



## STAFF REPORT ACTION REQUIRED

### Purchase Order Amendment for the Building Renovations and Upgrades to 129 Peter St. Assessment Referral Centre and Homeless Shelter

<b>Date:</b>	November 24, 2009
<b>To:</b>	City Council
<b>From:</b>	Deputy City Manager & Chief Financial Officer
<b>Wards:</b>	Ward 20
<b>Reference Number:</b>	P:\2009\Internal Services\F&re\Cc09111F&re - (AFS 10975)

#### SUMMARY

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The purpose of this report is to request Council authority to amend Purchase Order No. 6024794 to Balmain Construction Ltd. for the supply of all labour and material for the Building Renovations and Upgrades to the 129 Peter Street Assessment Referral Centre and Homeless Shelter, in accordance with specifications as required by Facilities and Real Estate Division.

#### RECOMMENDATIONS

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The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council amend Purchase Order No. 6024794 for Tender Call 294-2007 to Balmain Construction Ltd. in the amount of \$1,000,000.00 net of G.S.T., for the Building Renovations and Upgrades to the 129 Peter Street Assessment Referral Centre and Homeless Shelter.
2. Increase the 129 Peter Street Shelter and Referral Centre capital project by \$1,000,000.00 gross and \$0 net with cash flow requirements of \$1,000,000.00 in 2010.

## **FINANCIAL IMPACT**

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The total Purchase Order Amendment identified in this report is \$1,050,000.00 including all applicable taxes and charges. The cost net of GST is \$1,000,000.00. The funding is available through the Federal Homelessness Partnership Initiative.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

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On January 23, 2008 Bid Committee adopted the staff recommendation from the Director of Purchasing and Materials Management to award Tender No. 294-2007 to Balmain Construction Ltd., being the low bidder meeting specifications for the supply of all labour and material for the Building Renovations and Upgrades to 129 Peter Street Assessment and Referral Centre and 40 Bed Homeless Shelter. Balmain Construction Ltd. was issued Purchase Order No. 6024794 in the amount of \$2,881,165.00 net of G.S.T. A link to the staff report is as follows:

<http://www.toronto.ca/legdocs/2008/agendas/committees/bd/bd080123/bddd.pdf>  
<http://www.toronto.ca/legdocs/2008/agendas/committees/bd/bd080123/agenda.pdf>

On August 5<sup>th</sup> and 6<sup>th</sup>, 2009 City Council adopted the recommendation of EX33.27, 2009 Capital Budget Adjustments, which allocated \$500,000.00 for the installation of an elevator at 129 Peter Street.

<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-21535.pdf>  
<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-21836.pdf>  
<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-21842.pdf>

## **ISSUE BACKGROUND**

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Purchase Order No.6024794 was awarded to Balmain Construction on April 08, 2008 for the supply of all labour, equipment and material necessary for Building Renovations and Upgrades to 129 Peter Street Assessment Referral Centre and 40 Bed Homeless Shelter in the amount of \$2,881,165.00 plus \$144,058.25 G.S.T. for a total of \$3,025,223.25. A purchase order amendment on November 20, 2009 for \$500,000.00 for the elevator installation and another amendment by the City Manager for \$500,000.00, which falls within the delegated authority of staff in accordance with the Financial Control By-Law, has brought the current purchase order value to \$3,881,165.00 excluding G.S.T.

As renovations moved forward on this property, site conditions were discovered that required remediation due to environmental and health and safety reasons. The extent of these building conditions could not have been anticipated prior to the purchase of the site as they would only have been revealed through destructive testing which is generally not permitted by vendors.

Site conditions requiring remediation included:

1. Sanitary and storm water system – The sanitary drains, storm drains and sump pumps in the building required replacement. The existing services were beyond repair and in fact were creating environmental and health and safety issues due to the release of effluence into the surrounding ground. Additionally, Toronto Water requested a relocation of the outflow connections from Peter Street to Richmond Street to better meet their needs and Toronto Works required the installation of a new storm water holding tank. New concrete slabs were required after the sanitary and storm drain work was completed.
2. Foundation Work - Foundations and structural columns had to be strengthened to support additional loading for the green roof, new roof top smoking area and elements of compromised structure.
3. Asbestos and mould abatement - When the interior demolition of the building commenced, asbestos was found and as per City policy and legislative requirements remediation was required. Mould was also discovered and had to be remediated for health and safety reasons. New interior walls were constructed after the hazardous materials were abated. The building did not have a weeping tile system nor were the exterior walls water proofed. This caused water to enter into the building. A proper drainage system has been installed and exterior walls have been waterproofed.
4. The existing roof parapet walls were in imminent danger of collapse and required emergency repairs.

Balmain Construction Ltd. has submitted quotations for all of the emergency remedial work needed to bring the building into compliance with the building code, Toronto Water requirements and to correct all of the unsafe structural conditions. As these were time sensitive changes they were funded through the initial contract with Balmain Construction Ltd. As such, there is insufficient authority under the current contract to complete the original scope of work and an amendment is required to allow this work to be done. Remaining work includes completion of the stairway to the rooftop smoking area, final roof membrane, remaining elements of security, life safety and building control systems, flooring, drywall, doors and windows.

This report seeks approval from City Council to issue a Purchase Order Amendment in the amount of \$1,000,000.00 that is required to amend the construction contract to complete the project.

## COMMENTS

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Emergency change orders were required to address site conditions. The work covered by the change orders was required to allow the contractor to complete the work in the balance of the contract. The additional costs have been reviewed by the project consultants and Facilities & Real Estate, DCAP project manager and are reasonable. These change orders to accommodate the site conditions have created an additional \$1,000,000.00 expenditure on the project which can be funded through the Federal Homelessness Partnership Initiative funds within the Shelter Support and Housing Administration budget.

Facilities and Real Estate staff and the project consultants have reviewed the remaining work to be done on the project and have confirmed that the contract amendment of \$1,000,000.00 is sufficient to complete the renovation of the building.

This amendment requests an increase of \$1,000,000.00 to the existing Purchase Order amount of \$3,881,165.00 for a new total Purchase Order value of \$4,881,165.00 excluding G.S.T. It is being recommended that authority be granted to amend Purchase Order No. 6024794 to Balmain Construction Ltd. in the amount of \$1,000,000.00.

## CONTACT

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## SIGNATURE

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Cam Weldon,  
Deputy City Manager &  
Chief Financial Officer