



The Corporation of the Town of Milton

Report To: Council

From: Doug Sampano, Director, Recreation & Facilities

Glen Cowan, Director, Finance

Date: September 11, 2017

Report No: Milestone Report 001-001-17

Subject: Milestone Report – Sherwood Community Centre Project Status Report and Tender Award for the Sherwood Community Centre and Library

Recommendation: **That the tender award for the construction of the Sherwood Community Centre be awarded to Aquicon Construction at a total tendered value of \$ 37,552,000 (exclusive of HST);**

AND THAT the award to Aquicon Construction of the alternative price options that are itemized in Appendix B in the total amount of \$432,150 (exclusive of HST) be approved;

AND THAT the Manager, Purchasing and Risk Services be authorized to execute contracts and the Mayor and Clerk be authorized to sign any and all required paperwork;

AND THAT the report structure outlined in this document be used for all subsequent Milestone reports for the Sherwood Community Centre project reporting

EXECUTIVE SUMMARY

A competitive pre-qualification and tender process has been undertaken and resulted in a recommended low bid of \$37,552,000 (exclusive of HST) from Aquicon Construction. This price is below the approved project budgets for the Sherwood Community Centre and Library (SCC), and allows for the required contingency as work proceeds.

The operating costs related to these facilities, as further outlined in this report, will be reflected beginning in the 2019 budget.

Staff will provide regular updates regarding the construction of the SCC as approved in the capital budget. The format being proposed is Milestone reports which will be tabled at the completion of the following stages of construction:

- foundations complete
- steel erection complete



- building envelope closed
- systems commissioning
- substantial performance

Milestone reports will provide a project status report, budget and schedule updates as well as any recommendations related to the project. This is the first Milestone report for the SCC.

REPORT

Background

Through report COMS-007-16, Council approved the Sherwood Community Centre (SCC) and Library Business Plan as well as commencement of the architectural and design processes. Through the 2017 budget process construction funding was approved and a competitive procurement process has since been undertaken. With the contract award recommended herein, establishment of the milestone reporting framework is timely.

Staff are recommending that the SCC milestone reports be utilized due to the significance of this project and the involvement of multiple departments in the delivery of the facility. Similar to reporting on other new facility projects, the following standard sections will be included:

- 1.0 Site Works / Construction Activity
- 2.0 Program Update
- 3.0 Operating Plans
- 4.0 Public Engagement
- 5.0 Schedule
- 6.0 Related Project Updates

A Purchasing Schedule and Financial Schedule will be appended separately to each report.

Discussion

Tender Award for the Sherwood Community Centre and Library

A prequalification process was undertaken in early 2017 and all six of the pre-qualified firms that were invited to bid submitted prices for the tender that closed on August 30, 2017. The lowest compliant bid was submitted by Aquicon Construction in the amount of \$37,552,000 (exclusive of HST). Their submission has been reviewed by Colliers Project Leaders Inc. (Project Manager) and MacLennan Jaunkalns Miller Architects

(Designer and Contract Administrator), and is below the approved contract budget. Full details with respect to the procurement process, including the utilization of e-bidding, digital bonding and a requirement for registration/certification in the Certificate of Recognition (COR) safety program, as well as financial considerations, are provided in Appendix A. This includes an itemized list of the additional price option items that staff are recommending be awarded in addition to the tender price noted above.

Milestone #1

1.0 Site Works / Construction Activity

- Geotechnical investigation and civil design work has been ongoing due to high water tables identified during site investigation.
- Surveys and staking has been completed and discussions with adjacent neighbours regarding fence placement have taken place. Property lines are cleaned in preparation for construction fencing.

2.0 Program Update

- Staff will be engaging the community to confirm program offerings throughout 2018 in preparation for a spring 2019 facility opening.

3.0 Operating Plans

- Operating plans are being developed and refined based on the Council approved business plan (COMS-007-16).
- For the facility to open to the public in spring 2019, select full time staff for the library and community centre should be recruited in Q4 2018 to prepare for program offerings and building operations. The FTE's for these positions will be reflected in the 2018 proposed budget to allow for hiring decisions to be made before 2018 year end, with annualized funding to follow in 2019.

4.0 Public Engagement

- Residents adjacent to the facility have been consulted regarding matters associated with property lines. Additional public engagement will take place throughout 2018 to confirm programming details.

5.0 Schedule

- September 2017 – Construction mobilization
- September 2017 to Winter/Spring 2019 – Construction
- Spring 2019 – Facility open to the public

6.0 Related Project Updates

- Geotechnical investigation has revealed unforeseen significant ground water issues which impacted the subsurface design and elevation requirements to mitigate the effects of water on the building and environment. The additional

design work and infrastructure that is required has added approximately \$1,200,000 to the original estimated costs of the project.

Based on the competitive pricing realized through the tender process, this additional cost is expected to be managed within the existing approved budget. Should any further cost arise as a result of the ground water issues, especially during early phases on the construction process, staff will utilize sections 9.1 (contingency) and section 15.1 (emergency) of the purchasing bylaw (No. 044-2017) in order to avoid any delay or additional cost to the project, and report back via the Milestone reports.

The opening of this highly anticipated project in spring 2019 is something that has generated a lot of excitement in the community.

The addition of a third library will enable staff at Milton Public Library (MPL) to meet the changing information and programming needs of the growing community. The particular location of the new facility will provide greater opportunities for residents from the west side of the Town, along with rural residents, to meet and engage with one another in a new, modern branch library filled with natural light. Through the provision of new collections, free Wi-Fi access, additional story times for young children, coding workshops for teens and adult book clubs, the new library will ensure that MPL continues to offer vital and varied resources which support literacy, life skills and more.

Adding a third indoor pool provides staff with the opportunity to address the swimming lesson shortage in our young community and increase availability for our swim clubs to meet the demand for their programs. The addition of two ice pads will reduce pressure on the Milton Minor Hockey League Association and ensure that Milton youth are able to register for hockey in their own community versus seeking opportunities elsewhere due to a lack of inventory. The older adult population will see an expansion of programs due to the addition of modern multi-purpose spaces and the easy access to other amenities that complement each other and encourage a healthy lifestyle. The SCC will serve as a community gathering space and staff are excited to start construction and bring the facility to reality.

Financial Impact

Contract Award & the Capital Budget

The multi-year construction project for the Sherwood Community Centre (C592208) and Library (C598000) was previously approved through the 2016 and 2017 capital budgets at a total budget of \$52.2 million. Of this amount, \$40.7 million was budgeted for the construction of the facility. Based on the tender price received of \$38.2 million and additional items totaling \$0.4 million (both figures including net HST), a 12.5% contingency exists in the project. Utilization of the contingency will follow the



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procurement by-law (No. 044-2017) and be reported via the Milestone reports. Further, the contingency amount that will be maintained in the project will be revisited through the first milestone report after the foundation of the building has been completed. Schedule C further outlines the budget and costs associated with the capital project.

Operating Impacts

The current projected net operating impact of the Sherwood Community Centre and Library is \$2.1 million beginning in 2019. These estimates include operating expenditures (i.e. staffing, utilities, maintenance, etc.), revenues generated (excluding the tax levy), as well as a transfer to capital reserves to support the future rehabilitation and replacement of the building and assets. They also assume that the recruitment of specific roles begins in 2018 with the successful candidates beginning those roles at the start of 2019. Further detail has been provided in Schedule D.

Operating expenditures and revenues for the facility were incorporated into the figures presented in the 2018 Budget Call report (CORS-040-17). Once annualized, the \$2.1 million net cost equates to an approximate 4.0% impact relative to the existing tax levy.

The operating impacts of the Sherwood Community Centre and Library will continue to be refined and adjusted as more information becomes available.

Respectfully submitted,
Kristene Scott
Commissioner, Community Services

Linda Leeds, CPA, CGA
Deputy CAO/CFO

For questions, please
contact:

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Attachments

Schedule A – Purchasing – Tender Award
Schedule B – Purchasing Activity related to the Sherwood Community Centre and Library
Schedule C – Capital Budget Summary – Sherwood Community Centre and Library
Schedule D – Operating Forecast – Sherwood Community Centre and Library

CAO Approval
William Mann, MCIP, RPP, OALA, CSLA, MCIF, RPF
Chief Administrative Officer

COUNCIL AUTHORITY FOR CONTRACT AWARDS

Project Award	Tender Award No. 17-506A Construction of Sherwood Community Centre and Library
Recommendation	<p>Staff is recommending the award of the tender for the construction of Sherwood Community Centre and Library to Acquicon Construction in the total amount of \$37,552,000 (exclusive of HST) being the lowest compliant bid received.</p> <p>Staff is further recommending the award of the alternative price options in the total amount of \$432,150 (exclusive of HST).</p> <p>For a total contract award of \$37,984,150 (exclusive of HST).</p>
Purpose of Report	As per Section 12.1 of Purchasing By-law No. 044-2017, Council approval is required for Tender awards over \$500,000.
Background information	<p>In February, a Request for Pre-Qualification for General Contractors for this project was issued. Twelve (12) submissions were received and evaluated against the established criteria resulting in the following list of six (6) approved General Contractors invited to bid on this project:</p> <ul style="list-style-type: none"> Aquicon Construction Ball Construction Ltd. Bondfield Construction Fortis Construction Group Inc. Melloul-Blamey Construction Inc. The Atlas Corporation <p>The procurement process was executed on a fully e-bidding platform. The Town had previously utilized this platform for certain goods and services, but this was the first time for a construction project. Through collaboration with the e-platform partner (E-Solutions), the Ontario General Contractors Association (OGCA) and its members and the bonding association, the move to the construction e-platform and the requirements for fully digital bonds occurred without barriers for competitive bid submissions.</p> <p>Along with the change to the e-platform, this contract also included a requirement for registration/ certification in the Certificate of Recognition (COR) safety program. The COR program is aimed at driving positive workplace behaviour and practices that lead to improved safety performance, on construction sites.</p> <p>The bid was issued on July 19, 2017 and closed on August 30, 2017. All six of the pre-qualified firms submitted bids. The firm with the low bid is both a member of the OGCA and COR certified.</p>

Purchasing Section: Bid Award Information	
Date bid issued	July 19, 2017
Advertisements	Bidding, OPBA and Town of Milton website
Closing Date	August 30, 2017
# of Plan takers	Six (6) Prequalified Contractors
Median bid value	The average bid received was \$44,554,035. The bid submitted by Acquicon Construction is approximately 5% less than the average bid.
Financial Planning Section: Budget Impact (Note 1)	
Account Number(s)	C59220816 / C59800016
Account Description	Sherwood Community Centre / New Library Branch
Project Total Budget	\$ 52,204,079
<u>Base Bid</u>	
Contract Budget	\$ 40,655,000
Actual (Net of HST Rebate)	\$ 37,552,000
Variance	\$ 3,103,000 (F)
<u>Alternative Price Options (note 2):</u>	
Contract Budget	\$ 3,103,000
Actual (Net of HST Rebate)	\$ 432,150
Variance	\$ 2,670,850 (F)
Funding Source	Note 3

Note 1: The project is eligible for Input Tax Credit, and therefore, actuals exclude HST.

Note 2: A variety of alternative price option items were included in the tender submissions. Based on review by staff and the Town's consultants, award of the following items totaling \$432,150 is recommended:

- phenolic lockers
- aluminum framed glazing systems
- and the extended BAS Service contract

Note 3: As further discussed in the financial impact section of Milestone Report 001-001-17 it is recommended that this variance remain in the project and be revisited through the first milestone report after the foundation of the building has been completed.

**Schedule B
Purchasing Activity Related to the SCC and Library
- Contract Amendments & Bid Awards over \$10,000**

Sherwood Community Centre and Library

The following contract single source requests, contract amendments and awards are being reported under the requirements of the Purchasing by-law #044-2017.

Supplier/Contract	Reason for Award or Change Order	Amount	Existing (PO #) or New

Schedule C

Capital Budget Summary - Sherwood Community Centre and Library

	Budget	Forecast Changes	Forecast Budget	Actuals	Commitments Outstanding	Remaining Budget
EXPENDITURES						
Town Administration	265,338		265,338	60,435		204,903
Professional Fees	2,926,339		2,926,339	1,698,794	874,919	352,626
Building & Site Works	40,695,000	(2,670,850)	38,024,150		37,984,150	40,000
Furniture, Fixtures & Equipment	3,090,000		3,090,000			3,090,000
Transfers	1,346,783		1,346,783	692,138		654,645
Contingency	3,880,619	2,670,850	6,551,469			6,551,469
TOTAL EXPENDITURES	52,204,079	-	52,204,079	2,451,367	38,859,069	10,893,642
FUNDING SOURCES						
Development Charges	(46,717,680)		(46,717,680)	(2,093,855)		(44,623,825)
Capital Provision	(2,595,471)		(2,595,471)	(1,797,464)		(798,007)
Debentures	(2,045,000)		(2,045,000)			(2,045,000)
Reserves / Reserve Funds	(474,704)		(474,704)	(272,119)		(202,585)
Developer Recoveries	(290,765)		(290,765)			(290,765)
Contribution from Operating	(80,459)		(80,459)	(80,459)		-
TOTAL FUNDING SOURCES	(52,204,079)	-	(52,204,079)	(4,243,897)	-	(47,960,182)

Schedule D

Operating Forecast - Sherwood Community Centre and Library

	Community Centre			Library (Note 1)			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
EXPENSES									
Salaries & Benefits (note 2)	-	1,388,045	1,630,000	-	374,638	469,351	-	1,762,682	2,099,351
Administrative	-	9,744	9,939	-	4,186	4,270	-	13,930	14,209
Financial	-	34,660	35,353	-	761	776	-	35,421	36,129
Transfers to Own Funds	-	867,802	885,158	-	143,035	145,895	-	1,010,836	1,031,053
Purchased Goods	-	148,325	206,722	-	17,558	17,909	-	165,883	224,632
Purchased Services	-	592,909	811,356	-	95,224	129,504	-	688,133	940,860
Reallocated Expenses	-	21,549	21,980	-	-	-	-	21,549	21,980
TOTAL EXPENDITURES	-	3,063,033	3,600,508	-	635,401	767,706	-	3,698,434	4,368,214
REVENUES									
Recoveries and Donations	-	(71,729)	(97,552)	-	-	-	-	(71,729)	(97,552)
User Fees and Service Charges	-	(1,499,340)	(2,155,000)	-	(23,276)	(31,655)	-	(1,522,616)	(2,186,655)
Financing Revenue	-	-	-	-	(6,421)	(6,549)	-	(6,421)	(6,549)
TOTAL REVENUES	-	(1,571,069)	(2,252,552)	-	(29,697)	(38,204)	-	(1,600,766)	(2,290,756)
NET OPERATING COST	-	1,491,964	1,347,956	-	605,704	729,502	-	2,097,669	2,077,458

Note 1: The net impact of the new Library branch will be primarily offset by a reduction in a transfer to the Library Tax Rate Stabilization Reserve beginning in 2019.

Note 2: Workforce composition will continue to be refined during 2018 and along with proposed changes due to Bill 148 may impact salary and benefits estimates

Note 3: Operating impacts differ from the original business plan (COMS-007-16) due to asset lifecycle costs as discussed in Budget Call report (CORS-040-17) as well as the assumption that part time salaries, purchased goods and services and user fees will be in effect for 9 months only of 2019.