



REPORT FOR ACTION

Amendment to BLT Construction Services Inc. Purchase Order No.6047316 for the procurement and construction of temporary respite facilities

Date: March 21, 2019

To: Economic & Community Development Committee

From: Interim General Manager, Facilities Management,
Chief Purchasing Officer, and
Interim General Manager, Shelter, Support and Housing Administration

Wards: Ward 10 - Spadina-Fort York

SUMMARY

The purpose of this report is to request authority to amend Purchase Order No. 6047316 issued to BLT Construction Services Inc. for the emergency provision of the design-build of three (3) temporary respite facilities at locations to be selected by the City of Toronto. The total Purchase Order Amendment being requested is for an additional amount of \$3,652,000, net of all applicable taxes and charges (\$3,716,275 net of HST recoveries), revising the value from \$7,497,814 to \$11,149,814 net of all applicable taxes and charges (\$11,346,051 net of HST recoveries).

An estimated project cost was developed based on client requirements and generic site specifications, as sites had not yet been identified. Given the urgent need to respond to the increasing demand for capacity in the shelter system, a Purchase Order for \$7,497,814 (the estimated required value to construct three structures) was entered into with BLT Construction in July 2018 pursuant to Chapter 195 of the Toronto Municipal Code, Section 195-7.4B "Non-competitive or limited solicitation contract authority – emergency," which allows a division head to enter into a contract in relation to a non-competitive procurement of goods or services required in an emergency where the potential value of the non-competitive contract exceeds \$500,000 or their delegated spending authority.

As noted above, the Purchase Order was issued before site selection had been finalized. Once sites had been selected and fully evaluated, Facilities Management and contracted staff identified site-specific conditions that required rectification. This was completed at an additional cost (\$2.92 million) and left insufficient value on the contract to complete the construction of the modular structures. The requested amendment addresses these additional costs and will enable completion of the structures.

While site work increased the cost of the project, the actual cost of the modular structures themselves was largely consistent with pre-construction estimates. The requested amendment includes an additional \$730,000 to accommodate the addition of a mezzanine level and a protective shield to each structure. These features were not included in the initial cost estimate but were determined to be necessary to maximize interior space and prevent damage to the structures' textile membranes. Even with the requested amendment, the modular structures represent good value for money to the City, yielding more respite spaces at a lower cost than construction of a permanent facility.

The first facility at 69 Fraser Avenue opened in December 2018, while 351 Lakeshore Boulevard East and 701 Fleet Street are targeted for completion in April and May 2019, respectively. Without approval of the requested amendment completion of the project is at risk.

RECOMMENDATIONS

The Interim General Manager, Facilities Management, Chief Purchasing Officer, and Interim General Manager, Shelter, Support and Housing Administration recommend that:

1. The Economic and Community Development Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-Law) grant authority to amend Purchase Order No. 6047316 issued to BLT Construction Services Inc., for work and associated costs to accommodate and address unforeseen site conditions that were encountered at each site and to expedite delivery of the three (3) temporary respite facilities, by an additional amount of \$3,652,000, net of all applicable taxes and charges (\$3,716,275 net of HST recoveries), revising the current Purchase Order value from \$7,497,814 to \$11,149,814 net of all applicable taxes and charges (\$11,346,051 net of HST recoveries).

FINANCIAL IMPACT

Funding of \$10.2 million for the design and construction of 3 temporary respite facilities at various locations across the City is included in SSHA's 2019 – 2028 Approved Capital Budget and Plan. The first facility at 69 Fraser Avenue opened in December 2018. The remaining two facilities to be located at 351 Lakeshore Boulevard East and 701 Fleet Street are currently under construction and slated for completion in April and May 2019 respectively.

Due to additional site preparation and remediation work at the selected sites a project cost increase of \$1.652 million is anticipated to complete and operationalize the remaining two facilities.

Funding of \$1.652 million to cover this cost escalation will be provided through a permanent reallocation from the "New Emergency Shelters" project (CHS044) in SSHA's 2019 - 2028 Approved Capital Budget and Plan to the Temporary Structures for Respite Services project. This reallocation will not jeopardize the successful completion of the New Emergency Shelters project.

The additional funding will support the completion of site preparation and remediation work necessary to facilitate the construction of the facilities. A request to amend the respective project budgets in SSHA's 2019 Capital Budget will be submitted for Council consideration through the quarterly variance report.

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

DECISION HISTORY

At its meeting on December 5, 2017, City Council adopted CD24.7 "2018 Shelter Infrastructure Plan and Progress Report" and directed the Director, Real Estate Services and the Transition Lead of the Toronto Realty Agency to work with the General Manager, Shelter Support and Housing Administration, supported by the full cooperation of all Division Heads and Agency Heads, in an immediate review of available buildings, including city/agency-owned sites, to open additional low-barrier winter respite sites as soon as possible, and among these sites, to include dedicated women-only spaces. In adopting CD24.7, City Council further authorized the General Manager, Shelter Support and Housing Administration, on an urgent basis and as required, to amend existing contracts and/or enter into new purchase orders and operator agreements, to implement this directive.

The Community Development and Recreation Committee's decision can be found at: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD24.7>

At its meeting on June 26, 2018, City Council adopted CD29.8 "2019 Shelter Infrastructure Plan and System Update Report," including the supplementary report CD29.8a "Update on Temporary Structures to be used for the Delivery of 24-Hour Respite Services." In adopting this item, City Council amended the Shelter, Support and Housing Administration's 2018 - 2027 Capital Budget and Plan by creating a new capital Project, "Temporary Structures for Respite Services" at a total project cost of \$10.2 million, with cash flow funding in 2018, fully funded through a permanent reallocation from the existing capital project, "New Emergency Shelters" (CHS 044) to fund the design and construction of four (4) temporary structures to accommodate approximately 400 people receiving services at the City's Respite Services.

City Council's decision can be found at <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.CD29.8>

COMMENTS

In response to direction from City Council, Shelter, Support and Housing Administration (SSHA) has worked in partnership with Facilities Management (FM) to implement initiatives to expand the availability of shelter beds and 24-hour respite spaces

Procurement of the modular building system

Given the urgent need to respond to the increasing demand for capacity in the shelter system, SSHA and FM identified a modular building solution that could be constructed more quickly and affordably than a permanent structure. These structures were designed to deliver 24-hour respite services and could be removed or repurposed once pressure in the system decreased as permanent beds were opened. Based on program needs and building performance requirements, staff selected the Sprung Structures Building system, with BLT Construction serving as the proprietary installer. The estimated project cost was developed based on client requirements and generic site specifications for a 100 bed respite facility, as site selection had not been finalized.

Given the time constraints, it was advantageous to procure the structures prior to site selection so that construction could begin immediately following site selection and the acquisition of required permits. A Purchase Order for \$7,497,814 (the estimated required value to construct three structures) was entered into with BLT Construction in July 2018 pursuant to Chapter 195 of the Toronto Municipal Code, Section 195-7.4B "Non-competitive or limited solicitation contract authority – emergency," which allows a division head to enter into a contract in relation to a non-competitive procurement of goods or services required in an emergency where the potential value of the non-competitive contract exceeds \$500,000 or their delegated spending authority. As required by the Toronto Municipal Code, staff reported on this purchase to City Council in June 2018.

The site selection process continued in parallel with the procurement process. More than thirty (30) sites were identified for consideration. Due to stringent operational, zoning, and constructability requirements, there is a limited pool of potential respite sites. The constructability analysis focused on buildable site space, availability of municipal services, existing site grades, site planning consideration, environmental evaluation based on preliminary reports, and a geotechnical evaluation. Following the site evaluation process, three (3) sites were identified in July and August 2018 and secured for development: 69 Fraser Avenue, 351 Lakeshore Boulevard East, and 701 Fleet Street. Attachment 1 shows a map of these sites.

Additional Site Preparation and Rectification Work

While the cost of the modular structures themselves is largely aligned with initial estimates, additional contract value is required to address site-specific conditions that could only be identified once sites had been fully evaluated, including:

- Environmentally-impacted soils at the Lakeshore East and Fleet Street sites that required specialized handling and disposal,

- Unforeseen buried structures and obstacles at the Lakeshore East site that were not identified on drawings,
- Unsuitable soil conditions at the Fraser Avenue site,
- Uneven surface elevation and grade at 351 Lakeshore East,
- Additional work to integrate site sewers, water, and electrical to municipal service connections,
- Additional building permit requirements, and
- Removal of on-site materials.

Work to address site-specific conditions accounts for 80 percent (\$2.92 million) of the requested amendment. The remaining 20 percent (\$730,000) is needed for the addition of a mezzanine level and a protective shield for each structure, which were identified as requirements post-contract award.

Even with the requested amendment, the cost to construct the modular respite structures remains substantially lower than the cost to construct a permanent structure. This project will yield 300 respite spaces at a cost of approximately \$11.3 million, while a typical permanent shelter will yield approximately 100 spaces at a cost of \$7.5-10 million.

Impact of the requested amendment

The cost increases associated with this purchase order amendment is an additional amount of \$3,652,000, net of all applicable taxes and charges (\$3,716,275 net of HST recoveries), revising the current Purchase Order value from \$7,497,814 to \$11,149,814 net of all applicable taxes and charges (\$11,346,051 net of HST recoveries)

The respite facility at 69 Fraser Avenue has been operating since December 2018 and is performing as expected. Attachment 2 shows exterior and interior views of this facility. Approval of the requested amendment will ensure the completion of the remaining two sites at 701 Fleet Street and 351 Lakeshore Boulevard East. If the requested amendment is not approved, the facility at 351 Lakeshore Boulevard East would be operational, however certain elements including protective fencing and asphalt pavement for the delivery drive way would be unfinished. The facility at 701 Fleet would not be put into service as there would be insufficient contract value to complete interior finishes and sewer connections.

The Fair Wage Office previously reported that BLT Construction Services Inc. had reviewed and understood the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

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SIGNATURE

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ATTACHMENTS

Attachment 1 - Locations of Existing and Planned Modular Respite Structures
Attachment 2 - Photographs of the Existing Modular Respite Structure