



REPORT

Report Date: December 8, 2021
Contact: Alexander Ralph
Contact No.: 604.829.2092
RTS No.: 14632
VanRIMS No.: 08-2000-20
Meeting Date: December 8, 2021
[Submit comments to Council](#)

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 Coal Harbour Phase II Construction

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 enter into a contract with Haebler Construction Projects Inc., for the construction of Coal Harbour Phase II for a term of three (3) years or until services are complete, with an estimated contract value of \$70,600,000, plus GST over the term of the project. The source of funding is the approved Multi-Year Capital Project Budget and the approved 2021 Annual Capital Expenditure Budget and the 2022 Annual Capital Expenditure Budget (subject to Council Approval);
- B. FURTHER THAT the Director of Legal Services, Chief Procurement Officer and General Manager of Real Estate and Facilities Management be authorized to execute on behalf of the City the contract contemplated by Recommendation A; and
- 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

The City engaged Haebler Construction Projects Inc. in April 2021 as the Construction Manager (per RFP PS20201109) to work with the City's Consultant to provide pre-construction management services and issue competitive tenders to trade contractors for the construction of

Coal Harbour Phase II. This includes an Elementary School for 340 students on 3 floors, a Child Care with 65 spaces on 1 floor, and 60 suites of Social Housing on an additional 6 floors to be constructed in the northeast corner of Broughton Street and West Hastings Street, immediately adjacent to the Coal Harbour Park and Coal Harbour Community Centre.

As a Construction Manager, Haebler Construction Projects Inc. provided Class A cost estimates for the construction project and issued tenders to various trade contractors. In November 2021, the Construction Manager completed the competitive trade bid events and presented a stipulated fixed sum to construct Coal Harbour Phase II based on the received trade tenders and the pricing for the Construction Manager's general conditions and expenses that were competitively bid as part of the Request for Proposal.

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

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 Haebler Construction Projects Inc. as the successful proponent.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

The City of Vancouver is undertaking the construction of the Coal Harbour Phase II project (Elementary School, Child Care, and Social Housing) on the City-owned lot at 480 Broughton in the Coal Harbour Neighbourhood of Vancouver.

The project is a partnership between the City of Vancouver and the Vancouver Board of Education. The City will be managing the project on behalf of the Vancouver School Board and will hold all consulting and construction contracts.

The facilities are designed to achieve LEED Gold certification and Passive House Standard Certification and to use no fossil fuels, with a focus on greenhouse gas emission reduction. Parking for the School, Child Care, and Housing was designed and constructed in the Phase I development, so the Phase II project does not include development of new parking capacity; however, connections into the parkade, enclosure of an exit stair, security upgrades and minor renovations will be required in the existing parkade. This project will deliver a much-needed new Vancouver School Board Elementary School for 340 students on 3 storeys, a new 65-space Child

Care for 0-5 year olds on 1 storey and 60 units of new Social Housing on 6 storeys, contributing towards the child care and housing targets included in the City's 2019-2022 Capital Plan.

The School will be operated and maintained by the Vancouver School Board, the Child Care will be operated by a licensed operator and maintained primarily by the City in alignment with the Service Level Agreements that are attached to lease agreements and the Housing will be operated and maintained by an independent operator.

The City issued an RFP (PS20201109), and in April 2021 selected Haebler Construction Projects Inc. as the Construction Manager (CM) to:

- 1) work with the City's Consultant to provide pre-construction management services that include:
 - a. review of construction drawings and specifications as they relate to the constructability of the project;
 - b. the establishment of a construction budget through the preparation of cost estimates for the construction of the project; and
 - c. the procurement of bids from trade contractors.
- 2) act as the General Contractor under such stipulated price construction contract if a stipulated sum contract is agreed to by the City.

On September 2021, the City raised a project budget (PS20211263) to cover the construction costs. The Construction Manager submitted its final construction cost estimates that were evaluated and approved by City staff.

Per Council Report RTS 14035 (November 25, 2021) the total approved Coal Harbour Phase II project budget is \$80,812,200 including \$12,652,000 for the child care component, \$36,505,000 for the housing component, and \$31,655,000 (to be funded by VBE) for the school component. The proposed construction contract award of \$70.6m includes ~\$9.9m for the child care component, ~\$32.3m for the housing component, and ~\$28.4m (to be funded by VBE) for the school component. These construction contract amounts are within, and in proportion to, the previously approved project budget figures noted above.

Strategic Analysis

The City issued a Request for Construction Manager Pre-Qualification (RFEOI PS20201109) on May 29, 2020. This RFEOI was issued in accordance with the City's Procurement Policy ADMIN-008 and was issued publically in the City of Vancouver website and BC Bid. The public call closed on June 25, 2020 and the City received 13 Responses. An evaluation team composed of representatives from the Real Estate and Facilities Management team, Vancouver School Board, the City's Consultant, Henriquez Partners Architects, and Supply Chain Management evaluated the proposals and shortlisted 5 proponents to participate in the next stage Request for Proposals.

On October 13, 2020, the City issued the Request for Proposals (RFP) in accordance with the City's Procurement Policy ADMIN-008 to identify the Construction Manager. The selected Construction Manager garnered the highest score from a combination of both the technical and commercial scores.

The Construction Manager received all trade contractor bids on behalf of the City. The bids were evaluated through the work of an evaluation team comprised of the Construction Manager's Project Manager and representatives from Real Estate and Facilities Management under the stewardship of Supply Chain Management to ascertain if the bids offered good overall value to the City.

Based on the overall evaluation, the team concluded that the successful trade contractors submitted the lowest-priced compliant bids and best met the City's requirements and provided best overall value.

Financial Implications

Financial Planning & Analysis (FP&A) has reviewed the cost of the goods and/or service and concurs that funding is available from the approved Multi-Year Capital Project Budget, the previously approved 2021 Annual Capital Expenditure budget and the proposed 2022 Annual Capital Expenditure budget (subject to Council Approval).

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 recommends that the City of Vancouver negotiate and enter into an approximate three-year contract with Haebler Construction Projects Inc. for the construction of Coal Harbour Phase II, as noted in this report.

* * * * *