

Award of Tender Ariba Document Number 2616795118 for the Construction of the New Fleet Maintenance Garage at 1050 Ellesmere Road for Corporate Real Estate Management

Date: March 15, 2021

To: General Government and Licensing Committee

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

Wards: Ward 21 - Scarborough Centre

SUMMARY

The purpose of this report is to advise of the results of the Request for Tender Ariba Document Number 2616795118 for the Construction of the new Fleet Maintenance Garage at 1050 Ellesmere Road, and to request authority to award the contract to Century Group Inc.

The Fleet Maintenance Garage suffered significant damage as a result of an accidental fire in 2016. This included damage to the fleet maintenance bays, and the office and administrative sections of the building. Further, the old facility had several existing issues and conditions that did not meet current building codes and/or future Accessibility for Ontarians with Disabilities Act requirements; therefore, a new design was considered. The design of the new garage meets the demands of new types of vehicles, including a larger fleet of gasoline, diesel, natural gas and electric vehicles and equipment, and large garbage trucks. The design improves operational management of the facility, working conditions and safety. In addition, the garage aligns with the broader centralization strategy to consolidate the fleet, maintenance and repair needs of the City's divisions, agencies and corporations, and fits with the work to modernize the entire 1050 Ellesmere Road site, which is part of CreateTO's industrial portfolio rationalization strategy.

RECOMMENDATIONS

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

1. The General Government and Licensing Committee, in accordance with Section 195-8.4A of the Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to award Tender Ariba Document Number 2616795118, for the construction of a Fleet Repair Maintenance Garage, in the amount of \$34,643,115.15 net of all taxes (\$35,252,833.98 net of Harmonized Sales Tax recoveries) to Century Group Inc., having submitted the lowest compliant bid and meeting the specifications in conformance with the Tender requirements.

FINANCIAL IMPACT

The total value of the contract award identified in this report is \$39,146,720 including all applicable taxes and charges, contingency and cash allowances. The total potential cost to the City is \$35,252,834 net of Harmonized Sales Tax recoveries.

Funding is available in the 2021-2030 Council Approved Capital Budget and Plan for Corporate Real Estate Management, as summarised in Table 1.

Table 1 – Financial Impact Summary of Recommended Contract (net of Harmonized Sales Tax recoveries):

Work Breakdown Structure Element	2021	2022	2023	2024	Total
CCA251-06	\$10,147,000	\$15,439,000	\$7,785,000	\$1,881,834	\$35,252,834

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implication as identified in the Financial Impact section.

DECISION HISTORY

City Council, at its meeting on February 12, 2018 approved the Facilities, Real Estate, and Environment & Energy (FREEE) 2018 Capital Budget and 2019 – 2027 Capital Plan, which included funding for the new fleet maintenance garage.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

COMMENTS

Background

The original Fleet Maintenance Garage was located at Ellesmere Yard Building C (1050 Ellesmere Road). However, due to an accidental fire on March 15, 2016, the portion of

Building C that contained the Fleet maintenance bays had to be demolished. The fire was mostly contained to the maintenance bays; however, there was also significant fire, smoke and water damage to the office and administrative sections of the building.

Ellesmere Yard Building C was constructed in 1959 and was predominantly designed for the maintenance of Scarborough Township's service vehicle fleet. Additions to accommodate larger fire truck vehicles were built in 1977 including a wash bay, lubrication bay and a tire repair shop. Later, additions provided offices, a training room, lunch room, locker room and tool crib. The facility was part of Fleet Services' portfolio and was one of the busiest fleet garages, with large volumes of vehicles coming through for repairs.

A review of Fleet Services' maintenance and repair operations by a fleet management consulting firm noted numerous issues:

- Most of the bays were not sized appropriately and were not large enough to accommodate many of the heavy duty vehicles and equipment that rely on this shop. This resulted in walkways occasionally being blocked or bay doors being left open to allow large vehicles to remain partially outside and walkways unencumbered while repairs were taking place.
- The shop was too small, leading to inefficiencies in operations. For example, unobstructed overhead clearance was not adequate for most of the shop area, therefore could not accommodate larger vehicles.
- Ventilation was also poor in the building, which can lead to the buildup of exhaust and other harmful gases.
- The building was inefficiently set up, for example, the welding bays were separate from the repair shop, when the two should be adjacent, and the frequently used parts room was not centrally located.

These issues were existing conditions that did not meet current building codes and/or future Accessibility for Ontarians with Disabilities Act requirements. The building had several general state of good repair issues and an approximate \$5.5 million repair backlog. Further, dated and insufficient office space supported garage operations.

Given the multitude of issues with the former facility, it was preferable to build a new, larger fleet maintenance garage rather than simply repair damage from the 2016 fire. A new garage will allow Fleet Services to safely and efficiently service today's larger fleet and larger vehicles, while remaining flexible to changing business needs.

New Fleet Maintenance Garage at 1050 Ellesmere Road

The proposed design is approximately 74,000 square-feet, and is compliant with the Accessibility for Ontarians with Disabilities Act. The design offers a multi-faceted modern facility that accommodates current service requirements. The garage aligns with the broader centralization strategy to consolidate the fleet, maintenance and repair needs of the City's divisions, agencies and corporations. In addition, it fits with work to modernize the entire 1050 Ellesmere Road site, which is part of CreateTO's industrial portfolio rationalization strategy. The new garage meets the demands of new types of vehicles, such as a larger fleet of gasoline, diesel, natural gas and electric vehicles and

equipment, and large garbage trucks, and provides the necessary flexibility to meet future fleet maintenance demands.

The new design will improve operational management of the facility, improve working conditions and safety, while including flexibility for potential use by other user groups in future years, if unexpected changes arise. As the new facility will be located in a different area of the Ellesmere Yard, construction would not impact Fleet Services' ongoing operations.

Request for Tender Issued

A Request for Tender for the Construction of the new Fleet Maintenance Garage was issued by the Purchasing and Materials Management Division and was advertised on September 28, 2020. The closing date for submissions was December 3, 2020. Eight (8) addenda to the Request for Tender were issued.

A total of two (2) bids were received by the Purchasing and Materials Management Division and submitted to Corporate Real Estate Management for review, as follows:

Number of Bids: 2 (two)	Firm Name	Bid Price (Including Contingency, Cash Allowance and Harmonized Sales Tax)
	1. Century Group Inc.	\$39,146,720.12
	2. Magil Construction Ontario Inc.*	\$42,532,532.17
* Supplier deemed non-compliant with requirements of the solicitation document.		

The bids were evaluated and one (1) bid was found to be in conformance with the Tender Call requirements. The recommended supplier is Century Group Inc.

Corporate Real Estate Management staff compared the bids to the pretender engineering estimate of \$38,957,299, inclusive of Harmonized Sales Tax and all applicable charges. The bid price for the recommended supplier in the amount of \$39,146,720.12, including contingency and cost allowance and Harmonized Sales Tax and all applicable charges, is approximately 0.50 percent higher than the engineering estimate.

Commodity Price Increase Lead to Increases in Cost Prior to Award

The Request for Tender closed on December 3, 2020, with the bid bond and bid prices remaining in effect until March 3, 2021, 90 days following the tender's closing. Due to due diligence and staff reporting timelines, the earliest staff could bring a report to Committee to award the contract was March 29, 2021. On February 18, 2021, the Century Group Inc. advised the City that it could not hold all of its pricing past March 3,

due to rising costs in commodity prices, particularly for steel and metals. Century Group Inc. provided the City with an estimate on the affected project costs, should the tender be awarded after March 3.

City staff from the Purchasing and Materials Management Division and Corporate Real Estate Management discussed two options on how to proceed. The first option involved re-tendering the project, which carried the risk of further increases in current market and commodity prices resulting in a greater price increase (as compared to the proposed escalation of the current bid). The second, which staff opted to pursue, was the recommendation to award Century Group Inc. the tender and negotiate the price increases related to items impacted by steel commodity prices separately. The increases on these items would be addressed through the project's contingency budget. Once the contract is executed and the purchase order is issued, the intent is to execute a change order to reflect the negotiated price increase, drawn from the project contingency to pay for those increases. The Purchasing and Materials Management Division and Corporate Real Estate Management Division mutually agree that awarding to Century Group Inc., with the negotiated price adjustment, is the best option.

The Fair Wage Office has reported that the recommended Supplier has indicated that they have reviewed, and understand the Fair Wage Policy and Labour Trades requirements, and agreed to comply fully.

CONTACT

Lisa Barroso
Director, Project Management Office
Corporate Real Estate Management Division
416-338-0237, Lisa.Barroso@toronto.ca

Sabrina Dipietro
Acting Manager, Construction Services
Purchasing & Materials Management
416-397-4809, Sabrina.Dipietro@toronto.ca

Lloyd Brierley
General Manager
Fleet Services
416-392-1034, Lloyd.Brierley@toronto.ca

SIGNATURE

Patrick Matozzo
Executive Director
Corporate Real Estate Management

Mike Pacholok
Chief Procurement Officer