

**THE CORPORATION OF THE TOWN OF GEORGINA**

**REPORT NO. SI-2024-0008**

**FOR THE CONSIDERATION OF  
COUNCIL**

May 8, 2024

**SUBJECT: Award of Contract for the Replacement Civic Centre Project to General Contractor**

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**1. RECOMMENDATIONS:**

- 1. That Council receive Report No: SI-2024-0008 dated May 8, 2024 respecting the Award of Contract for the Replacement Civic Centre Project to General Contractor;**
- 2. That Council approve a total revised project budget of \$54,106,000.00;**
- 3. That Council approve the updated financial strategy described in this report and direct the Treasurer to bring forward the necessary borrowing by-law on May 29, 2024 for short-term construction financing in the amount of \$20,000,000, convertible into a ten year debenture;**
- 4. That Council approve the award of contract for the Replacement Civic Centre project to Maystar General Contractors Inc. at the submitted bid price of \$41,850,000.00 plus HST and authorize the Manager, Procurement Services to execute all necessary documents.**

**2. PURPOSE:**

To provide Council with the results of the Tender process for the Replacement Civic Centre project (i.e. the demolition of the existing Civic Centre and construction of the replacement Civic Centre). Based on the Tender results the project budget needs to be increased and as such Council approval is required in order to proceed. If the revised project budget is approved by Council, then the final purpose of this report is to obtain approval to award the contract for the Replacement Civic Centre project to Maystar General Contractors Inc. at the submitted bid price of \$41,850,000.00 plus HST.

**3. BACKGROUND:**

On March 1, 2023, Council approved the following recommendations as set out in Council Report SI-2023-0005, resulting in the following resolutions:

**RESOLUTION NO. C-2023-0105**

2. ***That Council approve an updated total project budget of \$50,000,000 for the complete design and construction of a new Replacement Civic Centre and all related works including the demolition of the existing Civic Centre.***

**RESOLUTION NO. C2023-0106**

3. ***That Council approve the issuance of a Request for Tender (RFT) for the construction of the Replacement Civic Centre and all related works including the demolition of the existing Civic Centre and return to Council at the appropriate time to award the contract.***

Staff have advanced the project as required to adhere to the above noted resolutions. The entire procurement process involved an initial Request for Pre-Qualification (RFPQ) after which the successful qualified proponents were then invited to respond to a Request for Tender (RFT).

The RFPQ was issued on October 24, 2023, and closed on November 20, 2023, with interviews carried out on January 8, 2024. There were 30 Plan Takers resulting in 8 submissions, followed by 2 disqualifications. As a result, 6 proponents were assessed, resulting in 4 being interviewed and subsequently invited to the next stage to respond to the Request for Tender. Three (3) bids were received with 1 proponent declining due to capacity issues.

The RFT was issued on February 23, 2024 and closed on April 24, 2024. Following the analysis the lowest bidder was Maystar General Contractors Inc. at a bid price of \$41,850,000.00 + HST. Please refer to the "Analysis" section within this report for further details.

CBRE Limited will continue to provide project management services as per their current contract.

Arcadis Inc.(formerly IBI) will continue to provide their architectural and engineering design and contract administrative services as per their current contract.

**4. ANALYSIS:**

As indicated earlier under the Background section, the Town received 3 Bids in response to the Request for Tender – Contract No. SID2024-028. The Bidders and their submitted Bid Prices are outlined in the table below:

## RFT Results

Bidder	Bid Price
<b>Maystar General Contractors Inc</b>	<b>\$41,850,000.00</b>
Percon Construction Inc.	\$44,159,400.00
Aquicon Construction Co. Ltd.	\$45,546,000.00

Maystar General Contractors Inc. (Maystar) provided the lowest bid price of \$41,850,000.00 + HST

As outlined in the March 1, 2023 Council Report SI-2023-0005 and Recommendation #2 of Resolution C-2023-0105, \$50 Million dollars is the current approved budget for the Replacement Civic Centre project, the macro level details of which were outlined in Council report SI-2023-0002 dated January 24, 2023.

Under Section 6 of the January 24, 2023 Council report (Financial And Budgetary Impact), the Class D estimate (a Class D estimate being within a +/- 25% range) for the Construction, including demolition, site works and a \$3.8M contingency was \$42M. Therefore, the estimate for the construction was \$38.2M.

The current Bid Price of \$41,850,000.00 is \$3,650,000.00 above the \$38.2M estimate. This is a 9.6% increase which is well within the Class D estimate range.

In addition, given the increase in construction costs the contingency of \$3.8M (approx. 10% of the construction cost estimate) would now be low by \$385K (10% of \$41.85M = \$4.185M; \$4.185M-\$3.8M = \$385K).

Attributable to the above increases is a resultant 1.76% of applicable taxes which equates to \$71,016.00.

Given the above, in order to proceed with the project, the Town would require an increase in overall project budget from \$50M to **\$54,106,000.00**. (\$3,650,000.00 + \$385,000.00 + \$71,000.00 = \$4,106,000.00).

##### **5. RELATIONSHIP TO STRATEGIC PLAN:**

As outlined in the 2023 – 2027 Strategic Plan, the Town’s Mission, Vision and Values are supported by five Pillars. Pillar # 4 is that of, “Creating a Vibrant, Healthy, and Safe Community for All”. Within this Pillar the 3<sup>rd</sup> Goal is to, “Continue to invest in community spaces and amenities”. The complete design and construction of the replacement Civic Centre is the second listed action that supports the 3<sup>rd</sup> Goal.

## **6. FINANCIAL AND BUDGETARY IMPACT:**

The financial plan presented in January 2023 planned to use a combination of short-term financing and internal borrowings against Town reserves. The repayment period would be approximately 12 years after project completion. Council approved the creation of a separate Replacement Civic Centre reserve and approved reserve allocations, including the 2023 and 2024 Infrastructure Levy to be directed towards this reserve. This results in a \$3.5M annual reserve contribution. Due to the continuous changes in economic conditions, it was asked by Council to continue to monitor the Financial Plan and make recommendations for adjustments if necessary.

Based on current revolving credit interest rates compared to short-term debenture rates, it is recommended to use construction financing that has the ability to be converted into a short-term debenture if it's beneficial to do so in the future. The debenture would not exceed the construction financing amount of \$20M and the repayment term would not exceed ten years.

As provided to Council in January 2023, it was estimated that the entire project, including short term financing and internal borrowings would be fully repaid within 12 years after completion of the project, based on a Class D construction budget resulting in a project budget of \$50M. Since a class D estimate is +/- 25%, it was communicated that the repayment term could be anywhere from 9 years to 15 years depending on the tendered cost. The reason the repayment term would be shorter or longer is due to the reserve contribution staying constant at \$3.5M per year.

Based on the proposed updated budget of \$54,106,000, it is estimated that the project will be fully repaid, including debenture interest costs, within 13.5 years after project completion, at which point the \$3.5M reserve contribution could be reallocated to other capital or operating priorities in the future. There is no additional increase in annual reserve contribution necessary due to the new budget, but rather the repayment period is extended by 1.5 years. The Treasurer will include the borrowing bylaw for the \$20M in construction financing, convertible into a ten-year debenture, on the May 29, 2024 agenda.

## **7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:**

Public consultation for this overall initiative was outlined in the Council Report of January 24, 2023 (Council Report SI-2023-0002) under Section 7. (Public Consultation and Notice Requirements).

**8. CONCLUSION:**

The RFT process requires that the project be awarded to the lowest compliant bidder. The lowest bidder is Maystar General Contractors Inc. at a contract value of \$41,850,000.00 + HST.

As a result of the actual market conditions, and based on a competitive procurement and bidding process, the previously approved Class D project budget estimated in January of 2023 needs to be increased to an actual project budget of \$54,106,000.00 in order to proceed.

**APPROVALS**

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Office of the Deputy CAO

Approved By: Ryan Cronsberry  
Chief Administrative Officer,  
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