

To: Finance Committee

From: Stephanie Sinnott, Commissioner,
Finance Services

Report Number: FIN-22-31

Date of Report: March 16, 2022

Date of Meeting: March 21, 2022

Subject: Contract Awards

Ward: Wards 2, 4, 5

File: 03-05

1.0 Purpose

The purpose of this report is to provide Council with information regarding current economic trends in the market that are impacting a number of Request for Tender (R.F.T.) and Request for Proposal (R.F.P.) contract awards. These trends, along with additional project requirements, have resulted in a number of projects exceeding the approved budget. In accordance with the Purchasing By-Law, Council approval is required to award contracts that exceed various thresholds. Council approval is also required for the allocation of additional funding where needed to complete capital projects.

2.0 Recommendation

That the Finance Committee recommend to City Council:

1. R.F.T. C2022-001 HVAC Retrofit – Fire Hall #1
 - a. That the Manager, Procurement and Accounts Payable be authorized to award a contract, as detailed in Report FIN-22-31 dated March 16, 2022, to Mapleridge Mechanical Contracting Inc. for project 21-10-0034 Retrofit of Air Distribution System and HVAC at Fire Hall #1 in the amount of \$972,769 and including provisional items in the amount of \$114,000, for a total of \$1,086,769 excluding H.S.T.; and,
 - b. That Council approve additional funding in the amount of \$596,000, inclusive of non-rebateable H.S.T., to be funded from project 22-10-0080, Replace HVAC System at Fire Hall 4; and,

- c. That staff request supplemental project funding for project 22-10-0080, Replace HVAC System at Fire Hall 4 as part of the 2023 Capital Budget.
2. R.F.T. C2022-002 Ed Broadbent Waterfront Park Construction
 - a. That the Manager, Procurement and Accounts Payable be authorized to award a contract, as detailed in Report FIN-22-31 dated March 16, 2022, to Anthony Furlano Construction Inc. for Ed Broadbent Waterfront Park Construction in the amount of \$3,387,930 excluding H.S.T. and provisional items in the amount of \$646,119, for a total of \$4,034,049 excluding H.S.T.; and,
 - b. That Council approve increasing Harrington McAvan's Ltd.'s contract amount by \$160,000, exclusive of H.S.T. to provide additional on-site construction inspection and contract administration for the Ed Broadbent Waterfront Park; and,
 - c. That Council approve additional funding in the amount of \$1.5 million (including non-rebateable H.S.T.), to be funded through a combination of funding from the Parks, Recreation and Trails Development Charges (D.C.) Reserve and the Harbour Rehabilitation and Improvement Reserve for project 19-51-0104 – Ed Broadbent Waterfront Park Development, required for construction and construction support costs.
3. R.F.P. C2021-121 Consulting Services for Stevenson Road North Environmental Assessment
 - a. That the Manager, Procurement and Accounts Payable be authorized to award a contract as detailed in Report FIN-22-31 dated March 16, 2022 to Gannett Fleming Canada ULC for R.F.P. C2021-121 Consulting Services for Stevenson Road North Environmental Assessment in the amount of \$256,073, excluding H.S.T. being the highest ranked proposal received; and,
 - b. That Council approve additional funding in the amount of \$12,791, inclusive of non-rebateable H.S.T., to be funded through a combination of funds from the Transportation Roads D.C. Reserve and the Growth Related Non-D.C. Reserve for project 19-73-0456 Northwood Roads Environmental Assessment.
4. R.F.P. C2022-006 Central Oshawa Major Transit Station Area Plan
 - a. That the Manager, Procurement and Accounts Payable be authorized to award a contract as detailed in Report FIN-22-31 dated March 16, 2022 to Parsons Inc. for R.F.P. C2022-006 Central Oshawa Major Transit Station Area Plan in the amount of \$621,504, excluding H.S.T. being the highest ranked proposal received; and,

- b. That Council approve additional funding in the amount of \$123,865, inclusive of non-rebateable H.S.T., to be funded through a combination of funds from the Transportation Roads D.C. Reserve and the Growth Related Non-D.C. Reserve for projects 21-40-0057 Mobility Hub Transportation and Land Use Study and 21-73-0459 Central Oshawa Hub Infrastructure Improvements.

3.0 Executive Summary

Not Applicable

4.0 Input From Other Sources

- Corporate Leadership Team
- Facilities Management Services
- Engineering Services
- Operations Services
- Planning Services

5.0 Analysis

5.1 Current Economic Market Conditions and Trends

Major world events are significantly impacting inflation and increasing commodity prices which is occurring in virtually all market sectors. The COVID-19 pandemic recovery, the Russian-Ukrainian conflict, global supply chain issues and other influences will see these economic trends continue at least into the short and medium-terms.

Not unlike other municipalities, these issues are resulting in several Requests for Tender and Requests for Proposals coming in over budget.

In addition to inflation and increases in commodity prices, key drivers affecting the bid pricing received by the City include:

- Global supply chain issues including shortages of equipment and materials;
- Logistical disruptions resulting in longer lead times;
- Increased manufacturing costs primarily driven by the costs of raw materials and shortage of skilled labourers;
- Higher demand for equipment;
- Rising fuel and energy prices.

5.2 R.F.T. C2022-001 HVAC Retrofit – Fire Hall #1

5.2.1 Background

Facilities Management Services requires HVAC Retrofit at Fire Hall #1 as approved as part of the 2021 Capital Budget. The work in this tender is retrofit of air distribution system and HVAC at Fire Hall 1.

5.2.2 Request for Tender Process and Bid Results

Procurement issued a Request for Tender (R.F.T.) and an advertisement was placed on the City of Oshawa website.

Four (4) responses were received and opened by Procurement on February 22, 2022. Upon review of the tenders submitted, all were deemed compliant with the requirements of the R.F.T.

Listed below is a tabulation of the bids received (excluding H.S.T.):

Rank	Bidder	Bid Amount	Bid Compliance
1	Mapleridge Mechanical Contracting Inc	\$972,769	Yes
2	Combined Air Mechanical Services	\$1,237,292	Yes
3	S.I.G. Mechanical Services Limited	\$1,312,257	Yes
4	LCD Mechanical Inc.	\$1,444,253	Yes

5.2.3 Funding Shortfall

Through the 2021 budget process, Council approved project 21-10-0034 Retrofit of Air Distribution System and HVAC – Fire Hall 1 in the amount of \$750,000.

With current market trends, tender pricing is higher than anticipated and there is a projected funding shortfall for project 21-10-0034 in the amount of \$595,032, including non-rebateable H.S.T. There are also other factors impacting the bid price including:

- Consultant recommended provisional items including, Building Automation System integration of existing system for consistency with new equipment installations in the amount of \$114,000
- 15% contingency (\$160,000)
- Current financial commitments of approximately \$75,000 for the completed design and tender preparation

Through the 2022 Capital Budget process, Council approved project 22-10-0080, Replace HVAC System at Fire Hall 4 with a budget of \$880,000. Current lead-time for HVAC equipment is approximately 30 weeks from receipt of purchase order and design related work. The tender documentation is not expected to be completed until late May 2022. Taking into account the current lead-time, construction for project 22-10-0080 is expected to be delayed to the end of 2022, possibly early 2023.

The funding source for both project 21-10-0034 (Retrofit of Air Distribution System and HVAC – Fire Hall 1) and project 22-10-0080 (Replace HVAC System - Fire Hall 4) is Canada Community Building Funds (previously Federal Gas Tax). Staff are recommending that project 22-10-0080 (Replace HVAC System – Fire Hall 4) advance only design and tender preparation and consider options for owner supplied equipment in 2022, and the remaining Council approved funds for this project be used to for the additional cost of \$595,032, including non-rebateable H.S.T. for project 21-10-0034 (Retrofit of Air Distribution System and HVAC – Fire Hall 1). Further, staff will request supplemental project funding for project 22-10-0080 (Replace HVAC System - Fire Hall 4) as part of the 2023 Capital Budget.

R.F.T. C2022-001 Retrofit of Air Distribution and HVAC – Fire Hall #1

Description	Estimated Contract Value
Contract Value	
(taxes excluded)	\$ 972,769
Provisional Items	\$ 114,000
Contingency	\$ 160,000
Design Consultant	\$ 75,000
Sub-Total	\$ 1,321,769
Plus H.S.T. 13%	\$ 171,830
Total Cost	\$ 1,493,599
Less H.S.T. Rebate	\$ (148,567)
Total Net Cost	\$ 1,345,032

5.3 R.F.T. C2022-002 Ed Broadbent Waterfront Park Construction

5.3.1 Background

On January 18, 2021, Council amended Capital project 19-51-0104, with remaining uncommitted funds of \$204,467, to advance only basic parkland development, and defer the boat launch component to a future phase (CS-21-04). Harrington McAvan Ltd. was retained through R.F.P. C2020-118 Ed Broadbent Waterfront Park to develop detailed designs and provide part-time construction contract administration for a cost of \$99,925, exclusive of H.S.T. Two (2) conceptual plans were developed, and presented to Council on April 19, 2021 (CS-21-45) for feedback. Council provided general direction to staff regarding the proposed design features, and requested that the feasibility of transferring the Human Rights Garden to the Ed Broadbent Waterfront Park be explored.

On May 25, 2021, Council directed staff to proceed with detailed design on Concept B, West Side, which was revised to incorporate the Human Rights Garden, and Council's general direction regarding design features, in consideration of the site constraints associated with the environmental cap and floodplain. In consideration of a Class D estimate of \$2.74 million, exclusive of H.S.T., Council approved a construction budget of \$3 million, inclusive of non-rebateable H.S.T., for project 19-51-0104.

The final construction drawings and specifications were finalized in early 2022, with an overall Class B construction estimate ($\pm 15\%$) of \$2.849 million (which included \$230,000 of provisional items), exclusive of H.S.T. The provisional items were identified as features which could technically be removed from this phase of the construction to allow the park proceed at an expedited schedule, and could be installed as part of later phase; however, with significant remobilization costs.

The scope of work includes mobilization, site layout and grading, excavation works, site servicing, including manual irrigation for the Human Rights Garden, electrical servicing, concrete and asphalt paving, shade structure installation, site furniture, planting, and sodding.

5.3.2 Request for Tender Process and Bid Results

Procurement issued a Request for Tender (R.F.T.) and an advertisement was placed on the City of Oshawa website.

Eleven (11) responses were received and opened by Procurement on February 16, 2022. Upon review of the tenders submitted, eight (8) were deemed compliant, and three (3) were non-compliant with the R.F.T. and Purchasing By-law.

Listed below is a tabulation of the bids received (excluding taxes):

Rank	Bidder	Amount	Bid Compliance
1	Anthony Furlano Construction Inc.	\$3,387,930	Yes
2	Melfer Construction Inc.	\$3,417,924	Yes
3	CSL Group Ltd	\$3,761,912	Yes
4	M & S Architectural Concrete Ltd.	\$3,917,030	Yes
5	Ferdom Construction	\$4,053,739	Yes
6	2274084 Ontario LTD o/a GMP Contracting	\$4,149,139	Yes
7	Hawkins Contracting Services Limited	\$4,177,290	Yes
8	39 Seven Inc.	\$4,859,658	Yes
	Urgiles Brothers Excavating	Rejected	No
	Quality Property Services	Rejected	No
	Orin Contractors Corp	Rejected	No

5.3.3 Funding Shortfall

The tender pricing is higher than the anticipated Class B estimate.

There is \$3.1 million remaining in uncommitted funds in project 19-51-0104. The project requires an additional \$1.5 million, inclusive of non-rebateable H.S.T., which covers planned works and unforeseen site conditions and works. It is recommended that the following provisional items be included in the scope of work to realize cost efficiencies by implementing all elements at time of construction:

- a. Concrete seat wall and rock outcrop to support the stage and amphitheater;
- b. Site furnishings, including benches and bike racks, and required associated infrastructure (e.g. concrete pads);
- c. The Ed Broadbent Interpretive Node, located to the south of the Larry Ladd bridge; and,
- d. Tree plantings and soft landscaping, including riparian plantings.

Additional on-site construction inspection and contract administration is required with our design consultant, Harrington McAvan Ltd in the amount of \$160,000, exclusive of H.S.T. This amount will support compliance with Certificate of Property Use and excessive soils regulations, geotechnical confirmation, materials testing, and additional on-site construction inspection and contract administration due to the complexity of the works and expedited construction schedule.

The design consultant and construction contract administrator, Harrington McAvan Ltd., recommends carrying a total project contingency of approximately 8% in the amount of \$325,000 inclusive of non-rebateable H.S.T., due to the complexity and scale of the project, and significant unknown variables related to the underlying impacted fill.

R.F.T. C2022-002 Ed Broadbent Waterfront Park Construction

Description	Estimated Contract Value
Contract Value (taxes excluded)	\$ 3,387,930
Provisional Items	\$ 646,119
Additional Construction Support	\$ 160,000
Contingency	\$ 325,000
Sub-total	\$ 4,519,049
Plus H.S.T. 13%	\$ 587,476
Total Cost	\$ 5,106,525
Less H.S.T. Rebate	\$ (507,941)
Total Net Cost	\$ 4,598,584

Finance Services has confirmed that the additional cost of \$1.5 million, inclusive of non-rebateable H.S.T. can be funded through a combination of funds from the Parks, Recreation and Trails D.C. Reserve and the Harbour Rehabilitation and Improvement Reserve.

5.4 R.F.P. C2021-121 Consulting Services for Stevenson Road North Environmental Assessment

5.4.1 Background

Engineering services is to undertake a Schedule “C” Municipal Class Environmental Assessment Study (M.C.E.A. or “Study”) for upgrades to the Stevenson Road North corridor from Taunton Road West to Conlin Road West.

The Study is to be conducted in accordance with the planning and design process as outlined in the Municipal Engineers Association Municipal Class Environmental Assessment (October 2000, as amended in 2007, 2011 and 2015).

Project is expected to begin 2nd Quarter 2022 and be completed by 2nd quarter 2023.

5.4.2 Request for Proposal Process and Bid Results

Engineering Services provided the terms of reference and Procurement issued a Request for Proposal (R.F.P.) for the provision of Consulting Services for Stevenson Road North Environmental Assessment.

Procurement issued a R.F.P. and an advertisement was placed on the City of Oshawa website. Eight (8) responses were received and opened by Procurement on December 20, 2021. Proposals were evaluated on the criteria as outlined in the R.F.P.

Evaluation Criteria	Available Points
Qualification and Experience	25 Points
Quality of Proposal	10 Points
Project Deliverables and Technical Response	45 Points
Pricing	20 Points
Total	100 Points

Upon review of the proposals submitted, all responses were deemed compliant with the requirements of the R.F.P. Through the evaluation process the staff evaluation team agreed the proposal submitted by Gannett Fleming Canada ULC was comprehensive, thorough, addressed all requirements of the R.F.P and is the highest-ranking proponent that best satisfied the City’s requirements.

Listed below are the bids received:

Bidder	Bid Compliance
*Gannett Fleming Canada ULC	Yes
R.J. Burnside & Associates Limited	Yes
CIMA Canada Inc.	Yes
HDR Corporation	Yes
R.V. Anderson Associates Limited	Yes
Stantec Consulting Ltd.	Yes
BT Engineering Inc.	Yes
The Municipal Infrastructure Group Ltd., a T.Y. Lin International Company	Yes

(*Recommended Highest Ranked Proponent)

Through the 2019 budget process, Council approved project 19-73-0456 Northwood Roads Environmental Assessment in the amount of \$260,000 including non-rebateable H.S.T.

The costs associated for the City's responsibilities for public consultation (i.e. mail-outs, newspaper ads and notices, etc.) is estimated at approximately \$6,000 plus H.S.T. for each public consultation undertaken. Since the project requires at least two public consultations, it is recommended that an additional \$12,000, plus H.S.T., be added to the project budget.

The funding source for project 19-73-0456 is \$260,000 and Finance Services has confirmed that the additional cost of \$12,791, inclusive of non-rebateable H.S.T. can be funded through a combination of funds from the Transportation Roads D.C. Reserve and the Growth Related Non-D.C. Reserve.

R.F.P. C2021-121 Consulting Services for Stevenson Road North Environmental Assessment

Description	Estimated Contract Value
Contract Value (taxes excluded)	\$ 256,073
Additional Public Consultation	\$ 12,000
Sub-total	\$ 268,073
Plus H.S.T. 13%	\$ 34,849
Total Cost	\$ 302,922
Less H.S.T. Rebate	\$ (30,131)
Total Net Cost	<u>\$ 272,791</u>

5.5 R.F.P. C2022-006 Central Oshawa Major Transit Station Area Plan

5.5.1 Background

On September 27, 2021, City Council endorsed the Terms of Reference for an Integrated Study to Develop a Land Use and Transportation Plan and Environmental Study Report for the Central Oshawa Major Transit Station Area (the “Terms of Reference”) through DS-21-162.

Owing to its length, DS-21-162 is not attached to this Report but can be found at the following link: http://app.oshawa.ca/agendas/development_services/2021/09-13/report_ds-21-162.pdf.

The primary objective of the Study is to produce a Land Use and Urban Design Plan Component (the “Land Use Plan Component”) and an area-specific Transportation Master Plan and Municipal Class E.A. (the “Municipal Class E.A. Component”).

The Land Use Plan Component will result in the creation of a Master Land Use and Urban Design Plan and implementing guidelines, which have effectively considered and assessed the feasibility and long term implications (maintenance) of infrastructure that is required to support them.

The Municipal Class E.A. Component will result in the completion of an area specific Transportation Master Plan (T.M.P.). (Phases 1 and 2 of the Municipal Class E.A. process) that proposes a transportation network to support future development for the Study Area, and the advancement of Phases 3 and 4 of the Municipal Class E.A. process for First Avenue/McNaughton Avenue/Dean Avenue, and any other major roads or improvements identified in the T.M.P.

Project is expected to begin 2nd Quarter 2022 and be completed by 2nd quarter 2024.

5.5.2 Request for Proposal Process and Bid Results

Development Services provided the terms of reference and Procurement issued a Request for Proposal (R.F.P.) for the provision of Central Oshawa Major Transit Station Area Plan.

Procurement issued a R.F.P. and an advertisement for the R.F.P. was placed on the City of Oshawa website. Three (3) responses were received and opened by Procurement on February 22, 2022. Proposals were evaluated on the criteria as outlined in the R.F.P.

Evaluation Criteria	Available Points
Qualification and Experience	25 Points
Quality of Proposal	10 Points
Project Deliverables and Technical Response	45 Points
Pricing	20 Points
Total	100 Points

Upon review of the proposals submitted, all responses were deemed compliant with the requirements of the R.F.P. Through the evaluation process the staff evaluation team, agreed the proposal submitted by Parsons Inc. was comprehensive, thorough, addressed all requirements of the R.F.P, and is the highest-ranking proponent that best satisfied the City's requirements.

Listed below are the bids received:

Bidder	Bid Compliance
*Parsons Inc.	Yes
CIMA Canada Inc.	Yes
HDR Corporation	Yes

(*Recommended Highest Ranked Proponent)

5.5.3 Funding Shortfall

Through the 2021 Capital Budget process, Council approved project 21-40-0057 Mobility Hub Transportation and Land Use Study in the amount of \$175,000 and 21-73-0459 Central Oshawa Hub Infrastructure Improvements in the amount of \$358,000, for a total amount of \$533,000 including non-rebateable H.S.T.

Development Services has advised that an additional \$24,000 would be appropriate to cover City costs associated with the public consultation component of the Mobility Hub Transportation and Land Use Study (i.e. mail-outs, newspaper ads and notices, etc.)

The funding for both project 21-40-0057 and project 21-73-0459 is \$533,000 and Finance Services has confirmed that the additional cost of \$123,865, including non-rebateable H.S.T. can be funded from through a combination of funds from the Transportation Roads DC. Reserve and the Growth Related Non-D.C. Reserve.

R.F.P. C2022-006 Central Oshawa Major Transit Station Area Plan

Description	Estimated Contract Value
Contract Value (taxes excluded)	\$ 621,504
Additional Public Consultation	\$ 24,000
Sub-total	\$ 645,504
Plus H.S.T. 13%	\$ 83,916
Total Cost	\$ 729,420
Less H.S.T. Rebate	\$ (72,555)
Total Net Cost	\$ 656,865

6.0 Financial Implications

The following table summarizes the approved funding and additional funding requirements for the contract awards outlined in this report.

Contract	Approved Budget	Project Total Cost (includes non-rebateable H.S.T.)	Funding Shortfall	Source of Funding for Shortfall
R.F.T. C2022-001 HVAC Retrofit – Fire Hall #1	\$750,000	\$1,334,032	\$595,032	Project 22-10-0080 HVAC System – Fire Hall #4
R.F.T. C2022-002 Ed Broadbent Waterfront Park Constructions	\$3,100,000 (uncommitted project funds)	\$4,598,584	\$1,498,584	Parks, Rec and Trails D.C. Reserve and Growth Related Non-D.C. Reserve
R.F.P. C2021-121 Consulting Services for Stevenson Road North Environmental Assessment	\$260,000	\$272,791	\$12,791	Transportation Roads D.C. Reserve and Growth Related Non-D.C. Reserve
R.F.P. C2022-006 Central Oshawa Major Transit Station Area Plan	\$533,000	\$656,865	\$123,865	Transportation Roads D.C. Reserve and Growth Related Non-D.C. Reserve

Through the 2022 Budget process various matters related to market volatility were addressed including price escalations, inflationary pressures and the shortage of skilled trades persons.

Going forward in 2022 the City will continue to experience the impact of escalating costs. There will be financial consequences resulting from the economic sanctions imposed on Russia particularly related to food production and fuel. This will be further compounded by global supply chain issues and logistical disruptions.

If future contract award bid pricing exceeds the approved budget then there will need to be consideration of rescoping or deferring projects to maintain stability in the City's capital reserves for future sustainability.

7.0 Relationship to the Oshawa Strategic Plan

This report supports the Oshawa Strategic Plan goal of Economic Prosperity and Financial Stewardship by supporting economic diversification, responsible taxation and safe & reliable infrastructure.

A handwritten signature in black ink, appearing to read 'S. Sinnott', with a long horizontal line extending to the left.

Stephanie Sinnott, Commissioner,
Finance Services