

# PH13.5a - CONFIDENTIAL ATTACHMENT 1 - Modular Housing Initiative Phase 2 - Additional Information

- made public on February 21, 2025

## CONFIDENTIAL INFORMATION OR ADVICE

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### 175 Cummer Ave. – Additional Information

The original contract value for the project was \$14,610,560, net of all taxes (\$14,867,706 net of Harmonized Sales Tax recoveries), per the agreement executed with NRB Inc. in March 2021, to create 59 new units. As of May 2024, the project has accumulated a total spend of \$12,694,809, which includes pre-development, design, and modular manufacturing, as well as a series of approved Change Orders (necessary project changes) summarized in Table 3. As a result of over two years' delay in securing zoning approval, additional unanticipated costs related to transportation and the long-term storage of the modules were incurred. Given these unforeseen costs related to project changes and delayed zoning approval, there is insufficient funding available under the current Purchase Order to complete the remaining work and a Purchase Order Amendment (POA) is required.

#### *Requested Purchase Order Amendment Details*

In April 2024, NRB Inc. submitted a quotation for anticipated costs to complete 175 Cummer Ave. The vendor confirmed to the City the quotation was a result of three competitive bid requests made to sub-contractors and were representative of current market conditions. The requested value of the POA includes this quotation and is set at \$21,636,557 net of all taxes (\$22,017,370 net of Harmonized Sales Tax recoveries) bringing the total value of the contract to \$36,247,117 net of all taxes (\$36,885,077 net of Harmonized Sales Tax recoveries) as summarized in Table 1 below.

Table 1: 175 Cummer Ave. Total Revised Contract Value

	175 Cummer Ave.
Original Purchase Order Value	\$14,610,560
Purchase Order Amendment Value (upset value)	\$21,636,557
Total Revised Purchase Order Value	\$36,247,117

The value of the POA is a combination of:

- The cost to store and transport the modular units while the project was in the zoning approval process (\$4,801,315);
- The cost to inspect and refurbish some of the modular units damaged due to outdoor storage (\$861,480);
- The escalated cost to complete the project due to an overall rise in construction market pricing as a result of the COVID-19 pandemic (\$13,765,947);
- Necessary project changes approved prior to receiving zoning approval (\$1,154,644);

- Necessary change orders to complete project after receiving zoning approval (\$1,053,171).

Table 2 provides a detailed breakdown of costs included in the POA request.

The value of the POA required to complete 175 Cummer Ave. is an upset limit. The City continues to work with NRB Inc., and with an independent third-party cost consultant to validate price and identify opportunities for savings.

Table 2: 175 Cummer – Purchase Order Amendment Value Breakdown

Category	Amount	Key Cost Breakdown
Storage and transportation costs for the modular units while the project was in the zoning approval process and to restart the project.  <b>\$ 4,801,315</b>	\$1,876,319	Transportation from Owen Sound to Cambridge to Toronto with pilot escort for oversized loads
	\$65,000	Transportation protective covers
	\$ 23,741	Transportation bonding (insurance)
	\$1,782,479	Storage cost from November 2021 to January 2024 ( <i>Spent - see Table 3</i> )
	\$270,707	Storage cost from February to May 2024
	\$191,930	Outdoor storage space rental cost
	\$212,247	Short term outdoor storage (TTC lease agreement) cost ( <i>Spent - see Table 3</i> )
	\$6,481	Short term storage security monitoring cost ( <i>Spent - see Table 3</i> )
	\$298,881	Protective wrap for modules
	\$73,530	Replacement of module storage support structure, damaged due to longevity of storage modules ( <i>Spent - see Table 3</i> )
Cost to inspect and refurbish some of the modular units damaged due to outdoor storage.  <b>\$ 861,480</b>	\$861,480	Module inspections and refurbishment of damage sustained due to outdoor storage

Category	Amount	Key Cost Breakdown
Cost escalations due to an overall rise in construction market pricing as a result of the COVID-19 pandemic.  <b>\$ 13,765,947</b>	\$3,335,246	Subcontractor price escalation for services to install modules at site
	\$406,510	Design consultant escalations and design work for module repairs
	\$1,952,694	General construction site operations cost escalation
	\$ 1,753,086	Site supervision, rentals, temporary power cost escalation
	\$ 1,571,972	Civil work cost escalation
	\$ 1,319,468	Landscaping cost escalation
	\$ 1,035,662	Foundation work cost escalation
	\$ 633,785	Excavation work cost escalation
	\$ 80,169	Bonding (insurance) cost escalation
	\$1,677,356	Re-establish warranty coverage (2-year manufacturer's warranty has expired for items purchased at time of manufacture)
Necessary project changes approved prior to receiving zoning approval.  <b>\$ 1,154,644</b>	\$1,158,523	Site servicing scope adjustments based on the specific conditions of each site ( <i>Spent - see Table 3</i> )
	\$24,121	Revisions to blinds design ( <i>Spent - see Table 3</i> )
	\$22,155	Accessibility design updates ( <i>Spent - see Table 3</i> )
	\$20,609	Waste storage re-design ( <i>Spent - see Table 3</i> )
	\$15,989	Wheel-Trans drop off update ( <i>Spent - see Table 3</i> )
	\$14,655	Repurposing feasibility study ( <i>Spent - see Table 3</i> )
	\$3,912	Hydrant testing ( <i>Spent - see Table 3</i> )
	(\$ 105,320)	Credit received due to corrections to previous change orders ( <i>See Table 3</i> )

Category	Amount	Key Cost Breakdown
Necessary change orders to complete project after receiving zoning approval.	\$ 412,132	Upgraded access control to units/card readers.
	\$641,039	Site access control
<b>\$ 1,053,171</b>		
<b>Total Purchase Order Amendment Value</b>	<b>\$ 21,636,557</b>	

Items identified in Table 2 as "spent" are captured in the approved project changes, detailed in Table 3 which provides a summary of change orders approved to date, totalling \$3,229,382.

Table 3: 175 Cummer – Change orders related to the original project in 2021-2023.

Description	Amount	Notes
Modules relocation and storage	\$1,782,479	Storage cost from November 2021 to January 2024
Short term outdoor storage (TTC lease agreement)	\$212,247	Outdoor storage cost
Short-term storage security monitoring	\$6,481	Cost for short-term storage monitoring
Module storage support structure replacement	\$73,530	Damage caused by longevity of storage
Hydrant testing	\$3,912	Change to better meet legislative requirement
Repurposing feasibility study	\$14,655	Feasibility study to investigate the repurposing of the modules
Wheel-Trans drop-off	\$15,989	Change to better meet accessibility needs
Waste storage re-design	\$20,609	Change to better meet end-user needs
Accessibility design updates	\$22,155	Change to better meet accessibility needs
Revision to blinds design	\$24,121	Change to better meet end-user needs

<b>Description</b>	<b>Amount</b>	<b>Notes</b>
Site servicing scope changes	\$1,158,523	Design scope addition adjustments based on the specific unforeseen conditions
Credit for two Change Orders	(\$105,320)	Credit received due to corrections to previous change order
<b>TOTAL</b>	<b>\$3,229,382</b>	

#### *Details on Repairs Required to Modules*

The recommended POA includes \$861,480 in estimated costs related to investigation and repair of the modular units, as included in Table 2. During the storage period, the modules were periodically inspected by independent, third-party consultants retained by the City. A recent thorough review of a sample of three modules transported from the storage facility to the manufacturing plant in Cambridge revealed repairs required due to deficiencies related to the manufacturer's installation as well as due to damage from outdoor storage of the modules. Manufacturer deficiencies will be rectified at no cost to the City, and the estimated cost to repair damage due to storage has been included in the POA. The findings of the inspections are summarized below.

- Several building envelope deficiencies have been identified related to the manufacturer's installation work. This includes detail work at intersections of envelope components such as flashing, air/vapour barriers, and sealants at building penetrations such as windows. These areas will be remedied, at no cost to the City, as part of the project's contract-based deficiency process.
- Some damage has been incurred to modules related to relocation and long-term storage, some of which was outdoors. This includes damage to exterior envelope materials (e.g., roofing, building wrap), and damage caused by the infiltration of animals. In some cases, water has infiltrated the module's protective plastic wrapping. This has resulted in isolated areas of water damage.

#### **39 Dundalk Dr. – Additional Information on Requested Purchase Order Amendments**

The current contract value for the project at 39 Dundalk Dr. is \$20,598,943 as per the contract executed with NRB Inc. in December 2021, to create 57 new units. Further details on the history of cost estimates and increases for 39 Dundalk Dr. are provided in Table 4.

Table 4: 39 Dundalk Dr. – Project Budget and Cost Progression

Time Period	Project Value	Notes
December 2020 – Early pre-development	\$10,800,000	Estimated project budget based on experience on Phase 1 sites and was noted in the Audit General's 2023 report on the Modular Housing Initiative.
March 2021 – Pre-tender Estimate	\$16,900,000	Updated budget estimate following additional on-site due diligence
December 2021 – Contract award	\$20,598,943	Actual costs obtained from competitive market offering
June 2024 – Final cost	\$22,329,142	Final cost to completion

A POA is requested for 39 Dundalk Dr. to complete the project, namely to address remaining landscaping scope of work, as well as previous design changes and unanticipated additional costs to construct the building. The amount requested through the POA is \$1,730,199 which will increase the current contract of \$20,598,943 to NRB Inc. to a total revised purchase order value of \$22,329,142. A breakdown of the POA is provided in Table 5.

Table 5: 39 Dundalk Dr. – Purchase Order Amendment Value Breakdown

Description	Cost	Key Cost Breakdown
Estimated funds to complete building, design changes and site servicing	\$880,199	\$ 364,569 - Design changes due to site conditions \$ 359,043 - Water and sewer bypass \$ 82,598 - Intercom and cameras for site \$ 73,989 - Rogers relocation
Landscaping Escalation (Community consultation)	\$750,000	Landscaping changes due to community consultation includes 15 large shade trees on property, hardscaping soil cells, softscape plantings, decorative fence, electrical lighting
Contingency	\$100,000	
<b>Total</b>	<b>\$1,730,199</b>	