

Committee of the Whole (2) Report

DATE: Tuesday, February 8, 2022

WARD(S): 4

**TITLE: AWARD OF TENDER AND REQUEST FOR ADDITIONAL FUNDS
FOR THE CONSTRUCTION OF CARRVILLE COMMUNITY
CENTRE, LIBRARY, DISTRICT PARK**

FROM:

Vince Musacchio, Deputy City Manager, Infrastructure Development

ACTION: DECISION

Purpose

To obtain Council approval for a budget amendment to Capital Projects BF-8378-15 and LI-4522-15 for the Carrville Community Centre, Library, District Park Project and approval to proceed with award of the tender in accordance with PS-003 Corporate Procurement Policy, Section 3. Roles and Responsibilities, Item 3.6.

Report Highlights

- City purchased land for a new Carrville Community Centre, Library, and District Park in 2010
- Environmental Assessments involving the Toronto and Region Conservation Authority and the Ministry of Natural Resources began in 2016
- Functional Programming and Planning Study for a new Carrville Community Centre, Library, District Park was completed in 2018
- Final design and construction documents were completed and issued for tender to three (3) pre-qualified General Contractors on November 25, 2021
- Tender for the Carrville Community Centre, Library, District Park closed on January 31, 2022

Report Highlights continued

- Pandemic has caused market uncertainty resulting in unprecedented cost escalation
- Budget amendment in the amount of \$26,000,000 is required in order to proceed with award of tender and construction of the Carrville Community Centre, Library, District Park

Recommendations

1. That Council approve a budget amendment to Capital Project BF-8378-15 for the Carrville Community Centre, Library, District Park Project in the amount of \$23,660,000 inclusive of applicable taxes and administration recovery, with funding from City-wide Community Services Development Charges;
2. That Council approve a budget amendment to Capital Project LI-4522-15 for the Carrville Community Centre, Library, District Park Project in the amount of \$2,340,000 inclusive of applicable taxes and administration recovery, with funding from City-wide Library Development Charges as approved by the Vaughan Public Library Board; and
3. That inclusion of this matter on a Public Committee or Council agenda with respect to amending capital budgets, as identified in this report, be deemed sufficient notice pursuant to Section 2(1)(c) of By-Law 394-2002, as amended.

Background

The Carrville/Block 11 project site, purchased by the City of Vaughan in 2010, is a 7.53-hectare parcel of land located within Block 11 on Vaughan's eastern border. The boundaries for Block 11 are Major Mackenzie Drive (north), Rutherford Road (south), Bathurst Street (east), and Dufferin Street (west). The project site is defined by Major Mackenzie Drive (north), Valley Vista Drive (south), Thomas Cook Avenue (west) and TRCA-regulated valley lands and associated watercourse (east).

The project planning and design commenced in 2016

The design of the new Carrville Community Centre, Library, District Park is a building consisting of two stories totaling approximately 8,556 sq.m (92,000 sq.ft) and 4.2 hectare (10.4 acres) of park.

Site investigations such as an Environmental Assessment (including hydrogeological, geotechnical, geomorphic and archaeological) involving the Toronto and Region Conservation Authority (TRCA) and the Ministry of Natural Resources (MNRF) began in 2016.

A Functional Programming and Planning Study for a new Carrville Community Centre, Library, District Park began in 2016 and completed in 2018.

The design phase of the new Carrville Community Centre, Library, District Park began in 2019. The design has received Site Plan review, feedback from multiple public engagement sessions and Vaughan Public Library Board. City project stakeholder comments were also incorporated into the final design to meet the City's committed service level. The final design and construction documents were completed and issued for tender to three (3) pre-qualified General Contractors on November 25, 2021.

Cost Estimations were completed throughout the design process

Multiple cost estimations (Class D,C,B,A) including a Pre-tender Estimate were completed throughout the design process by an external cost consulting firm. The estimates indicated a trend of increased pricing in the construction market over the past year. In response to this trend, an increase to the project budget was sought in the 2022 Capital Budget.

Meticulous value engineering exercises were conducted at the end of each cost estimation to help mitigate the estimated cost increases while maintaining the City's committed service level.

To further mitigate the uncertainties during the open Tender period, the City reduced the irrevocable period from 60 days to 30 days. This strategy was used to help limit the price premium associated with a prolonged irrevocable period.

Market uncertainty and unprecedented price escalation caused by the pandemic

The current construction market is experiencing unprecedented fluctuations and causing estimating uncertainty. There is consensus amongst contractors and cost consultants that market price escalation is due to labour shortages, supply chain breakdowns, material cost increases (for items such as structural steel, concrete and form work), shipping cost increases, and risk-based pricing. These factors attributed to the COVID-19 pandemic have influenced price escalation of approximately 30%.

In addition, the market demand for construction of large community centres in the GTA is very robust. There have been seven to eight projects released over the last year which is significant, considering the current labour shortage in the construction industry.

External consultants have suggested that this market volatility will continue for the foreseeable future, to the end of 2022. It is suggested that markets may stabilize in 2023; however, not to pre-pandemic levels.

Previous Reports/Authority

Award of Request for Proposal RFP19-109 Design and Contract Administration Services for Carrville Community Centre, Library and District Park.

Analysis and Options

Three (3) General Contractors were pre-qualified to take part in the tender. The tender closed on January 31, 2022. Three (3) bids were received. All bids exceeded the available construction budget.

The variation between the lowest and the second lowest bid is approximately 1.5%. The variation between the lowest and the highest bid is approximately 8%. The narrow range of bids received demonstrates a clear and well-developed tender package and associated design was provided to the pre-qualified bidders. These market results also represent accurate and competitive bidding and are reflective of the current construction market.

The timely award of the tender will support construction to commence in early Spring 2022 with completion targeted for Summer 2024.

Financial Impact

The total estimated cost of the project including applicable taxes and administration recovery is \$106,522,243. The current approved budgets for Capital Project BF-8378-15 and LI-4522-15 is \$80,427,736 and insufficient to accommodate the total cost of the project. A capital budget amendment is required to capital projects BF-8378-15 – Carrville Community Centre and District Park in the amount of \$23,660,000 funded from City-wide Community Services Development Charges and LI-4522-15 – New Carrville Block 11 Library in the amount of \$2,340,000 funded from City-wide Library Development Charges. Any residual funds will be returned to the original funding source.

TABLE 1: PROJECT FUNDING POSITION SUMMARY (BF-8378-15, LI-4522-15)	
	\$
Approved Capital Budgets (BF-8378-15, LI-4522-15)	\$80,427,736
Less Expenses	
Construction Costs ¹	\$98,576,438
Design Costs ²	\$5,300,000
Transfer to Building & Facilities Reserve	\$1,971,529
Project Management ³	\$674,276
Subtotal	\$106,522,243
Budget Shortfall	(\$26,094,507)
Budget Amendment Request (rounded)	\$26,000,000

¹ Inclusive of construction cost (\$85.5M); contingency (10%), non-recoverable HST and administration recovery (\$13.1M)

² Inclusive of consultant costs (\$4.7M); contingency, non-recoverable HST and administration recovery (\$0.6M)

³ Inclusive of administration recovery, from 2015 to end of 2022

This matter has been forwarded to the Budget and Finance Committee of the Vaughan Public Library Board (VPLB) and a Special Meeting of the VPLB to be held February 9, 2022. It will be recommended that the VPLB approve Vaughan Public Libraries' portion of the amended construction budget in the amount of \$2,340,000 to be funded from the Library Development Charges Reserves. The decision of the Board will be forwarded as correspondence to the Council meeting of February 15, 2022.

There is sufficient funding available in the City-Wide Community Services and Library Development Charges Reserves and staff recommend that this allocation be approved with approval of the Vaughan Public Library Board. The recommended allocation is \$23,660,000 for Capital Project BF-8378-15 and \$2,340,000 for Capital Project LI-4522-15 for a total Budget Amendment Request of \$26,000,000.

Approving this additional amount will impact projects slated to begin in 2023 to future years. This will be refined during the 2023 budget process.

Broader Regional Impacts/Considerations

N/A

Conclusion

It is recommended that Capital Projects BF-8378-15 and LI-4522-15 be increased by \$26,000,000, with funding from City-Wide Community Services and Library Development Charges with the support of the Vaughan Public Library Board. This will support the timely award of tender and enable the construction of the new Carrville Community Centre, Library, District Park.

For more information, please contact: Dave Merriman, Director, Facility Management, Ext. 8296.

Attachments

1. Location Map

Prepared by

Dennis Yip, Project Manager, Ext.8862

Wei Chiao, Manager of Design and Construction, Ext.8101

Approved by

A handwritten signature in black ink, appearing to read 'V. Musacchio'.

Vince Musacchio, Deputy City Manager,
Infrastructure Development

Reviewed by

A handwritten signature in black ink, appearing to read 'Nick Spensieri'.

Nick Spensieri, City Manager