

Award of Ariba Document Number 3819550702 to Atlas Constructors Inc. for the State-of-Good Repair of the Scarborough Gardens Arena for the Parks, Forestry and Recreation Division

Date: June 20, 2023

To: General Government Committee

From:

Wards: Scarborough Southwest – 20

SUMMARY

The purpose of this report is to advise of the results of the Request for Tender Ariba Document Number 3819550702, Contract No. 21-PFR-161 issued for the supply of all materials, equipment, labour, and supervision necessary for the state-of-good repair of the Scarborough Gardens Arena and to request authority to enter into an agreement with Atlas Constructors Inc. in the amount of \$31,776,800 net of all applicable taxes and charges (\$32,336,072 net of Harmonized Sales Tax recoveries).

The construction for this project is expected to commence in August 2023 and be completed by December 2024 and includes the following scope of work: replacement of existing bow-truss roof structure, expansion of the building footprint to accommodate expanded facility programs (multi-purpose rooms, larger change rooms), refrigeration plant, accessibility and building envelope improvements, and mechanical and electrical alterations required to meet Toronto Green Standards for Greenhouse Gas Net-Zero Emissions.

RECOMMENDATIONS

The General Manager, Parks Forestry and Recreation and the Chief Procurement Officer recommend that:

1. The General Government Committee, in accordance with Section 195-8.5 of Toronto Municipal Code Chapter 195 (Purchasing By-Law), authorize the General Manager, Parks, Forestry and Recreation to award and enter into an agreement with Atlas Constructors Inc., being the lowest bidder meeting the specifications of Request for

Tender Ariba Document Number 3819550702, Contract No. 21-PFR-161, for the supply of all materials, equipment, labour, and supervision necessary for the state-of-good repair of Scarborough Gardens Arena, in the amount of \$31,776,800 net of all applicable taxes and charges, (\$32,336,072 net of Harmonized Sales Tax recoveries) and in accordance with the Request for Tender requirements.

FINANCIAL IMPACT

The total amount of the award for Request for Tender Ariba Document Number 3819550702, Contract No. 21-PFR-161, for the supply of all materials, equipment, labour, and supervision necessary for the state-of-good repair of Scarborough Gardens Arena, is \$35,907,784 including Harmonized Sales Tax and all applicable charges (\$32,336,072 net of Harmonized Sales Tax recoveries). The consultant's pre-tender construction estimate for this contract was \$23,238,923 net of Harmonized Sales Tax and all applicable charges (\$23,647,928 net of Harmonized Sales Tax recoveries).

The increased project costs are a result of an updated design, completed in 2023 prior to tender, to meet Toronto Green Standards for Greenhouse Gas Net-Zero Emissions and a number of other factors, including hyper-inflation in a number of areas of the construction market (mostly tied to the ongoing impact on supply chains, scarcity of materials, and risk adverse costing as a result of the COVID-19 pandemic) and changes to material quantities and scope of work resulting from vendor inquiries during the procurement process.

Funding is available in the 2023 Council Approved Capital Budget and the 2024-2032 Capital Plan for Parks, Forestry and Recreation as summarized in Table 1 below:

Table 1: Financial Impact Summary of Recommended Contract (Net of Harmonized Sales Tax Recoveries)

Description	WBS Element	Date of Award to December 31, 2023	January 1, 2024 to December 31, 2024	January 1, 2025 to December 31, 2025	Total (Net of Harmonized Sales Tax Recoveries)
CAMP State-of-Good Repair Arenas	CPR121-49-01	\$7,830,952	\$20,360,476	\$3,132,381	\$31,323,809
Various Buildings & Parks Accessibility	CPR114-52-04	\$253,066	\$657,971	\$101,226	\$1,012,263

Description	WBS Element	Date of Award to December 31, 2023	January 1, 2024 to December 31, 2024	January 1, 2025 to December 31, 2025	Total (Net of Harmonized Sales Tax Recoveries)
Total (Net of Harmonized Sales Tax Recoveries)		\$8,084,018	\$21,018,447	\$3,233,607	\$32,336,072

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

DECISION HISTORY

At its meeting on February 15, 2023, City Council considered and debated the Mayor's Proposed Budget, which is deemed adopted, as amended by Council. The Council Approved 2023 Capital Budget and 2024-2032 Capital Plan for Parks, Forestry and Recreation includes funding for the CAMP (SGR) Arenas and Various Buildings and Parks Accessibility projects.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.MPB4.1>

COMMENTS

Background

The existing facility is a one storey plus mezzanine structure single pad arena. The facility is approximately 36,028 square feet in total size (3,350 square meters).

The existing 36,028 square feet (gross floor area) will be increased by 4,878 square feet (gross floor area) and will include replacement of existing bow-truss roof structure, an NHL size ice rink, additional change rooms, upgrades to the facility for accessibility, improved building envelope, and mechanical and electrical alterations required to meet Toronto Green Standards (TGS) for Greenhouse Gas Net-Zero Emissions.

Procurement Process

The Request for Supplier Qualification (RFSQ) No. Doc 3340851600 was issued on February 25, 2022 to establish a list of general contractors to bid on the Scarborough Gardens Arena State-of-Good Repair project. This RFSQ closed on April 1, 2022 with three submissions received.

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

The two general contractors pre-qualified to bid on the Scarborough Gardens Arena State-of-Good Repair are as follows:

1. Atlas Constructors Inc.
2. Gillam Construction Group Ltd.

The Request for Tender Ariba Document Number 3819550702, Contract No. 21-PFR-161 for Scarborough Gardens Arena State-of-Good Repair, was issued to the pre-qualified general contractors by PMMD on April 24, 2023 and closed on June 2, 2023 with a plan to start construction in the summer of 2023. 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 Ariba Document Number 3819550702, Contract No. 21-PFR-161:

Supplier Name	Bid Price Excluding Harmonized Sales Tax and Contingency
Atlas Constructors Inc.	\$27,930,000*
Gillam Construction Group Ltd.	\$29,818,000

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

The pre-tender construction cost estimate, based on the construction cost estimate provided by Ingersoll Associates Ltd. (Quantity Surveyors) completed in late 2022, excluding contingency allowances and separate price was \$23,238,923 excluding all applicable taxes and charges (\$23,647,928 net of Harmonized Sales Tax recoveries) and was on budget, based on the total approved component budgets for the project. This estimate was undertaken prior to the updated design to meet TGS for Greenhouse Gas Net-Zero Emissions and adjustments made in response to inquiries made by vendors during the procurement process.

The lowest bid of \$27,930,000 (unadjusted, prior to the additional separate prices and the contingency allowance, excluding all applicable taxes) is \$4,691,077, above the pre-tender estimate. It is approximately 10 per cent higher than the pre-tender engineering estimate.

Ingersoll Associates Ltd. (Quantity Surveyors) identified the source of the cost variance in their post tender analysis, based on the inquiries made by vendors during the procurement process, which included changes to material quantities and to the scope of work

The post-tender construction cost estimate, based on the construction cost estimate provided by Ingersoll Associates Ltd. (Quantity Surveyors) completed after the tender closed, excluding contingency allowances and separate price was \$25,476,369

excluding all applicable taxes and charges (\$25,924,753 net of Harmonized Sales Tax recoveries). The bid price of the recommended supplier is in the amount of \$27,930,000 net of Harmonized Sales Tax recoveries. It is approximately 6 per cent higher than the post-tender engineering estimate. City staff have reviewed the bid and found the bid price to be fair and reasonable.

A contingency allowance of \$2,888,800 (net of all applicable taxes and charges) on the base scope of work is included in the proposed contract for work and/or services which may be required to address any future unforeseen issues or site conditions which may arise during the construction stage of the project. City staff will follow the City's Change Management process as noted in the Capital Works Procedures manual with regards to expenditure of the contingency funds. The Fair Wage Office has reported that the recommended Supplier has indicated they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and the recommended Supplier has agreed to comply fully.

CONTACT

Jessie Gresley-Jones, Director, Capital Projects Design and Delivery, Parks, Forestry and Recreation, Tel: 416-416-338-8675, Email: Jessie.Gresley-Jones@toronto.ca

Kelly McGarry, Manager, CSS & CMO, Purchasing and Materials Management, Tel: 416-338-5574, Email: Kelly.McGarry@toronto.ca

SIGNATURE

Janie Romoff
General Manager, Parks, Forestry and Recreation

Geneviève Sharkey
Chief Procurement Officer