



ADMINISTRATIVE REPORT

Report Date: June 9, 2016
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Meeting Date: July 13, 2016

TO: Standing Committee on City Finance and Services

FROM: General Manager of Real Estate and Facilities Management and Chief Purchasing Official

SUBJECT: Contract Award for the Construction of a New Fire Hall No. 5 and Social Housing and Request for Increase in Project Budget and Funding

RECOMMENDATION

- A. THAT Council approve an increase of \$2,608,000 to the multi-year project budget for Fire Hall No.5 and Social Housing from \$19,130,000 to \$21,738,000; source of funds to be:
- Unallocated Capital funding from prior capital project closeouts \$778,000
 - 2015-2018 Capital Plan for Non-Market Housing \$626,000
 - funding contribution from BC Housing \$600,000
 - funding contribution from Streethome Foundation \$292,000
 - funding contribution from YWCA \$312,000.

There is no change to the 2016 Expenditure Budget for this project.

- B. THAT Council authorize City staff to enter into a contract with Mierau Contractors Ltd., for the construction of a new Fire Hall No.5 and social housing, with an estimated contract value of \$15,273,349.00 plus GST, to be funded through the approved multi-year Capital Budget for Fire Hall No. 5 and Social Housing project.
- C. THAT the Director of Legal Services, Chief Purchasing Official and General Manager of Real Estate and Facilities Management be authorized to execute on behalf of the City the contract contemplated by Recommendation B.
- D. THAT no legal rights or obligations will be created by Council's adoption of Recommendations B and C above unless and until such contract is executed by the authorized signatories of the City as set out in these Recommendations.

REPORT SUMMARY

The City issued an Invitation to Tender (“ITT”) PS20160468 in May 2016 for the construction of the new Fire Hall No. 5 with social housing. The ITT was advertised on the City of Vancouver website and BC Bid and the work was called in accordance with the terms and conditions of the City’s Procurement Policy AF-015-01. The bids were evaluated by Supply Chain Management based on the bidders’ compliance to the City’s requirements and lowest price. The project team, comprised of representatives from Real Estate and Facilities Management and third-party consultants, had the opportunity to review all bids. These staff and, subsequently, the Bid Committee, have considered the responses received and, on that basis, recommend that the City enter into a contract as described above with Mierau Contractors Ltd.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City’s Procurement Policy AF-015-01 requires that contracts with values over \$2 million be approved by Council following review and recommendation by the Bid Committee. The Bid Committee has considered, and recommended Mierau Contractors Ltd. as the successful proponent.

REPORT

Background/Context

The City plans to rebuild Fire Hall 5, located at 3090 E 54th Street and maximize the built form by adding a non-market housing facility above the fire hall. In December 2013, Council approved a 60-year lease agreement with YWCA Metro Vancouver as the lessee of a non-market (affordable and below-market) rental housing facility. [Note that it is intended that the Provincial Rental Housing Corporation will lease four of these non-market units under a separate lease. Authority to enter into this lease will be sought pursuant to a separate report to Council.] The site is well situated to house families as it is directly across the street from Champlain Mall with access to diverse food sources, in close proximity to Killarney Community Centre and Captain James Cook Elementary School, and is on an arterial route with good bus transportation. The safety and security that families will feel living above a fire hall, with a 24 hour, seven day a week presence, will be an added benefit.

The site is currently home to the original (decommissioned) Fire Hall 5 building which is in the process of being deconstructed. The new building will be comprised of a two storey fire hall in a non-combustible building with a concrete structure to post disaster standards (approximately 16,500 sf) and four storeys of social housing in wood frame (approximately 36,300 sf) above. The basement will include parking, bike rooms and service rooms.

The project includes the relocation, after completion of construction, of the existing temporary Fire Hall No. 5 from 3090 Rosemont to a location to be determined, and restoration of that site to park land. Johnston Davidson Architects is the Prime Consultant for this project.

It was the objective of the City, through the Invitation to Tender event, to identify a contractor who has experience in:

- concrete and wood frame construction;
- construction of public safety facilities (or similar building types);
- construction of multi-family housing;
- construction of LEED™ Gold certified buildings; and
- construction projects within the City of Vancouver.

Strategic Analysis

A Request for Pre-Qualification (“RFPQ”) was issued in February 2016 (PS20161481) to request that interested groups or teams submit responses and indicate their interest by presenting their qualifications for the construction of the fire hall and social housing on the site. The result of that pre-qualification was a shortlist of 4 contractors who were invited to participate in the ITT. One (1) contractor subsequently declined to participate because of its workload; therefore, the City received 3 bids with details as follows:

<u>Vendor Name:</u>	<u>Tender Price (w/o GST):</u>
Heatherbrae Builders Co. Ltd.	\$15,965,000.00
ITC Commercial BC Inc.	\$16,440,000.00
Mierau Contractors Ltd.	\$14,959,349.00

The ITT was issued in accordance with City’s Procurement Policy AF-015-01. The bids were evaluated by Supply Chain Management based on the bidders’ compliance to the City’s requirements and lowest price. The project team, comprised of representatives from Real Estate and Facilities Management and third-party consultants, had the opportunity to review all bids.

Based on the overall evaluation, the team concluded that the tender submitted by Mierau Contractors Ltd., best met the City’s requirements and provided best overall value to the City.

Financial Implications

Finance staff have reviewed and confirmed that funding is available from the current approved multi-year Capital Budget for the Fire Hall No. 5 and Social Housing project. As a result of the ITT and with additional alternate price work to be added to the Tender Price (bringing the estimated contract value to \$15,273,349), the City is able to achieve cost certainty and is forecasting a procurement savings of approximately \$226,651.00, or 1.5%, on the construction contract portion of the project budget.

However, while this portion of the project is under budget, the overall project has experienced additional costs due to changes in scope and design, post-disaster requirements, and cost escalation. The total cost of the project is now estimated at \$21,738,000 (including a \$1,000,000 contingency), an increase of \$2,608,000 from the current budget of \$19,130,000. Funding for \$1,830,000 of the increase, related to the Housing component, will be provided from the following sources

- a funding contribution of \$600,000 from BC Housing
- a funding contribution of \$292,000 from Streetohome Foundation
- a funding contribution of \$312,000 from YWCA
- City funding of \$626,000 from the 2015-2018 Capital Plan for Non-Market Housing.

Funding for the \$778,000 fire hall portion of the increase will be provided from Unallocated Capital funding from prior fire hall-related capital project closeouts.

There is no change to the 2016 Expenditure Budget for the project.

Legal

The City's Procurement Policy requires that all contracts that have been awarded by Bid Committee and Council will be signed by the Director of legal Services.

CONCLUSION

City staff recommend that the City of Vancouver enter into a contract with Mierau Contractors Ltd. for the construction of Fire Hall No. 5 and social housing. Also, City staff recommend that Council approve an increase of \$2,608,000 million to multi-year project budget to cover additional costs arising from changes in scope and design, post-disaster requirements, and cost escalation due to the increased activity in the construction industry.

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