

## **Non-Competitive Contract with B+H Architects for Planning, Design and Conformance Consulting for the George Street Revitalization Project**

**Date:** August 27, 2020

**To:** General Government and Licensing Committee

**From:** Executive Director, Corporate Real Estate Management, and Chief Procurement Officer

**Wards:** All

### **SUMMARY**

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On April 24, 2018, City Council authorized the Deputy City Manager, Corporate Services, to negotiate and enter into a Phase Two Project Agreement with the Planning, Design, and Conformance consultant for the George Street Revitalization Project. The agreement covers the alternative procurement process through the construction phases of the project. The agreement must be on terms and conditions satisfactory to the Deputy City Manager, Corporate Services, and in a form satisfactory to the City Solicitor.

After extensive negotiations, staff recommend that the City enter into a non-competitive Agreement with B+H Architects (B+H) in the amount of \$7,505,027, net of Harmonized Sales Tax (\$7,637,115, net of Harmonized Sales Tax recoveries) to act as Planning, Design, and Conformance consultant for Phase Two of the George Street Revitalization Project. A shared agreement on the scope work, satisfactory to the City's requirements and those of the Alternative Procurement and Financing model, could not be reached with the previous vendor. Additionally, B+H's experience in the development of the updated Project Specific Output Specification template in partnership with Infrastructure Ontario would better place B+H to deliver Phase Two of the George Street Revitalization project. This would also allow B+H to continue and expand upon their current due diligence role of Specification Writer, and present the City a cost avoidance savings of \$2,622,789 (net of Harmonized Sales Tax). The savings are calculated based on the difference between the previously approved value of non-competitive Agreement with Montgomery Sisam Architects Inc. per EX33.4, at \$10,127,816 (net of Harmonized Sales Tax), and the currently proposed amount of \$7,505,027 (net of Harmonized Sales Tax).

City Council approval is required in accordance with Municipal Code Chapter 195-Purchasing, where the current request exceeds the Chief Purchasing Official's authority

of the cumulative five year commitment for each vendor, under Article 7, Section 195-7.3 (D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

## **RECOMMENDATIONS**

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The Executive Director, Corporate Real Estate Management the Chief Procurement Officer, recommend that:

1. City Council authorize the Executive Director, Corporate Real Estate Management to negotiate and enter into a non-competitive Agreement with B+H Architects as Planning, Design and Conformance Consultants for a total cost of \$7,505,027, net of Harmonized Sales Tax (\$7,637,115, net of Harmonized Sales Tax recoveries) based on terms and conditions satisfactory to the Executive Director, Corporate Real Estate Management and in a form satisfactory to the City Solicitor.
2. City Council direct the Executive Director, Corporate Real Estate Management, to report back to Executive Committee and Council by the first quarter of 2021 on the updated project schedule for the George Street Revitalization Project.

## **FINANCIAL IMPACT**

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This report seeks City Council authority for the Executive Director, Corporate Real Estate Management to negotiate and enter into a non-competitive Agreement with B+H Architects as Planning, Design and Conformance Consultants. The agreement covers the alternative procurement process and construction phase of the George Street Revitalization project.

The contract has a total value of \$7,637,115 net of Harmonized Sales Tax recoveries, fixed for the term of the contract and includes a 15 percent cash allowance as well as a 15 percent contingency. In addition to the standard 15 percent contingency, the cash allowance is carried to address any potential programmatic changes to the project as a result of lessons learned from the COVID-19 pandemic, as well as to investigate the feasibility and cost of the City's new Net Zero Building requirement.

Funding for this contract is available in Shelter, Support & Housing Administration's 2020-2029 Capital Budget and Plan under Work Breakdown Structure Element CHA040-04 (George Street Revitalization Phase 3 - Construction) which includes funding for the George Street Revitalization Project at a total project cost of \$580.2 million.

Annual Cash flow requirements as specified in the contract are detailed in the table below with cash flow requirements beyond 2020 subject to City Council approval through future year budget process.

Year	Cash Flow (Net of Harmonized Sales Tax Recoveries)
2020	\$1,272,852.50
2021	\$1,272,852.50
2022	\$1,272,852.50
2023	\$1,272,852.50
2024	\$1,272,852.50
2025	\$1,272,852.50
Total	\$7,637,115

Adoption of this report will result in cost avoidance savings of \$2,622,789 (net of Harmonized Sales Tax), calculated based on the difference between the previously approved value of non-competitive Agreement with Montgomery Sisam Architects Inc. per EX33.4, at \$10,127,816 (net of Harmonized Sales Tax), and the currently proposed amount of \$7,505,027 (net of Harmonized Sales Tax).

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

## **DECISION HISTORY**

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At its meeting of July 23, 2018, City Council adopted CC44.15 George Street Revitalization: Phase Two Agreement with Ontario Infrastructure and Lands Corporation. Council authorized staff to execute the Phase Two Agreement with Ontario Infrastructure and Lands Corporation for the George Street Revitalization Project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.CC44.15>

At its meeting of April 24, 2018, City Council adopted EX33.4 George Street Revitalization Procurement Strategy. Council authorized staff to issue the Request for Quotation and Request for Proposal for the implementation of the George Street Revitalization Project using an Alternative Financing and Procurement approach. Council also authorized staff to negotiate and enter into a Phase Two Agreement with Infrastructure Ontario while continuing in three non-competitive contracts with Infrastructure Ontario, PRISM Partners, and Montgomery Sisam Architects in development of the Project Specific Output Specifications. Council directed staff to engage CreateTO as appropriate through the Project's construction phase.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.4>

At its meeting of December 5, 2017, City Council adopted CD24.7 2018 Shelter Infrastructure Plan and Progress Report, whereby Council approved the 2018 Shelter Infrastructure Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD24.7>

At its meeting of December 13 to 15, 2016, City Council adopted EX20.12 George Street Revitalization: Recommendations for Short-term Non-competitive Contracts. Council authorized staff to develop the PSOS by engaging three professional services for an 18-month duration: Infrastructure Ontario as Advisors, PRISM Partners as Owner's Representative and Montgomery Sisam Architects as Planning, Design and Conformance Consultants.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.12>

## **COMMENTS**

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The George Street Revitalization project scope as approved by City Council includes a men's shelter with 100 beds, a transitional living program with 130 beds, a long-term care home with 378 beds, 21 units of affordable housing and a community hub. Based on Council approvals cited in the Decision History section above (EX20.12), staff engaged Infrastructure Ontario and other professional services from January 1, 2017 to June 30, 2018 otherwise identified as Phase 1.

As directed by Council, City staff have been negotiating the Phase Two Project Agreement with the Planning, Design, and Conformance consultant for the George Street Revitalization Project. Phase Two project activities are comprised of procurement and construction.

After extensive negotiations, staff recommend that the City enter into an agreement with B+H Architects (B+H) to act as Planning, Design, and Conformance consultant for Phase Two of the George Street Revitalization project. This would allow B+H to not only continue, but to expand upon their current role of Specification Writer, sub-contracted through Infrastructure Ontario, which is to carry out due diligence on what has already been produced of the Project Specific Output Specifications. Their expertise in translating the minimum compliance requirements of the functional program of George Street Revitalization Project into written words, diagrams, and templates will ensure close alignment with the intent of the Alternative Financing and Procurement model, and is intended to stimulate maximum innovation from private sector proponents during the procurement process.

As the Planning, Design, and Conformance consultant, B+H will continue to develop and refine the Project Specific Output Specification through extensive user group meetings to ensure the performance-based requirements meet program, quality, and reliability requirements.

The Phase Two Project Agreement with B+H, as negotiated, will also present significant cost avoidance savings of \$2,622,789, in relation to the previous Council approved non-competitive agreement for Planning, Design, and Compliance consultant services.

The timeline of the project must also be revisited for two reasons. First, many of the critical stakeholders of the George Street Revitalization project, including staff operating shelters and long-term care homes, have been heavily involved in the City's response to the COVID-19 pandemic since mid-March, and the project has not been able to progress without stakeholder input. Second, the planned programming for the future site must also be re-visited, in light of the pandemic, to ensure its various service areas are designed to be resilient against a future pandemic. Potential schedule impacts and mitigation efforts (if necessary) will be included in a project update report to City Council in the first quarter of 2021.

The Fair Wage Office has reported that B+H Architects has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

## **CONTACT**

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Lisa Barroso, Director, Project Management Office  
Corporate Real Estate Management  
Tel: 416-338-0237, Email: [Lisa.Barroso@toronto.ca](mailto:Lisa.Barroso@toronto.ca)

Jacquie Breen, Manager, Corporate Purchasing Policy & Quality Assurance  
Purchasing and Materials Management Division  
Tel: 416-392-0387, Email: [Jacquie.Breen@toronto.ca](mailto:Jacquie.Breen@toronto.ca)

## **SIGNATURE**

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Patrick Matozzo  
Executive Director, Corporate Real Estate Management

Michael Pacholok  
Chief Procurement Officer