



**STAFF REPORT  
ACTION REQUIRED**

**Project Management Contract Award for the Proposed  
Redevelopment of Seaton House and Revitalization of  
George Street**

<b>Date:</b>	August 6, 2014
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager, Cluster A Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	

**SUMMARY**

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The purpose of this report is to advise Council on the results of the Request for Proposal (RFP) 9155-14-7072 for Project Management Consulting Services for the proposed redevelopment of Seaton House and revitalization of George Street and request the authority to enter in to an agreement with the recommended Proponent PRISM Partners Inc. This report also requests authority to enter into a contract, separated into two distinct project stages, with PRISM Partners Inc. for \$3,418,000 (net of all taxes and charges) to be awarded subject to the necessary budget reallocations in 2014 and Council approval of the entire project in 2015.

The City requires project management services to develop a detailed plan that completes the feasibility analysis, oversees the preparation of architectural drawings and prepares the full costing estimates of the revitalization project. The project manager will oversee the completion of the design component needed for the redevelopment which is envisioned as a multi-purpose facility that will provide emergency shelter, long-term care, community services and affordable housing. This information will help develop the report due in mid-2015 that will advise Council of the status and financing plans of the redevelopment initiative.

In the 2015 report, staff will report to Council on the project's feasibility, costs, financing strategies and recommendations regarding the execution of the second agreement for project management services.

## **RECOMMENDATIONS**

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### **The Deputy City Manager, Cluster A and the Deputy City Manager and Chief Financial Officer recommend that:**

1. City Council authorize the Chief Corporate Officer to negotiate and enter into agreements for project management consultant services for the redevelopment of Seaton House and revitalization of George Street with PRISM Partners Inc. being the highest scoring Proponent and meeting the requirements of Request for Proposal 9155-14-7072 for the total price fixed fee of \$3,418,000 (net of all taxes and charges) subject to the following conditions:
  - a. That the agreement for the scope of the work for Project Stage One not exceed a value of \$618,000 (net of all taxes and charges);
  - b. That the necessary budget allocations for Project Stage One, included in a separate report "Capital Variance Report for the Five Month Period Ending May 31, 2014" are approved by Council;
  - c. That the agreement for the scope of the work for Project Stage Two at a value of \$2,800,000 (net of all taxes and charges) be executed subject to City Council approval of the entire project when staff report back to City Council, through Executive Committee, in Q3 of 2015 on the project's feasibility, costs and subject to sufficient funding in place in the 2015 capital budget and the 10-year capital plan for the entire project; and
  - d. That the agreements are based on terms and conditions set out in the RFP, any addenda and on any other terms and conditions satisfactory to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.

### **Financial Impact**

The contract award identified in this report is \$3,862,340 including all applicable taxes and charges (\$3,418,000 net of all taxes and charges). The cost to the City is \$3,478,156.80 net of HST recoveries.

In 2014, Council approved a plan of \$21,550,000 in the Shelter, Support and Housing Administration (SSHA) ten year capital plan for the redevelopment of Seaton House and other shelter sites. The ten year capital plan for the SSHA Development/Redevelopment project (excluding land purchases) is fully debt funded. The approved 2014 cash flow, excluding land purchases, for this project is \$600,000.

The \$600,000 is already committed and therefore unavailable to cover the project management costs for Project Stage One of the contract. The budget adjustments to amend the cash flow requirements in 2014 and 2015 for Stage One of the project are being reported separately as part of the report "Capital Variance Report for the Five

Month Period Ending May 31, 2014". The Capital Variance Report, which will be before Council at the same time as this report:

- requests authority to reallocate \$651,000 of 2014 unspent cash-flows from the Capital Repairs/Replacements for City Operated/Leased Shelters project to the Shelter Development/Redevelopment project; and
- amends the 2015-2023 Capital Plan for the Shelter Development/Redevelopment project by approving a 2015 cash flow commitment of \$1,000,000 which is included in the current approved plan as a future year plan estimate.

The total price fixed fee for the Project Management Consultant contract to be awarded is \$3,418,000 net of all taxes and charges (\$3,862,340 including all taxes and charges; \$3,478,156.80 net of HST recoveries). The Consultant assignment on this project shall be divided into two stages and six phases and executed by two distinct agreements (one for Project Stage One and one for Project Stage Two).

If City Council approves the budget adjustments (as noted above) in the companion report, "Capital Variance Report for the Five Month Period Ending May 31, 2014", as well as adopts this report and thereby awards the entire contract, the City is committing only to Project Stage One, costing \$618,000 net of all taxes and charges and ending in approximately August 2015. At that point, staff will report to Council on the project's feasibility, costs, financing strategies as well as recommendations regarding the execution of the second agreement for Project Stage Two. If Council approves the project, the project management consultant contract corresponding to Project Stage Two would cost \$2,800,000 net of all taxes and charges. The services in this second stage would include overseeing the completion of the design component, the tendering, awarding, construction, commissioning and close-out processes.

The additional commitment of \$1,000,000 for this project in 2015 will allow the City to award a contract for an architect to initiate the design work required for Project Phase One. Spending of this contract is subject to Council approval of the 2015 Capital Budget.

The cash flow required in 2015 for Project Stage Two will be requested through the 2015 Capital Budget process. Cash flow required for subsequent years would be requested via respective Capital Budget submissions.

The RFP states that "if Council does not approve the project or defers approval, Project Stage Two of the contract will be deferred or cancelled". Purchase orders corresponding to the contract will be phased over the project life cycle. The City will negotiate with the vendor a cash flow management schedule tied to each of the phases and reflected on a monthly basis.

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

## **DECISION HISTORY**

On July 16, 17, 18, and 19, 2013 Council adopted EX33.17, "Update and Next Steps of Proposed Redevelopment of Seaton House and Revitalization of George Street." City Council approved in principle the redevelopment of Seaton House and authorized the General Manager, Shelter, Support and Housing Administration, in consultation with the General Manager, Long-Term Care Homes and Services, to undertake the necessary due diligence required to proceed with the project, including to develop detailed plans for new facilities and retain the professional services of a consulting team to continue with redevelopment plans. Staff are to report back on the status, estimated cost of the redevelopment and related financing plans in the middle of 2015. Final approval of a redevelopment proposal is subject to Council approval of an acceptable financing and budget plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.17>

## **ISSUE BACKGROUND**

In order to conduct the due diligence required for a report back in 2015 and consistent with the authority granted by Council through its adoption of EX33.17, staff have begun the process of retaining professional services as approved by Council. This report seeks approval to award the contract for project management services, the first of various professional service contracts required. Deliverables to report back to Council in 2015 include program and design plans for the new facilities, a transition plan for current residents of Seaton House and a financing and budget plan.

Services provided by the project management consultant are structured in two stages: (1) developing a detailed plan that completes the feasibility analysis, oversees the preparation of architectural drawings and prepares the full costing estimates in order for staff to report back to Council in 2015, and (2) if Council approves the project in 2015, overseeing the completion of the design component, the tendering, awarding, construction, commissioning and close-out processes.

## **COMMENTS**

RFP 9155-13-7072 was issued by the Purchasing and Materials Management Division (PMMD) on May 22, 2014 and was available for download on the City's website. The RFP included the selection criteria to be used for evaluation. A mandatory information meeting was held on May 28, 2014 at which 14 firms attended. This resulted in a total of eight (8) submissions being received on June 25, 2014 from the following firms:

1. CBRE Limited
2. Ellis Don Corporation
3. Mettko Corporation
4. MHPM Project Managers Inc.
5. P2i Strategies Ltd.
6. PRISM Partners Inc.

7. Stantec Consulting Ltd.
8. Turner & Townsend

The RFP was structured as a "two-envelope" process. Each submission included a detailed Technical Proposal (envelope 1) and a separate sealed envelope with a Cost of Services proposal (envelope 2). The selection process stipulated that envelopes containing the cost of services would not be opened until the evaluation of the Technical Proposals had been completed.

All proponents complied with the mandatory submission requirements, and their Technical Proposals were evaluated. A formal selection committee comprised of three (3) members, one each from Shelter, Support & Housing Administration, Real Estate Services and Facilities Management evaluated each of the Technical Proposals. A subject matter expert from Long-Term Care Homes & Services was available. The proponents' Technical submissions were evaluated, scored independently and averaged. A maximum of 65 points were allocated for the Technical Proposals, 10 points for Interview and 25 points for Cost of Services. Each Technical Proposal had to score a minimum of 45.5 points (70%) to proceed to have an interview and have the Cost of Services envelope opened and evaluated. P2i Strategies Ltd. and Turner & Townsend did not meet the minimum technical score and consequently were not invited for an interview and did not have their Cost of Services envelope opened.

On completion of the above process, the Proposal from PRISM Partners Inc. was ranked first as it is the highest scoring points. The selection committee has concluded that the proposal submitted by PRISM Partners Inc. met the requirements of the RFP and demonstrated an appropriate level of effort for the proposed project.

As described in the Financial Impact statement, funding for Project Stage One is subject to City Council approving a reallocation of capital funding set out in the capital budget variance report and funding for Project Stage Two is subject to approval in the 2015 capital budget, therefore City Council is required to make the award of this RFP to PRISM Partners Inc.

Proponent's scores and staff analysis of the evaluation results can be provided to Councillors in an in-camera presentation if requested by members of Council.

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

## **CONTACTS**

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## **SIGNATURE**

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Chief Financial Officer