



City of
Peterborough

To: Members of the Committee of the Whole

From: Sandra Clancy, Director of Corporate Services
W. H. Jackson, Director of Utility Services

Meeting Date: July 24, 2017

Subject: Report CPPS17-027
Transfer of funds, Recalculation of Development Charges and
Award of RFT T-19-17 for the Peterborough Operations Centre

Purpose

A report to recommend the transfer of some existing funds, the recalculation of Development Charges and the award of Request for Tenders (RFT) T-19-17 for the Peterborough Operations Centre.

Recommendations

That Council approve the recommendations outlined in Report CPPS17-027, dated July 24, 2017 of the Director of Corporate Services and the Director of Utility Services, as follows:

- a) That \$1,825,000 of the 2018 pre-committed capital funding for Transit Buses be transferred to the Peterborough Operations Centre Project;
- b) That \$2,427,840 of Debenture Revenue from Development Charges – Public Works be allocated to the Peterborough Operations Centre Project;
- c) That \$650,160 of Debenture Revenue from Development Charges – Transit Services be allocated to the Peterborough Operations Centre Project;
- d) That RFT T-19-17 for the Peterborough Operations Centre be awarded to JR Certus Construction Company Ltd., 81 Zenway Boulevard, Unit #3 – 2nd Floor, Vaughan, Ontario, L4H 0S5, at a cost of \$19,776,186.00 plus HST of \$2,570,904.18 for a total cost of \$22,347,090.18;

- e) That a provisional work value of \$1,043,716 be committed to the project and the Administrative Staff Committee be provided the authority to adjust the purchase order value to an upset limit of \$20,819,902 plus HST as necessary to cover the costs of any change orders required to complete the project; and
- f) That the contract for P-13-14 to Reinders + Rieder Ltd., 57 Mill Street North, Suite 201, Brampton, Ontario, L6X 1S9, for the Design of the new City of Peterborough Public Works Operations Centre be increased by \$23,945 from \$644,952.50 to 668,897.50 plus HST of \$86,956.68 for a total cost of \$755,854.18.

Budget and Financial Implications

The cost of the Peterborough Operations Centre is \$22,069,600 inclusive of construction cost, construction contingency, project design fees and construction administration fees and all required permits. The cost, net of the HST rebate, will be funded from the following sources as detailed in Chart 1.

Chart 1
Proposed Funding for the Peterborough Operations Centre

Budget Ref #	Page #	Description	Project Budget
5-8.01	203	Total 2017 Approved Budget	\$17,166,600
5-11.02	243	2018 Transit Buses (Pre-committed in Report CPFS17-019)	\$1,825,000
		Debenture Revenue - DC - Public Works	\$2,427,840
		Debenture Revenue – DC - Transit Services	\$650,160
Total Project Funding			\$22,069,600

With the additional debenture revenue from Development Charges, the total revenue from Development Charges (debenture financing plus existing transfers from Development Charge reserves which is included in the 2017 Approved Budget, is \$2,931,840 from the Public Works and \$686,160 from Transit Services. These allocations are 20% of the total municipal net costs.

There are three other reports being presented on July 24, 2017 that also commit non-tax supported debt capacity. The reports and draws on City's non-tax supported debt capacity are as follows:

1. Report CPFS17-044 for Peterborough Housing Corporation – Financing for McRae Construction - \$24.433 million,
2. Report PLHD17-003 for Peterborough Housing Corporation Acquisition of the Property at 217 Murray Street (Brock Street Mission) - \$3.8 million, and
3. Report PLHD17-001 for Peterborough Housing Corporation – Acquisition of Sunshine Homes Non-Profit Inc. - \$3.5 million.

After these four commitments, the balance of available non-tax supported debt will be \$15.4 million.

Background

Description of the Work

In 2014, the City purchased the Coach Canada property at 791 Webber Avenue. The purpose was to relocate the Public Works operations and fleet maintenance functions to the new property. It is anticipated that when fully developed this site will support the Public Works operation for the next 20 – 25 years. Renovations to the existing maintenance and office buildings, plus additional buildings, including winter material storage are part of the overall renovation.

The finalized design includes a new modernized sand/salt/brine storage facility, equipment storage building, indoor heated vehicle wash bay, central stores area, exterior covered truck bays, a new maintenance shop addition and a renovated office building with elevator and fully accessible office, washroom/change rooms and meeting areas. The design includes off-site leased parking (or possible future land purchase for parking) in lieu of a two tier parking structure. The final design compares favourably with the original Fisher Drive property and the estimated 2010 \$45 million dollar price tag (\$57 million in 2017 dollars).

Reinders + Rieder Ltd. are the consultants who have worked closely with City staff to design the renovations to existing buildings and design new additions and buildings to meet the needs of the Public Works operation for today and the foreseeable future. During the design process, staff were diligent not to over design and made concessions on the design to not add floor space, but utilize areas for multi-purpose activities while encouraging accessibility, energy efficiencies and relocating other City Departments within the office building to allow for streamlined efficiencies within the Department.

The original construction budget of \$17,166,600 was arrived at early in the design process, based upon the known needs and requirements of the project at the on-set of discussions.

RFT Issued

RFT T-19-17 closed on April 13, 2017 and five submissions were received. The five submissions are summarized in Chart 2. The Property and Energy Manager, Manager of Public Works, Director of Corporate Services, Director of Utility Services and Reinders + Rieder Ltd. (the Consultant for the project) reviewed the Tenders.

Chart 2
RFT T-19-17 Summary Chart

Firm Name	Address	Bid Amount (Excluding HST)
Bondfield Construction Company Ltd.	407 Basaltic Road Concord, ON L4K 4W8	\$22,942,000
Garritano Brothers	881 Nelson Street Oshawa, ON L1H 5N7	\$22,805,300
JJ McGuire General Contractors Inc.	880 Farewell Street Oshawa, ON L1H 6N6	\$22,400,000
JR Certus Construction Co. Ltd.	81 Zenway Boulevard, Unit #3 Vaughan, ON L4H 0S5	\$21,858,000
Peak Engineering & Construction Ltd.	13580 County Road #2 Colborne, ON K0K 1S0	\$22,244,203

All Bids Exceed Approved Budget

Section 8.71.1 of Purchasing By-law 14-127 allows for three options when all bids exceed the approved budget:

In the event that all bids exceed the Approved Budget, and staff is not prepared to seek additional funding, the originating Department Director may, in consultation with both the Director of Corporate Services and the City Solicitor opt for one of the following:

- a. Approach the preferred bidder to discuss options to change the scope of work and obtain a corresponding price change for the reduced scope;
- b. Approach one or more of the lowest compliant bidders to discuss options to change the scope of work and obtain a corresponding price change from each for the reduced scope;
- c. Advise all bidders that, the Bid Solicitation process will be cancelled and a review of the scope of work will be undertaken and that a new Bid Solicitation may be issued later.

Staff opted for option a. and met with the preferred bidder to discuss options for reducing and/or changing the scope of work to reduce the overall tender amount. Staff have been successful in reducing the overall Tender price by \$2,081,814 by changing the scope of work and removing some items that can be included in future Capital budgets if necessary. The changes in scope have not diminished the project and will achieve the goal of providing an accessible state of the art Peterborough Operations Centre to serve Peterborough.

Project Still Over Budget

With the project still over budget, staff revisited the various sources of funding for the project.

Partial Reallocation of Transit Bus Purchase Budget

Currently, the Townsend Street bus barns do not have space to accommodate additional buses, so the priority would be to establish a new site for the Bus Barns, allow Public Works to move to a new Operations Centre and then free up space at the Townsend yard for future buses. With new bus purchases in 2017 the City's average fleet age is slightly better than the target established in the Transit Review and a deferral in bus purchases can be supported. The City can run with a slightly lower spare ratio and defer the current bus purchase until 2019. Accordingly, it is recommended that an additional \$1.825 million be allocated to the Peterborough Operations Centre project.

Development Charges Component

During the 2014 Development Charges (DC) Background Study, it was deemed that 80% of the project was replacement and 20% was growth related. As the design was prepared and the budgets increased in 2015 and 2016, the DC share was not recalculated. In reviewing all the sources of funds for this project, staff have done the recalculation and recommend that the budget include additional funds as Debenture Revenue from Development Charges - Public Works and Debenture Revenue from Development Charges - Transit Services. These amounts will be incorporated into the 2019 DC study.

With the reductions of scope and the transfers of funds, Chart 3 outlines the final costs for the Peterborough Operations Centre.

Chart 3

Detailed Costs of the Peterborough Operations Centre in 2017

Description of Work	Budget
Tendered Project amount	\$21,858,000
Negotiations with City Staff to Reduce Project Cost	-\$2,081,814
Revised Project Tender Award Amount	\$19,776,186
Consulting Fees, Design and Project Management	\$668,898
Building Permit	\$199,100
Contingency 5%	\$1,043,716
Project Sub-Total	\$21,687,900
City's Portion of HST	\$381,700
Total Cost of Project	\$22,069,600

Recommended Bidder

It is recommended that, based on the Tender submissions, evaluation and subsequent negotiations, that RFT T-19-17 for the Peterborough Operations Centre be awarded to JR Certus Construction Company Ltd., 81 Zenway Blvd., Unit #3 – 2nd Floor, Vaughan, Ontario, L4H 0S5, for a cost of \$20,108,881.11 net of the HST rebate. JR Certus Construction Company Ltd. is one of the six prequalified Contractors for this project, and has performed similar work in the past and is fully qualified to perform the work of this RFT.

Delegated Authority to Approve

Part 8, Section 8.2.1.b. of the Purchasing By-law 14-127 specifies that Council authority is required to award a RFT where the expenditure is greater than \$100,000 when the Award cannot be accommodated within an Approved Budget and therefore requires a budget transfer or a pre-commitment against a future years' budget.

Summary

If Council accepts the recommendations, staff would proceed with the Peterborough Operations Centre project and construction could start in late August 2017, with a completion date of late fall 2018.

Submitted by

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