



ADMINISTRATIVE REPORT

Report Date: October 10, 2019
Contact: Alexander Ralph
Contact No.: 604.829.2092
RTS No.: 13451
VanRIMS No.: 08-2000-20
Meeting Date: November 6, 2019

TO: Standing Committee on City Finance and Services

FROM: General Manager of Real Estate and Facilities Management and
Chief Procurement Officer

SUBJECT: Contract Award for City-Wide Construction Contract

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate to the satisfaction of the City's General Manager of Real Estate and Facilities Management, City's Director of Legal Services, and the City's Chief Procurement Officer, and to enter into a contract with Scott Special Projects Ltd., as Construction Manager, for various construction services for an initial term of three (3) years, with the option to extend for two (2) additional one (1) year terms, with an estimated contract value of (\$60,000,000.00), plus applicable taxes over the initial three (3)-year term, to be funded through annual approved Capital Maintenance and Capital project budgets where costs will be charged to specific programs and projects as work is completed.
- B. THAT the Director of Legal Services, the Chief Procurement Officer and the General Manager of Real Estate and Facilities Management be authorized to execute on behalf of the City the contract contemplated by Recommendation A.
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the authorized signatories of the City as set out in these Recommendations.

REPORT SUMMARY

In November 2017, the City of Vancouver issued a Request for Expressions of Interest (RFEOI) (PS20170384) to invite vendors with expertise in Construction Management and General Contracting with the objective of soliciting the best solutions from the construction market to address the City's ongoing need for regular construction services.

Responses were received from 18 interested proponents and the City shortlisted seven (7) potential proponents that participated in the next stage of the procurement, the Request for Proposals.

The Request for Proposal (RFP) (PS20180527) issued on June 28, 2019, was to identify a Construction Manager (CM)/General Contractor Partner (“Contractor”) with the best overall service offering and competitive rates for a period of three (3) to five (5) years to perform construction works. These works may be on an as/if/when needed (AIWN) basis but are more likely to be pre-planned based on annual projections of priority projects. The objective is to implement a sustainable solution and a program capable of continuous improvements in the duration of the contract. The Contractor is expected to provide all the required services based on professional consultants’ preceding designs, including constructability reviews, construction estimates, value engineering, sub-trade procurement and management, construction management, schedule management, cost management, procurement advice, management of reported environmental hazards, and proactive health and safety management.

Both the RFEOI and the RFP were advertised on City of Vancouver website and BC Bid and the work was called in accordance with the terms and condition of the City’s Procurement Policy ADMIN-008.

City staff on the RFP evaluation committee, and subsequently the Bid Committee, have considered the proposals received and on that basis recommend that the City negotiate and, if such negotiations are successful, enter into a contract as described above with Scott Special Projects Ltd.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City’s Procurement Policy ADMIN-008 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered and recommended Scott Special Projects Ltd. as the successful proponent.

There is no applicable Council Authority or previous decisions relevant to this report.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

To date, the City owns approximately 600 various facilities across Vancouver. Generally, the City’s REFM and Park Board departments are responsible for the capital maintenance of most buildings, parks, community centres, fire halls, non-market housing, child cares, administrative buildings, parkade structures, yards, and other civic assets owned by the City. These assets are evaluated periodically and programs of priority construction projects are established, at a minimum annually.

The City currently utilizes distinct competitive events to deliver a construction service for every project. Typically for each project, the City engages a Consultant such as roofing, mechanical, electrical, building envelope, lighting, elevator or structural among others, to develop a design, prepare and issue documents for tender and construction, and administer the construction contract. Subsequently, the City selects a construction contractor based on compliance, qualifications/experience and the lowest price. While this approach has been effective in large

projects, the City realizes it may not be the most efficient or cost-effective approach on small to medium-sized (<\$1 million) and repetitive projects. While the total contract value is expected to be approximately \$20M per year, the majority of the value is passed-through to subcontractors. The annual revenue of the Contractor is expected to be approximately \$800K annually.

Strategic Analysis

The RFP was issued in the accordance with City's Procurement Policy ADMIN-008. The City received responses from the following shortlisted proponents:

- Graham Construction and Engineering LP
- Heatherbrae Builders
- Hodgson King and Marble Limited
- Jacob Bros. Construction
- Scott Special Projects Ltd.
- Smith Bros. & Wilson (BC) Ltd.
- Ventana Construction Corporation

The proposals were evaluated through the work of an evaluation team comprised of representatives from Real Estate and Facilities Management and Financial Services under the stewardship of Supply Chain Management to ascertain if the responses offered good overall value to the City, both quantitative and qualitative factors were evaluated.

Some of the criteria considered in the overall evaluation process included:

- Proponent's approach and methodology on the service execution;
- Qualifications of the proponent's key project personnel and their capacity to attend to City's requirements;
- Service delivery tools for planning, monitoring and delivery efficiency;
- Ability to manage subcontractors and proponent's own personnel to supplement subcontractor's work;
- Proponent's safety qualifications;
- Proponent's initiative to support environmental sustainability and social value procurement; and
- Contractor's fees based on a percentage of the value of the construction work by subcontractors and own forces.

Based on the overall evaluation, the team concluded that the proposal submitted by Scott Special Projects Ltd. best met the City's requirements and provided best overall value to the City.

Implications/Related Issues/Risk

Financial

Finance has reviewed and confirmed that funding is available from the annual approved Capital Maintenance and Capital project budgets and costs will be charged to specific programs and projects as work is completed. As a result of the RFP, the City is able to achieve internal efficiencies as well as higher efficiency and cost certainty for the general contracting fees for the proposed contract term.

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

In summary, City staff recommend that the City of Vancouver negotiate and enter into a three (3)-year contract, with the option to extend the contract for an additional two (2) one (1) year terms, with Scott Special Projects Ltd. for the City-Wide Construction contract.

* * * * *

BENEFITS OF THIS PROGRAM:

1. Administrative load reduction of up to 118 less procurements per year;
2. Reduction in cost due to economies of scale and volume pricing;
3. Elevation in customer status to a “preferred customer” through the volume of business that will equate to higher performing personnel (A-team) and preferred terms for the work;
4. Pre-planning opportunities that will allow the City to better schedule work to target prime market timing and increased throughput;
5. Various opportunities for social enterprises to participate as subcontractors;
6. Greater focus on sustainability and ethical procurement including better reach into local subcontractor market;
7. Procurement cycle time reduction;
8. Improved continuity in accommodating specialized requirements of sensitive sites/work environments (such as Manitoba Yard, Stanley Park etc.)
9. Market intelligence from the Contractor’s experience in the industry.

CONTRACTOR SCOPE OF SERVICES:

The projects fall under 3 classifications of work: Planned, Unplanned and Emergency.

1. Planned projects are known in advance through 1-year and 4-year cycles by various City groups. These projects generally have a longer lead time before the construction service is required, and may be designed one year and constructed the next. Some projects that have relatively similar scope are bundled together if feasible, for instance City-wide re-roofing projects are planned in annual cycles. Many of these projects are replacement of end-of-lifecycle mechanical, envelope, or other major systems.
2. Unplanned projects are not considered emergencies but need to be completed in a shorter time frame than planned projects. These projects are simple, typically low-budget and typically will not have formal construction documents before they are released to the CM. In most cases, these are required to ensure safety of the public and City staff or to address concerns about health and workplace safety compliance.
3. Emergency projects require immediate attention often based on an emergency event. The degree of complexity is often or evolving. Though these projects are infrequent and will be a very small percentage of the work performed under this proposed contract, the GCP may be called on to perform emergency services.

RULES OF ENGAGEMENT:

1. This program will cover small to medium-sized (generally less than \$1,000,000.00) and repetitive projects involving various construction and renovation services on the City’s building, parks and civic assets that will include but not be limited to the following:
 - a. Roofing services
 - b. HVAC (including boiler replacements)
 - c. Building envelope work
 - d. Lighting retrofits

- e. Renovations including upgrades to City assets, tenant improvements, emergency generators, ventilation, plumbing, electrical etc.
 - f. Minor civil renovations such as paving and other civil works.
2. Major capital projects will continue to be procured as single discrete procurements that are specifically targeted according to building type. This CM will be eligible to compete with other interested contractors.