

**Contract Award - Tender Call 192-2008 for Old City Hall,
60 Queen Street West, HVAC and Electrical Upgrade**

Date:	March 23, 2009
To:	Government Management Committee
From:	Chief Corporate Officer and Acting Director, Purchasing and Materials Management Division
Wards:	Ward 27 – Toronto Center Rosedale
Reference Number:	P:/2009/Internal Services/pmmd/gm09007pmmd (AFS 9528)

SUMMARY

The purpose of this report is to advise on the results of the Tender Call 192-2008 issued for the HVAC and Electrical Upgrade at the Old City Hall and to request authority to award a contract to the recommended bidder.

RECOMMENDATIONS

The Chief Corporate Officer and the Acting Director of Purchasing and Materials Management Division recommend that:

1. Council grant authority to award Tender Call 192-2008, for the HVAC and Electrical Upgrade at the Old City Hall to Atlas Corporation Inc., being the lowest bid meeting specifications in conformance with the quotation requirements, in two (2) separate Purchase Orders. The first Purchase Order in the amount of \$21,061,550.00 net of GST will be issued in year 2009 under existing Council approval of the 2009-2014 Budget Capital Plan. The second Purchase Order in the amount of \$11,638,450.00 net of GST will be issued in future year following Council budget approval in the 2010-2015 Capital Budget Cycle for a total potential award amount of \$32,700,000.00 net of GST.
2. This report be forwarded to the Budget Committee for consideration.

Financial Impact

The total potential contract award, in two (2) separate Purchase Orders, identified in this report is \$34,335,000.00 including all applicable taxes, charges, cash and contingency allowances. The total potential cost to the City, net of GST is \$32,700,000.00.

Funding for the first Purchase Order in the amount of \$21,065,550.00 net of GST is available in the Facilities and Real Estate Division's 2009 Capital Budget and 2010-2013 Capital Plan. Funding for the second Purchase Order in the amount of \$11,638,450.00 net of GST will be included in the 2010 Capital Budget and 2011-2014 Capital Plan Submission within the Council approved targets for this program.

The following Table summarizes the cash flow requirements, for the contract award identified in this report, by year for each WBS Element (approved projects):

WBS Element	2009	2010	2011	2012	2013	2014	Total
First Purchase Order to be Issued in 2009							
CCA183-01	\$303,000.00	\$641,000.00	\$578,000.00	\$592,000.00			\$2,114,000.00
CCA126-06			\$85,000.00				\$85,000.00
CCA172-03	\$328,350.00	\$361,000.00					\$689,350.00
CCA172-04	\$291,200.00						\$291,200.00
CCA131-05	\$2,947,000.00	\$1,151,000.00	\$382,000.00	\$2,634,000.00	\$458,000.00	\$458,000.00	\$8,030,000.00
CCA172-28	\$834,000.00	\$1,783,000.00	\$4,311,000.00	\$717,000.00	\$1,436,000.00	\$771,000.00	\$9,852,000.00
Second Purchase Order to be Issued in 2010*							
Future Cashflows			\$4,500,000.00	\$3,638,450.00	\$2,000,000.00	\$1,500,000.00	\$11,638,450.00
Total	\$4,703,550.00	\$3,936,000.00	\$9,856,000.00	\$7,581,450.00	\$3,894,000.00	\$2,729,000.00	\$32,700,000.00

*subject to budget approval by Council.

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

ISSUE BACKGROUND

Old City Hall was designed and built over a fourteen year period between 1886 and 1899. The building is a National Historic Site and is designated under Part IV of the Ontario Heritage Act. It is occupied by the Ministry of the Attorney General and the City of Toronto for use as a courthouse with thirty individual law courts.

Old City Hall, located at 60 Queen Street West, Ward No. 27, requires a new ventilation and air conditioning system throughout the building including associated new head-end equipment, Enwave 'Deep Lake' cooling infrastructure, new ductwork, piping and mechanical units, new electrical service, new ceilings and shafts, new lighting, new power requirements, plaster ceiling stabilization/consolidation and metal equipment enclosures.

On January 29, 2008 Purchasing and Materials Management Division issued the following Requests to Pre-Qualify for Old City Hall HVAC and Electrical Upgrades:

- 1201-08-5024 for Electrical Subcontractors
- 3907-08-5022 for General Contractors
- 4305-08-5023 for Mechanical Subcontractors

The Request to Pre-Qualify requirements was advertised on the City's website.

On February 26, 27 and 28 respectively, Pre-Qualification documents from two (2) Electrical Contractors firms, seven (7) General Contractors and eight (8) Mechanical Subcontractors were received. A City evaluation team comprised of Facilities & Real Estate Division staff and the City's consulting engineering firm, The Mitchell Partnership, reviewed all submissions, and based on the evaluation criteria included in the Request to Pre-Qualify, developed a short list of six (6) pre-qualified General Contractor firms that were invited to submit Tenders. Further, three (3) Mechanical Subcontractors and two (2) Electrical Contractor firms were pre-qualified and invited to participate in the tendering process.

On October 27, 2008 Purchasing and Materials Management Division issued a Tender for the HVAC and Electrical Upgrade at the Old City Hall, Toronto to the six (6) pre-qualified General Contractors. This Tender was advertised in the Daily Commercial News on October 27, 2008 and on the City's website. Letters of invitation were also sent to the six (6) pre-qualified General Contractors advising that the Tenders were available for sale.

The Purchasing and Materials Management Division at its Public Opening held on January 7, 2009 opened the following bids for Tender Call 192-2008, for the HVAC and Electrical Upgrade at the Old City Hall, Toronto. Of the two (2) bids received, Buttcon Limited was declared informal by the Purchasing and Materials Management Division as their bid response was submitted with insufficient bonding.

<u>Tenderer</u>	<u>Price Complete Including All Charges, Net of GST</u>
1. The Atlas Corporation	\$ 32,700,000.00
2. Buttcon Limited	\$ 34,808,000.00

The lowest qualified bid exceeded the total approved budget amount of \$21,065,550.00 for this project by \$11,638,450.00.

The lowest qualified bid has exceeded the total approved budget amount for the following reasons:

- Market conditions and the restoration of architectural features and finishes.
- Due to increased space usage by Provincial Offence Courts and other essential building operations, additional electrical work is required to upgrade the new HVAC System.
- Major challenge to the project is to maintain the use of the courts and other functions within the building during normal business hours. This can only be achieved by working after hours. As a result, the City has to pay a premium and the construction cost increased substantially.

In order to proceed with the project, it is recommended that the vendor be awarded the Tender Call 192-2008, for the HVAC and Electrical Upgrade at the Old City Hall in two (2) separate Purchase Orders as follows:

The first Purchase Order in 2009 will be in the amount of \$21,061,550.00, for work as follows:

- Central heating and cooling plants and air handling equipment installation in the basement and the attic;
- Main air duct and water piping risers from basement to attic;
- Local HVAC equipments for the north side of the building at Ground, First, Second, and Third floor;
- Ceiling refurbishment associated with the renovated areas in the north side of the building; and
- Air monitoring of the renovated areas during construction.

At the completion of the first Purchase Order, the core equipment of the HVAC system and part of the building will be operational and air-conditioned.

The second Purchase Order in 2010 will be in the amount of \$11,638,450.00, for work as follows:

- Local HVAC equipments for the south side of the building at Ground, First, Second, and Third floor and the 1st floor main lobby;
- Ceiling refurbishment associated with the renovated areas in south side of the building and the First floor Main floor lobby; and
- Air monitoring of the renovated areas during construction.

At the completion of the second Purchase Order, the entire building will be operational and air-conditioned. However, failure to receive the necessary funding for this aspect of the work will mean that the Southside of the building would not have adequate air-conditioning.

COMMENTS

The Tender documentation submitted by the recommended bidder has been reviewed by the Chief Corporate Officer and has been found to be in conformance with the Tender requirements.

Design, Construction & Asset Preservation staff have reviewed the bid and found the price of the recommended bidder to be reasonable and within the budget available.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

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SIGNATURE

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