



**STAFF REPORT
ACTION REQUIRED**

Authorization to Receive Funds and Amend Purchase Order No 6032429 - Contract with Elite Construction Inc. for Rexdale Community Hub at 21 Panorama Court

Date:	May 16, 2011
To:	Government Management Committee
From:	Executive Director, Facilities Management, Executive Director, Social Development, Finance & Administration and Director, Purchasing and Materials Management
Wards:	Ward 1 – North Etobicoke
Reference Number:	AFS# 13985

SUMMARY

The purpose of this report is to request authority to receive additional external funding in the amount of \$409,100.00 from the Ontario Trillium Foundation towards the completion of the Rexdale Community Hub. The report also seeks authority for an amendment to Purchase Order No. 6032429 for the supply of all labour, equipment and materials necessary for the Interior and Exterior Renovations at 21 Panorama Court, Toronto in accordance with the drawings and specifications issued with Tender Call No 354-2010.

The Council approved Budget for the project at 21 Panorama Court is \$13,300,000.00. The request for the authority to amend Purchase Order No. 6032429 is within the established budget.

RECOMMENDATIONS

The Executive Director, Facilities Management, the Executive Director of the Social Development, Finance and Administration Division and the Director, Purchasing and Materials Management recommend that:

1. City Council approve the acceptance of the donation from the Ontario Trillium Foundation in the amount of \$409,100.00 to fund the completion of the Rexdale Community Hub at 21 Panorama Court.
2. The 2011 Approved Capital Budget for Facilities and Real Estate be amended by reducing the Capital Financing Reserve contribution in the amount of \$409,100.00 and increasing the contribution from the Ontario Trillium Foundation in the same amount, resulting in a net \$0 change to the Approved Budget.
3. Government Management Committee authorize the amendment of Purchase Order No. 6032429 for Tender Call 354-2010 to Elite Construction Inc. in the amount of \$800,000.00 including the HST non-recoverable and excluding all other taxes to complete the interior and exterior renovations at 21 Panorama Court bringing the revised total value of the Purchase Order to \$9,385,095.00 excluding taxes.

Financial Impact

The approved budget for 21 Panorama Court – Rexdale Community Hub is \$13,300,000.00. The additional funding of \$409,100.00 now secured from the Ontario Trillium Foundation will contribute to the overall approved project budget, thereby reducing the funding allocation from the Capital Financing Reserve by \$409,100.00.

Funding in the amount of \$800,000.00 including the HST non-recoverable and excluding all other taxes is available in the 2011 Capital Budget for Facilities and Real Estate for the amendment to Purchase Order No. 6032429.

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

DECISION HISTORY

On February 7, 2011, City Council adopted the staff recommendation from the Director of Purchasing and Materials Management Division to award Tender No. 354-2010 to Elite Construction Inc. being the lowest bidder meeting specifications, for the supply of all labour and material for the interior and exterior renovations at 21 Panorama Court, Toronto. On February 22, 2011, Purchase Order No. 6032429 was issued for \$8,585,095.00 excluding taxes to Elite Construction Inc. A link to the staff report is as follows:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM1.7>

ISSUE BACKGROUND

Receipt of Additional External Funding

In February 2011, Council approved a \$3,510,000.00 allocation from the Capital Financing Reserve towards the capital completion of the Rexdale Community Hub. At that time, an additional funding contribution was anticipated from the Ontario Trillium Foundation in order to lessen the City debt contribution. The Trillium Foundation's additional contribution of \$409,100.00 is now confirmed and brings the Foundation's total contribution to the project to \$559,100.000. Authority is required to receive the new funding allocation from the Trillium Foundation.

Amendment to Purchase Order No 6032429

Council also adopted the staff recommendation from the Director of Purchasing and Materials Management Division to award Tender No. 354-2010 to Elite Construction Inc. being the lowest bidder meeting specifications, for the supply of all labour and material for the interior and exterior renovations at 21 Panorama Court, Toronto. On February 22, 2011, Purchase Order No. 6032429 was issued for \$8,585,095.00 excluding taxes to Elite Construction Inc.

Upon starting the demolition work within the existing facility asbestos containing materials were discovered. These conditions were not known previous to the award of contract and the costs for the required abatement work will absorb the existing allocated cash allowance and contingency within the contract. The existing contingency amount of \$100,000.00 within the PO is not adequate to administer a construction contract of this value.

In order to continue with the remaining work and not exceed purchase order authority levels, it is necessary to carry contingency funds for any future unforeseen site conditions that may arise from now until the completion of the contract. It is forecasted that \$800,000.00 will be needed in order to administer the balance of the contract. If any contingency funds are not used during the work, they will be a credit to the contract.

COMMENTS

The receipt of the Trillium Foundation's funding will lessen the project's draw on the Capital Financing Reserve and will bring the total external project contribution to \$8,920,000.00.

The Purchase Order Amendment will replenish the project contingency reserve.

The project is partially funded by Federal Government Infrastructure Stimulus Funding Program (Project #14960) for Social Development, Finance and Administration and as such must maintain stringent schedules in order to meet the deadline of October 31, 2011.

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SIGNATURE

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