scope included in Base Bid [A]	Sutton Seniors' Scope included in Base Bid [B]	Town's Base Building Scope [C]	Project Scope Sub-Total [D]= [A+B+C]	Committed Professional Architectural/Engineering Service (Excluding Community Living Design & Contract Administration) [E]	25% Contingency of Project Scope Sub-Total + Committed Professional Architectural/Engineering Service (Excluding Community Living Design & Contract Administration) [F] = 0.25 * [D+E]	Total + 1.76% non-rebate [G] = 1.0176* [D+E+F]	2018 Council Approved Budget for LINK (18-LNK-1) [H]	2019 Council Approved Budget for Sutton Seniors (19-REC-4) [I]	*Community Living's Scope (Recoverable) including 25% Contingency and 1.76% non-rebate [J]	Budget Deficit [K] = [H+I+J]- [G]
1	Bid Submission	\$344,869.03	\$90,280.18	\$1,328,206.78	\$1,763,355.99	\$160,500.00	\$480,964.00	<b>\$2,447,144.82</b>	\$1,785,000.00	\$50,000.00	\$438,673.41	<b>-\$173,471.41</b>
2	Additional Scope Replacement of ramp (\$38,525)	\$344,869.03	\$90,280.18	\$1,366,731.78	\$1,801,880.99	\$160,500.00	\$490,595.25	<b>\$2,496,148.62</b>	\$1,785,000.00	\$50,000.00	\$438,673.41	<b>-\$222,475.21</b>
3	Additional Scope Replacement of phase 2 & 3 roof portions (\$489,658.50)	\$344,869.03	\$90,280.18	\$1,817,865.28	\$2,253,014.49	\$160,500.00	\$603,378.62	<b>\$3,069,990.43</b>	\$1,785,000.00	\$50,000.00	\$438,673.41	<b>-\$796,317.03</b>
4	Opt#1+Opt#2+Opt#3	\$344,869.03	\$90,280.18	\$1,856,390.28	\$2,291,539.49	\$160,500.00	\$613,009.87	<b>\$3,118,994.23</b>	\$1,785,000.00	\$50,000.00	\$438,673.41	<b>-\$845,320.83</b>

\* As per Recommendation 4, Council to approve the Award of Contract to PAC Building Group Corp. is for the total proposed amount for Community Living is \$344,869 + 25% (\$86,217) contingency + applicable HST. Note that Community Living scope of work is the sole responsibility of Community Living and their design representative and not the Town. The Town has added the Community Living work as part of the base building tender for cost savings to Community Living.

**5. RELATIONSHIP TO STRATEGIC PLAN:**

- Priority 1: Grow our economy
- Priority 2: Promote a high quality of life
- Priority 3: Engage our community & build partnerships
- Priority 4: Deliver exceptional service

**6. FINANCIAL AND BUDGETARY IMPACT:**

The bid received from PAC Building Group Corp. was exclusive of applicable taxes. The net value of the contract after applicable HST rebates will be as follows:

- Option #1 – Council to approve an additional **\$173,471.41**
- Option #2 – Council to approve an additional **\$222,475.21**
- Option #3 – Council to approve an additional **\$796,317.03**
- Option #4 – Council to approve an additional \$845,320.83 – Staff Recommendation**

If Council moves forward with Option #4 (Staff Recommendation), it will be funded from long-term debt. The annual debenture payments for 30 years (30-year term at a 3% interest rate) will increase to \$190,000 annually, which is an increase of \$60,000 per year. This is inclusive of the debt for the upgraded Link parking lot project, which is contingent on the Link Phase 2 and 3 project moving forward.

**7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:**

There is no specific public consultation or notice requirements associated with the Award of Contract. Upon approval of this report, communications staff will notify the public of the successful proponent.

**8. CONCLUSION:**

This report recommends the award of contract to a Construction Firm to work with the successful proponent, PAC Building Group Corp., to complete the renovations for the Link Phase 2 and 3.



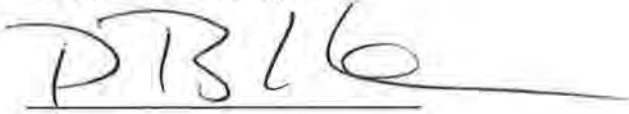
Prepared by:



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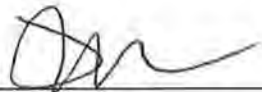
Recommended by:



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Approved by:



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David Reddon  
Chief Administrative Officer