

Award of Request for Tender Ariba Document Number 3032617265 to Aquicon Construction Company Limited for the Construction of the North East Scarborough Community Recreation Centre and Joyce Trimmer Park Improvements

Date: November 9, 2021

To: General Government and Licencing Committee

From: General Manager, Parks Forestry and Recreation; General Manager, Children's Services; and the Chief Procurement Officer

Wards: Ward 25 Scarborough- Rouge Park

SUMMARY

The purpose of this report is to advise on the results of the Request for Tender (RFT) Ariba Document Number 3032617265, Contract No. 21-PFR-054, issued for the supply of all materials, equipment, labour, and supervision necessary for the construction of the North East Scarborough Community Recreation Centre (CRC), which includes a Child Care Centre and Joyce Trimmer Park Improvements, and to request authority of City Council to award a contract to Aquicon Construction Co. Ltd., being the lowest bidder meeting the specifications set out in the RFT in the amount of \$78,011,400 net of all applicable taxes and charges (\$79,384,401 net of Harmonized Sales Tax recoveries).

In order to proceed with the award of the RFT, authority from Council is required to amend the approved 2021-2030 Capital Budgets and Plans for Parks, Forestry and Recreation (PFR) and Children's Services (CS) by increasing project costs and future year cash flow commitments contained within the 10-Year Capital Budget and Plan to advance the construction of the North East Scarborough Project.

RECOMMENDATIONS

The General Manager, Parks, Forestry and Recreation, the General Manager, Children's Services and the Chief Procurement Officer recommend that:

1. City Council, in accordance with Section 195-8.5 of Toronto Municipal Code Chapter 195 (Purchasing By-Law) authorize the General Manager, Parks, Forestry and

Recreation and the General Manager, Children's Services to award and enter into an agreement with Aquicon Construction Co. Ltd., being the lowest bidder meeting the specifications of Request for Tender Ariba Document Number 3032617265, Contract No. 21-PFR-054, for the supply of all materials, equipment, labour, and supervision necessary for the construction of North East Scarborough Community Recreation Centre and Joyce Trimmer Park Improvements, in the amount of \$78,011,400 net of all taxes and applicable charges, or 88,152,882 including Harmonized Sales Tax and all applicable charges (\$79,384,401 net of Harmonized Sales Tax recoveries) and in accordance with the RFT requirements.

2. City Council authorize the following increases to the approved 2021 Capital Budget and 2022-2030 Plan to proceed with the award of construction for the North East Scarborough Community Recreation Centre (including Child Care Centre) and Joyce Trimmer Park Improvements:

- a. Amend the Parks, Forestry and Recreation's Capital Budget and Plan to increase the project cost of the North East Scarborough New CRC Construction sub-project in the Community Centre project, by \$19.736 million from \$57.200 million to \$76.936 million, with cash flow in year 2024 from PF&R Development Charges (XR2114).
- b. Amend Children's Services Capital Budget and Plan to increase the project cost of the North East Scarborough Recreation Centre project by \$1.500 million from \$5.800 million to \$7.300 million, with cash flow in year 2024 from the Childcare Capital Reserve Fund (XR1103).

FINANCIAL IMPACT

The total amount of the award for RFT Ariba Document Number 3032617265, Contract No. 21-PFR-054, for the supply of all materials, equipment, labour, and supervision necessary for the construction of the North East Scarborough Community Recreation Centre, which includes a Children's Services Child Care Centre and Joyce Trimmer Park Improvements, is \$88,152,882 including Harmonized Sales Tax and all applicable charges (\$79,384,401 net of Harmonized Sales Tax recoveries). The consultant's pre-tender construction estimate for this contract was \$60,410,600 net of Harmonized Sales Tax and all applicable charges (\$61,473,827 net of Harmonized Sales Tax recoveries).

Project costing at that time was not reflective of the costing for large capital buildings that have recently been undertaken in part due to limited information on the tender results of recent similar projects for comparison. The increased project costs are a result of a number of factors, including hyper-inflation in a number of areas of the construction market (most tied to the pandemic's impact on supply chains, shipping costs, scarcity of materials, and risk adverse costing) and increases in sub-trade costs between the date of the cost estimate and the tender date.

Approval of the recommendations of this report is required in order to award the tender for construction of the Community Recreation Centre, Child Care Centre and Park

Improvements and will require increasing project costs and future year cash flow commitments in the approved 2021-2030 Capital Budgets and Plans for PFR and CS.

The cost increases have been reviewed by the respective City Divisions and, if approved by Council through this report, the project costs included in the Approved 2021 - 2030 Capital Plans will be amended, with the updated cash flows to be included in the 2022 -2031 Capital Plans.

The Council Approved project costs for the overall North East Scarborough project will increase by \$21.236 million from \$66.000 million to \$87.236 million. This includes an increase of \$19.736 million for the PF&R community centre portion, from \$60.200 million to \$79.936 million, with funding from Development Charges (XR2114) cash flowed in year 2024; and \$1.500 million for Children's Services, from \$5.800 million to \$7.300 million, with funding from the Childcare Capital Reserve Fund (XR1103) cash flowed in 2024.

Previously approved cash flow funding of \$66.000 million is available in the Parks, Forestry and Recreation, and Children's Services 2021-2030 Capital Budgets and Plans. Upon Council approval, additional funding of \$19.736 million and \$1.500 million will be added to the PFR and Children's Services' 10-Year Capital Budget and Plan respectively, for a total of \$87.236 million in revised project cost for the construction of the North East Scarborough Community Recreation Centre (CRC), which includes a Child Care Centre, and Joyce Trimmer Park Improvements.

The recommended in-year budget adjustments will have a zero debt impact on the 2021-2030 Capital Budget and Plan for PFR and CS and will align with the capital project delivery schedule and program requirements.

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

Description	WBS Element	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023	January 1, 2024 to December 31, 2024	Total (Net of Harmonized Sales Tax Recoveries)
North East Scarborough Community Centre Construction	CPR123-50-01	\$17,000,000	\$28,875,000	\$26,672,276	\$72,547,276
North East Scarborough Recreation Centre (Child Care Centre)	CCS031-01	\$1,000,000	\$2,250,000	\$3,587,125	\$6,837,125

Description	WBS Element	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023	January 1, 2024 to December 31, 2024	Total (Net of Harmonized Sales Tax Recoveries)
Total (Net of Harmonized Sales Tax Recoveries)		\$18,000,000	\$31,125,000	\$30,259,401	\$79,384,401

Operating impacts for the Community Recreation Centre, Park and Child Care Centre, if required, will be included in future year Operating Budget Submissions for the respective programs.

The Chief Financial Officer and Treasurer has reviewed this report which has multi-year financial implications and agrees with the information as presented in the Financial Impact Section

DECISION HISTORY

City Council, at its meeting on March 10 and 11, 2015, approved the Parks, Forestry and Recreation 2015 Capital Budget through item EX3.4 (23.a.i.) and \$1.600 million for the design phase for the North East Scarborough Community Recreation Centre.

[Agenda Item History - 2015.EX3.4 \(toronto.ca\)](#)

At its meeting of February 12, 2018, Council adopted the Parks, Forestry and Recreation 2018 Capital Budget through item EX31.2 (20.a.i.) and an additional \$1.400 million in funding for design was added to the project budget to account for the inclusion of a new indoor pool.

[Agenda Item History - 2018.EX31.2 \(toronto.ca\)](#)

City Council, at its meeting on February 19, 2020, approved the Parks, Forestry and Recreation 2020 Capital Budget through item EX13.2 (197), and \$37.000 million for the construction phase of the community recreation centre.

[Agenda Item History - 2020.EX13.2 \(toronto.ca\)](#)

At its meeting of December 16, 17 and 18, 2020, City Council approved an additional \$20.200 million for the community recreation centre project, through an amendment to PFR's 2020 Approved Capital Budget and 2021-2029 Capital Plan, to meet the increased scope for the project and estimated costing for the implementation of Net Zero for City buildings.

[Agenda Item History - 2020.EX19.13 \(toronto.ca\)](#)

At its meeting of February 12, 2018, Council adopted the Children's Services 2018 Capital Budget through item EX31.2 (3.a.b.) and \$3.900 million in funding for a child care centre for the North East Scarborough Community Hub.

[Agenda Item History - 2018.EX31.2 \(toronto.ca\)](#)

City Council, at its meeting on February 19, 2020, approved Children's Services 2020 Capital Budget through item EX13.2 (187, 188), and an additional \$1.100 million for the construction phase of the child care centre.

[Agenda Item History - 2020.EX13.2 \(toronto.ca\)](#)

City Council, at its meeting on February 18, 2021, approved Children's Services 2020 Capital Budget through item EX21.2 (177, 178), and an additional \$0.800 million for the construction phase of the child care centre, to support net zero design.

[Agenda Item History - 2021.EX21.2 \(toronto.ca\)](#)

COMMENTS

Background

Parks, Forestry and Recreation (PFR) has received budget approval from Council to begin construction of the North East Scarborough Community Recreation Centre (CRC). In addition to providing a double anchor community recreation facility, the City will be incorporating a City of Toronto Children's Services child care facility into the CRC. The North East Scarborough project will be the first CRC to be designed and constructed to meet Net Zero Energy and Emissions Initiatives adopted by the City Council, through Member Motion MM12.10, with respect to Toronto's commitment to achieve Net Zero Energy and Emissions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM12.10>.

The proposed facility is a new 3-storey plus basement and mezzanine structure. The facility will be approximately 94,000 square feet in total size (8,739 square meters) and includes a CRC and Children's Services child care centre. The park will also be redeveloped to include a new playground, splash pad, mini soccer field and skateboard spot. The total site development area is 20,125 square meters.

The 84,271 square feet (Gross Floor Area) recreation and aquatic component will include an enhanced double gymnasium (which will offer the first indoor opportunity for cricket practice in a city CRC) and change rooms, indoor running/walking track, fitness studio, weight room, art rooms, preschool room, games room, divisible community hall with kitchen, and multi-purpose rooms of varying sizes. The aquatic component will include a 25 metre x 6 lane lap pool complete with barrier free ramp access, leisure pool with barrier free ramp access and various water play features, and a deck area with public viewing area within the pool enclosure (for leisure swim and tot lessons).

The 9,795 square feet (Gross Floor Area) child care component will include space for 62 children designed to meet the requirements of the Child Care and Early Years Act, 2014, complete with outdoor play areas.

Procurement Process

The Request for Supplier Qualification (RFSQ) Document Number 2803480114 was issued on February 16, 2021 to establish a list of General Contractors to bid on the North East Scarborough Community Recreation Centre and Joyce Trimmer Park Improvements project. This RFSQ closed on March 12, 2021 with five submissions received.

A formal evaluation committee was convened comprised of members from PFR and the City's project architect. The RFSQ evaluation process was facilitated and overseen by Purchasing and Materials Management Division (PMMD).

The four General Contractors pre-qualified to bid on the North East Scarborough Community Recreation Centre and Park Improvements were:

1. Aquicon Construction Co. Ltd.
2. Atlas Constructors Inc.
3. Buttcon Limited
4. Pomerleau Inc.

Request for Tender Ariba Document Number 3032617265, Contract No. 21-PFR-054 for North East Scarborough Community Recreation Centre and Joyce Trimmer Park Improvements, was issued to pre-qualified General Contractors by the Purchasing and Materials Management Division on July 12, 2021 and closed on September 1, 2021 with a plan to start construction in the winter of 2022. In total, nine addenda were issued.

At the time of closing, PMMD received and opened the following bids:

Table 2: Summary of Bids received for RFT Ariba Document Number 3032617265, Contract No. 21-PFR-054, including bid price:

Supplier Name	Bid Price (excluding HST)
Aquicon Construction Co. Ltd.	\$67,228,600*
Atlas Constructors Inc.	\$68,880,600**
Pomerleau Inc.	\$77,529,800
Buttcon Ltd.	\$81,727,028

*Pursuant to the Request for Tender document the contract award value includes contingency and all separate price items.

** Supplier was found non-compliant with mandatory requirements.

The pre-tender construction cost estimate, based on the construction cost estimate provided by A.W. Hooker Associates Ltd. (Quantity Surveyors) completed in early 2021,

plus Cash Allowances and Contingency Allowances was \$60,410,600 excluding all applicable taxes and charges (\$61,473,827 net of Harmonized Sales Tax recoveries) which was on budget based on the total approved component budgets for the project. This estimate was undertaken prior to the emergence of COVID-related challenges now impacting construction projects. In addition, few comparable projects were out to market at that time, thereby limiting the ability to assess emerging market response to construction.

The lowest bid of \$67,228,600 (unadjusted, prior to the additional separate prices and the contingency allowance, excluding all applicable taxes, is \$9,498,600, above the pre-tender estimate.

A.W. Hooker Associates Ltd. (Quantity Surveyors) identified the source of the cost variance in their post tender analysis as follows:

- a) increases in sub-trade costs between date of the cost estimate and the tender date- the construction market has shown hyper-inflation in a number of areas, most tied to the pandemic's impact on supply chains, shipping costs, scarcity of materials and risk adverse costing; and
- b) extraordinarily high costs in steel, steel fabrication, concrete and formwork.

In addition, the consultant noted that current market indications are such that construction costs will remain the same and potentially increase given the many large infrastructure public projects that are and will be advancing in 2022. The resulting additional pressures on the industry will likely result in continued inflation and scarcity of resources and materials to advance projects such as this. City staff also reviewed this tender against more recent pretender cost estimates for other community recreation centre projects currently scheduled to advance in 2022, and found alignment between the costing of the facilities. Finding cost savings to address the current delta in funding would require a re-design, likely scaling back the recreation assets in this facility and creating a further delay in the delivery of this much needed and anticipated facility. Given these factors, advancing the construction of this project is recommended.

Once the contract has been executed, city staff and the consultant will have an opportunity to review the more detailed project costing elements with the Contractor and discuss potential opportunities to achieve costs savings for the project.

The tender documentation submitted by the recommended bidder has been reviewed by PFR and Purchasing and Materials Management Division and was found to be in conformance with tender requirements, including the requirement of this tender that the General Contractor has achieved a Certificate of Recognition (COR), a health and safety certification conferred by the Infrastructure Health & Safety Association (IHSA).

The price of \$79,384,401 net of Harmonized Sales Tax recoveries, is within the revised Council-approved budget.

The Fair Wage Office confirms the recommended bidder understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

The recommended bidder has agreed to participate in the City of Toronto's Social Procurement Program. As part of the program, the bidder is to develop or provide an adopted supplier diversity policy that outlines the means to improve supplier diversity and implement and maintain a Workforce Development Strategy.

The Contractor is required by the tender requirements to work with City staff to implement a Workforce Development Plan. To assist in implementing the Workforce Development Plan, the City of Toronto will provide a single point of contact from Social Development, Finance and Administration. This plan will include the following requirements throughout the duration of the contract:

- a) Designate a liaison for the term of the contract;
- b) Meet with City staff within 15 business days from the award of the contract to review and finalize details of the Workforce Development Plan and its implementation;
- c) Provide a minimum of four hours per month to administer and/or implement the Workforce Development Plan;
- d) Hold meetings with City staff in accordance with Part 2 - Construction Agreement, Schedule F, Section 3; and
- e) Monitor, track and report on the progress and outcomes of the Workforce Development Plan as detailed in Part 2 - Construction Agreement, Schedule F, Section 3.

Furthermore, the Workforce Development Plan will require the Contractor to implement the following Workforce Development strategies:

- a) The Contractor is required to utilize existing City-endorsed workforce development programs to attempt to source, either directly or through subcontractors, a minimum of three qualified candidates for employment opportunities not subject to any applicable collective agreements, over the course of the contract period. Customized recruitment is intended to apply only to new employment opportunities;
- b) The Contractor is required to provide, either directly or through subcontractors, one paid internship or work-based learning opportunity per year through City-endorsed programs;
- c) The Contractor is required to devote, either directly or through subcontractors, a minimum of 10 percent of all trade and crafting hours needed for the project to registered apprentices participating in City-endorsed skilled trades apprenticeship training programs targeting low-income and/or equity-seeking populations in Toronto; and
- d) The Contractor shall provide Diverse Supplier(s) a minimum of three subcontracting opportunities for required goods and services.

CONTACT

Jackson Sychingho, Manager, Community & Social Services and City Manager's Office, Purchasing Client Services, Purchasing and Materials Management Division; Tel.: 416-392-1492, Email: Jackson.Sychingho@toronto.ca

Alex Mut, Manager Construction Management and Capital Projects, Parks, Forestry and Recreation Division, Tel.: 416-392-8177, Email: Alex.Mut@toronto.ca

Nino Dodaro, Program Manager, Asset Management, Children's Services Division, Tel.: 416-392-3341; Email: Nino.Dodaro@toronto.ca

SIGNATURE

Janie Romoff
General Manager, Parks, Forestry and Recreation Division

Shanley McNamee
General Manager, Children's Services Division

Mike Pacholok
Chief Procurement Officer

ATTACHMENTS
