

Amendment to Purchase Order Number 6052656 with Brook Restoration Ltd. for the Exterior Rehabilitation of the Canada Malting Company South Silos at 5 Eireann Quay

Date: March 8, 2022

To: General Government and Licensing Committee

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

Wards: Ward 10 - Spadina-Fort York

SUMMARY

The purpose of this report is to request authority for the Executive Director, Corporate Real Estate Management to amend Purchase Order Number 6052656 issued to Brook Restoration Limited (Brook Restoration) for the exterior rehabilitation of the Canada Malting Company silos at 5 Eireann Quay (the "Project") by an additional amount of \$5,354,350 net of all taxes (\$5,448,587 net of Harmonized Sales Tax recoveries), revising the current purchase order value from \$2,463,500 net of all taxes (\$2,506,858 net of Harmonized Sales Tax recoveries) to \$7,817,850 net of all taxes (\$7,955,444 net of Harmonized Sales Tax recoveries).

The Project is part of the Bathurst Quay Neighbourhood Plan, a City-led waterfront revitalization project approved by City Council in July 2017, which includes rehabilitation of heritage buildings on the Canada Malting property, in addition to the silos.

The amendment will enable Corporate Real Estate Management to add alternative price items originally included in the original Request for Tender Ariba Document Number 3020893124. Corporate Real Estate Management received competitive pricing on the alternative price items, however, these items were originally excluded due to budgetary limitations at the time of the award. With additional funding now secured through the 2022 budget process, Corporate Real Estate Management can exercise the alternative price items and complete the rehabilitation of the Canada Malting Company south silos that addresses the overall structural safety, spalling concrete, roof and flooded basement of the silos structure.

The City and the non-profit arts and cultural organization Canada Ireland Foundation have been working together since 2018 to activate this under-utilized building to make the Bathurst Quay neighborhood an arts and heritage destination.

RECOMMENDATIONS

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

1. The General Government and Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), authorize the amendment of Purchase Order Number 6052656 issued to Brook Restoration Ltd. for the exterior rehabilitation of the Canada Malting Company south silos at 5 Eireann Quay, in the additional amount of \$5,354,350 net of all taxes (\$5,448,587 net of Harmonized Sales Tax recoveries), revising the current purchase order value from \$2,463,500 net of all taxes (\$2,506,858 net of Harmonized Sales Tax recoveries) to \$7,817,850 net of all taxes (\$7,955,444 net of Harmonized Sales Tax recoveries), for the completion of the exterior rehabilitation of the south silos and allowances for unforeseen site conditions and volatile material cost increases.

FINANCIAL IMPACT

The total value of the contract award identified in this report is \$8,834,171 including all applicable taxes and charges, contingency and cash allowances. The total potential cost to the City is \$7,955,444 net of Harmonized Sales Tax recoveries.

Funding is available in the 2022-2031 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):

| Purchase Order Number | WBS Element | Original Amount | Amendment Request | Revised Amount |
|-----------------------|--------------|-----------------|-------------------|----------------|
| 6052656 | CCA251-13-07 | \$2,506,857 | \$5,448,587 | \$7,955,444 |

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

DECISION HISTORY

At its meeting on September 22, 2021, Bid Award Panel adopted item BA154.7 for the Award of Ariba Document Number 3020893124 to Brook Restoration Ltd., for Exterior Rehabilitation of the Canada Malting Company Silos for Corporate Real Estate Management.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.BA154.7>

At its meeting on July 4, 2017, City Council adopted item TE25.55 "Bathurst Quay Neighbourhood Plan - Interim Report," for a City-led Waterfront revitalization project being delivered by multiple City divisions and external partners.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.TE25.55>

COMMENTS

Project Background

The exterior rehabilitation project for the Canada Malting Company south silos is part of the Bathurst Quay Neighborhood Plan, a City-led waterfront revitalization project approved by City Council in July 2017, which includes rehabilitation of heritage buildings on the Canada Malting property. Also located on the Canada Malting property is the original Administration Building for the former malting operations. Since 2018, the City and the non-profit arts and cultural organization Canada Ireland Foundation have been working together to activate this under-utilized building to assist in making the Bathurst Quay neighborhood an arts and heritage destination.

Subsequent to Canada Ireland Foundation developing a long-term business plan for the building, and also securing sufficient renovation funds from philanthropic donations, in November 2021, Toronto City Council approved the terms of a 20-year nominal lease to Canada Ireland Foundation, and the commencement of a major renovation to the building (including accessibility upgrades and a complete mechanical system replacement for which Corporate Real Estate Management is providing state of good repair funding). Once these repairs are complete in 2023, this City and non-profit partnership will result in the transformation of a derelict asset into a waterfront cultural and interpretive center that will provide public commemorative and event space to acknowledge the contribution of Irish famine immigrants and their families, and to honour the history of multiculturalism and migration in the City of Toronto.

Purchase Order Amendment with Brook Restoration Ltd.

In June 2021, pre-qualified vendors participated in a competitive solicitation to rehabilitate the exterior of the Canada Malting Company south silos at 5 Eireann Quay, which included concrete restoration, roof replacement and foundation wall waterproofing. Pricing for the solicitation was structured to include a base scope of work for the west and south elevations of the south silos, as well as alternative price items that could be added to complete the east elevation of the south silos. These alternative price items were originally excluded due to budgetary limitations at the time of the award, with the intent to secure additional funding in a subsequent budget. Brook Restoration Ltd. submitted the lowest price for both the base scope of work and alternative items, and was awarded the base scope of work in September 2021.

As additional project funding was secured via the approval of the 2022 budget, Corporate Real Estate Management seeks to amend the purchase order with Brook Restoration Ltd. and award the alternative items included in the original tender. Within the requested amount, \$4,754,350 net of all taxes (\$4,838,027 net of Harmonized Sales Tax recoveries) is for the exterior rehabilitation of the south silos, and \$600,000 net of

all taxes (\$610,560 net of Harmonized Sales Tax recoveries) is to the project contingency budget for future expected increases in material costs and unforeseen site conditions. The alternative items are necessary to improve the overall structural integrity of the silos, eliminate the health and safety risk around the silos caused by spalling concrete, and allow the removal of the existing perimeter chain link fence. Brook Restoration Ltd. confirmed that they have the capacity and workforce to execute the alternative items, and they will honour the pricing they submitted for the alternative items in response to the original solicitation.

The City would also mitigate the risk of a significant increase in cost associated with re-tendering the work, including:

- Further increases to market pricing of construction materials
- Additional consultant fees
- City staff time required to issue and award the new solicitation and manage a potential transition to a new contractor
- Additional construction costs for re-mobilization of the construction site

The pricing for the alternative items was reviewed by Corporate Real Estate Management and by a third-party construction consultant in August 2021, and is considered to be fair and reasonable. Given the volatile pricing of construction materials, awarding a new solicitation would result in an expected 30-50 percent increase in the total cost of the re-tendered work relative to the pricing provided by Brook Restoration Ltd. Re-tendering the project would also result in a delay of at least six (6) months, and would impact the concurrent projects within the Bathurst Quay Neighbourhood Plan.

Corporate Real Estate Management is satisfied with the performance of Brook Restoration Ltd. to date, as they have demonstrated their ability to effectively manage their work site and maintain construction schedules. As the vendor is already on site, the project is on track to be completed by December 2022. Retaining Brook Restoration Ltd. for the completion of the alternative price items will allow the existing construction site to remain mobilized, thereby avoiding any delays in project completion that would result from demobilization and re-mobilization of the site. It will also allow for continuity of work at the site and ensure that warranties are provided through one source, thereby reducing the chance that another contractor could invalidate these warranties.

CONTACT

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SIGNATURE

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