

The Corporation of the City of Kawartha Lakes

Council Report

Report Number PUR2017-017

Date: January 24, 2017

Time: 2:00 p.m.

Place: Council Chambers

Ward Community Identifier:

Subject: 2017-011-SS Contract Administration for Affordable Housing and City Office Space

Author/Title: Launa Lewis, Buyer

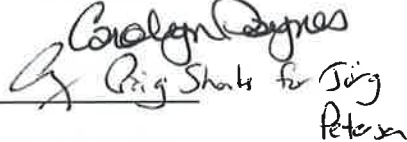
Signature:



Co-Author: Sara Beukeboom, Strategy Management
Jorg Petersen, Community Services

Signature:

Signature:



Recommendation(s):

RESOLVED THAT Report PUR2017-011, 2017-011-SS Contract Administration for Affordable Housing and City Office Space, be received;

THAT the Contract Administration for the actual erection of the Affordable Housing and City Office Space project, be carried out using a construction management approach, as outlined in this report;

THAT Chamberlain Architect Services Limited of Burlington, ON, be selected for the award Single Source 2017-011-SS Contract Administration for Affordable Housing and City Office Space for the total amount of \$298,327.00 plus HST of \$38,783.00;

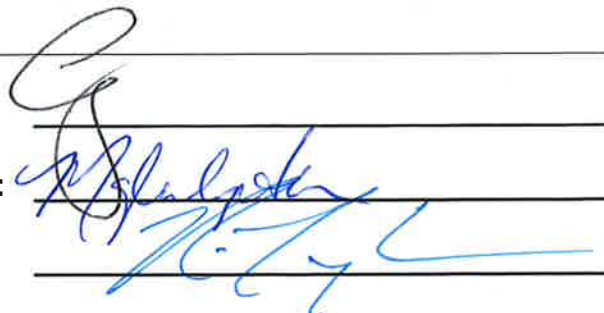
THAT in keeping with the construction management approach, subject to managing within the approved budget for all aspects of this project, that the Mayor and Clerk be authorized to approve execution of all construction contracts associated with the delivery of this project;

THAT Purchasing Division be authorized to issue the purchase orders.

Department Head:

Corporate Services Director / Other:

Chief Administrative Officer:



Background:

This project is a high priority for the City, with funding and timeline constraints, imposed by provincial transfer payment processes. These constraints are particular to Investment in Affordable Housing, and also related to grant applications with the Federation of Canadian Municipalities. Criteria for this require that a construction permit must be issued by March 1, 2017, and completion of construction must be by December 31, 2018. The City expedited the work of this project in order to deal with these constraints. This includes the approach taken to contract for architectural design services, as well as the approach taken to collaborate between City departments. This project is being carried out through a project team having membership from: CAO's Office, Community Services, Corporate Services, Development Services, and Engineering and Corporate Assets. Attention is now being put to enhancing the approach to construction contract administration, in order to expedite that aspect of the project as well. Achieving that requires a contract management approach to contract administration.

In the previous report to Council on August 30th, 2016, PUR2016-045 staff indicated that the contract for consulting services may be amended to include contract administration for the construction of the project. Staff recommends that a contract for these services be executed as a Construction Management Contract for Services, using the industry standard for construction management contracts, as per the Canadian Construction Documents Committee (CCDC).

Rationale:

The recommendation to use a CCDC Construction Management model for these services will make possible a more active and value-added result from contract administration. It will make it possible to:

- Expedite the process for delivering the project by overlapping the production of detailed construction documents, with starting the actual construction. This is done through a sequential tendering procedure.
- Facilitate the City's greater control over pre-qualification and the selection of contractors that will carry out portions of the work.
- Facilitate greater control of the quality of construction work, at a more detailed level.
- Enable project management flexibility in dealing with matters arising during procurement and construction related to market conditions and/or site conditions.
- Facilitate greater control over managing change and costs within the project, to take advantage of efficiencies and limit extras, than is generally possible through a general construction contract.
- Have the service provider carryout a significant part of the procurement process requirements, and relieve the City's Purchasing Division from significant workload, at a time when the division has capacity challenges.

- Retain the tendering opening and award function, to ensure transparency and accountability to the Public.

It is important also to note that the very demanding schedule requirements imposed by provincial transfer funding agencies and other grant funding organizations, involved with this project, make the use of a more conventional general contracting approach to construction not feasible.

A construction management approach, as recommended here, provides a solution to the scheduling challenge and at the same time provides for the very positive benefits highlighted above.

Staff further recommends that Chamberlain Architect Services Limited of Burlington, ON, be selected for the award Single Source 2017-011-SS as the Contract Administrator for this project, the Affordable Housing and City Office Space for the total amount of \$298,327.00 plus HST of \$38,783. This recommendation is in keeping with the original RFP and contract for consulting services. It is also believed to present major advantages with regard to solving the schedule challenge, and with regard to the cost of delivery.

As noted above, the 'construction management approach' to administering the contract is different from a 'general contractor approach'. Some of the key differences are noted here:

- No general contractor for the whole project. Instead the City will contract directly with individual contractors responsible for phased portions of the work.
- Reduction in the costs associated contracting the work. Such costs are typically related to a general contractor's overhead and profit. Reduction of that cost will offset the cost for the enhanced contract administration involved with this approach.
- Sequential requests for tenders for the individual portions of the work. Site work, for example would be packaged and a call for tenders would be issued for that earlier in the schedule than a call for tenders for construction of the building structure and envelope.

The construction management approach will involve sequentially scheduled call for tenders, for each phased portion of the work. In order to implement the project in this manner, it will be necessary that Council provide a general, upfront approval for staff to enter into a series of separate contracts for the construction work, where the approval is based on and within an upset-limit for the overall project. That upset limit shall be the approved project budget of \$8,000,000.00 in order to ensure that the Affordable Housing and City Office Space project does not exceed the Council approved allocation.

Staff will provide quarterly updates through Information reports to Council on progress of delivering the project; including a detailed financial update.

Other Alternatives Considered:

Alternatives to the approach outlined and recommended in this report have been considered. However, it is believed that **there are none** that will address the need to:

- Expedite the timeline for project delivery, so that the City can comply with the imposed scheduling constraints
- Enhance the City's control of quality and cost, within an expedited timeline
- Enhance the City's control over the procurement process to ensure objectives for contractor qualification are achieved for phased portions of the work
- Address the City's internal capacity challenges for delivery of this project

Financial Considerations:

Project BP1705 (Office Space and Affordable Housing) was approved in the 2017 Capital Budget with a total budget of \$8,000,000. The table below shows the balance of the project once this tender is awarded.

Capital Project Number	Capital Project Budget	*Other Committed Funds	Capital Project Balance	Tender Amount (incl. HST)	HST Rebate	Total Tender Cost	Capital Project Balance
BP1705	\$8,000,000	\$296,681	\$7,703,319	\$337,110	(\$33,532)	\$303,578	\$7,399,741

Other committed funds include Feasibility Study/Design, preparation of Topographic and Legal Boundary Survey and Environmental Site Assessment.

The Capital Project balance will be used to hire the Contractors through the sequential tendering process to complete the project by December 31, 2018.

Any surplus remaining after the project is completed will be reported in the Capital Close Report provided by the Treasury Department in accordance with the Capital Close Policy.

Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:

This project contributes to all three Strategic Goals: A Vibrant and Growing Economy, An Exceptional Quality of Life, and A Healthy Environment.

New development in the City contributes to a vibrant economy through the Responsible Fiscal Resource Management and Efficient Infrastructure and Asset Management Strategic Enablers. The creation of new affordable housing is an objective of the Exceptional Quality of Life goal. The use of energy efficiencies and low impact development design contribute to a Healthy Environment.

The project will also support each of the key enablers note in the strategic plan. It will:

- Support fiscally responsible management (Enabler #1) by leveraging funding from other sources for both the construction and the operation of the new facility. The project will also make possible the most cost efficient solution for needed building space.
- Support human resources management (Enabler #2) by integrating HR planning objectives with modern building concepts in design of the new facility
- Support achievement of exceptional municipal service delivery (Enabler #3) by locating the group delivering services more closely with the people being served, and providing space for community engagement as part of the project.
- Supporting asset management objectives (Enabler #4) through a highly space efficient solution, that provides a pilot for planning other future office space for the City, that is integrated with IT planning, and provides leadership for energy management and environmental sustainability.

Review of Accessibility Implications of Any Development or Policy:

The design of the building will meet or exceed all required accessibility needs.

This will be the case for the office space, and the common space that will be open for community use. It will also be the case for the housing portion of the project, in that two of the housing units will be designed as modified accessible units.

Servicing Comments:

The project will not involve any provision of new or expanded services. All site servicing requirements are being addressed within existing system capacity. The approach being taken to design is to reduce the demand for services, through innovative measures. These measures are in keeping with sustainability objectives, and relate to demonstrating leadership in energy and environmental design. The design will, for example, implement measures to better manage rain water so that there is less impact on the storm water sewer system.

Consultations:

Rod Sutherland, Director of Human Services

Juan Rojas, Director of Engineering and Corporate Assets

Chris Marshall, Director of Development Services

Laurie Lawder, Financial Coordinator, Public Works and Community Services

Attachments:

N/A

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Department Head: Ron Taylor, CAO

Department File: 2017-011-SS