



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Energy, Fleet & Facilities Management Division
and
Environmental Services Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	September 17, 2018
SUBJECT/REPORT NO:	William Connell Fieldhouse: Tender C13-34-18 Award (PW18086) (Ward 8)
WARD(S) AFFECTED:	Ward 8
PREPARED BY:	Robyn Ellis (905) 546- 2424, Extension 2616 Cynthia Graham (905) 546- 2424, Extension 2337
SUBMITTED BY:	Rom D'Angelo Director, Energy, Fleet and Facilities Management Public Works Department Craig Murdoch Director, Environmental Services Public Works Department
SIGNATURES:	

RECOMMENDATION

- (a) That the General Manager, Public Works Department be authorized to negotiate, enter into and execute a Contract and any ancillary documents required to give effect thereto with acceptable lowest bidder of Tender C13-34-18, in a form satisfactory to the City Solicitor; and,
- (b) That the following funding strategy for an additional \$1.7M be approved in order to complete the final phase of the project as well as cover any ancillary project costs and fees:
 - (i) \$330k be approved from the Ward 8 Area-rating reserve 108058 and transferred to PID 7101654802;
 - (ii) \$980k be advanced from the 2019 Budget Forecast for William Connell Fieldhouse and be approved in 2018 from the Recreational Facilities

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Development Charges Reserves 110320/110321 and be transferred to PID 7101654802;

- (iii) \$390k from the Outdoor Recreation Development Charges Reserves 110316 (\$367.5 K) & 110317 (\$22.5 K) be transferred to PID 4401356124.

EXECUTIVE SUMMARY

This report is in response to Tender C13-34-18 (William Connell Fieldhouse – New Build) that closed on June 12, 2018. Due to the bid results exceeding the budget by more than \$250k, in accordance to the City of Hamilton’s Procurement Policy; Council Approval is required prior to the tender being awarded. Staff recommendation is to negotiate and enter into a contract with the low bidder, Bestco Construction (2005) Ltd, and that the funding strategy for this award be approved as recommended.

Staff from both Facilities & Landscape Architect Services (LAS) was working collaboratively in association with the costing consultant. It was determined by all parties that the last two phases scheduled for 2018 & 2019 could be accomplished and blended into one final phase and tendered in 2018 in order to accelerate the project completion by the Summer of 2019 opposed to 2020. Additionally, the decision was premised on the consultant’s pre-tender estimate of \$1.8M (including contingencies & taxes) which fell within the City’s budget parameters. Once the tender closed it was realized the lowest compliant bid of \$3.2M was over the budget estimate. The differential was not anticipated based on pre-tender estimates, therefore in order to award Tender C13-34-18 (William Connell Fieldhouse – New Build) a supplementary \$1.4M will be required, plus \$300k will be required to cover ancillary soft costs & project fees.

Furthermore, Staff has been receiving enquiries from the public asking when the playing fields will be open. As a result staff felt that it is important for the public and user groups to be able to have use of the playing fields in 2019 after the Fieldhouse construction is completed. Not tendering or awarding remaining work until 2019 would mean completion in late 2019 or early 2020, thereby missing the 2019 season. Delaying the project would mean that public and user groups would wait for another year to get onto the sports fields. Therefore, staff moved all remaining work from phase 3 of the project, originally budgeted for 2019 and incorporated it into the phase 2 tender document issued in early 2018. Consequently, the planned request for Phase 3 funds in the 2019 Capital Budget in the amount of \$980K will no longer be required.

Alternatives for Consideration – See Page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The tender was anticipated by staff at approximately \$1.8M based on pre-tender estimates, including contingencies & taxes, but came in at \$3.2M all inclusive of applicable taxes. This differential of \$1.4M was not anticipated based on the pre-tender estimates, at minimum this will be required in order to award Tender C13-34-18. Adding remaining project fees and ancillary soft

costs for the project at a value of \$300k will result in the total additional request of \$1.7M

Once \$980k is pulled forward from the 2019 Budget Forecast for William Connell Fieldhouse and approved in 2018 for tender award C13-34-18 from the Recreational Facilities Development Charges Reserves 110320 to project 7101654802 via Report PW18086, the remaining shortfall is \$720k.

The remaining funds are available from a combination of the Ward 8 Area-rating reserve 108058 and Outdoor Recreation Development Charges Reserves.

The William Connell Community Park (Outdoor Rec) and the William Connell Park Washroom Fieldhouse (Indoor Rec) were included in the 2014 DC Background Study as 100% growth projects. A 100% growth project for a park / recreation facility can receive a maximum 90% of its funding from DCs. The proposed funding model is consistent with this requirement and requests the relative share of DCs from each set of DC reserves based on the actual tender. The additional funding required will be considered in the 2019 DC Background Study.

The outdoor recreation DC (LAS) is in a deficit position and making annual improvements of approximately \$500K. Per the DC Reserve policy, an individual service can be in a deficit as long as the service is forecasted to be returned to a surplus within 10 years. This request could delay the anticipated return to surplus date by up to one year.

Staffing: Operating Impacts were captured in the original Council approvals for the project and the various phases.

Legal: All agreements and contracts will be in a form acceptable to the City Solicitor.

HISTORICAL BACKGROUND

Project Scope:

This project at William Connell Park includes a new 6400 square foot Fieldhouse containing a concession, covered patio, men's washroom, women's washroom, two all-gender barrier-free washrooms, sports equipment storage, two referee change rooms, a first aid room and four all-gender barrier-free team change rooms. Patrons will have access to football and soccer fields, splash pad, tennis courts, sun shelter and nature trails. The 20 hectare parcel on West 5th Street between Stone Church and Rymal roads will provide City-Wide public amenities in a location that is central to population increase and young families on the mountain.

Neighbourhood Plan:

Approved in 2008 the master plan for the Sheldon Neighbourhood shows William Connell Park and the purchased expansion lands as a park with city-wide distinction

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that has redevelopment opportunity. The concept plan was created with help from a citizen's committee to guide the development. In 2011, the Outdoor Recreation study provided guidance to staff and references the needs for the parkland at William Connell Park. Since that time, those needs have been studied and refined to the concept of what is being developed today at William Connell Park. Further programming consideration at William Connell Park was approved by Council on November 8, 2017, Report 17-020 Item 7.2 and winter programming and amenity opportunities presented in Report PW18046 to Council Committee June 18, 2018.

Council Approved Budgets & Phase 1 Construction Progress:

Through the 2016-2018 Capital Budget processes, funding of \$2.7M was approved for the Phase 1 & 2 Indoor Rec Fieldhouse at William Connell Park (7101654802) with \$980k identified as a recommended funding source for 2019. During the same timeline, \$5.4M was approved by Council for outdoor park amenities and sports fields.

The design as tendered was the successful result of months of collaboration between the design team, the Architect, and City Staff across Departments and Divisions (e.g. Recreation, Planning, Facilities and Landscape Architectural Services).

The Building Permits were obtained and Phase 1 construction began in 2017, currently wrapping up. The scope of Phase 1 construction at this site included the sports fields, tennis courts, splash pad, sun pavilion, maintenance storage shed & washrooms, as well as all the site servicing for Phase 1 & 2: hydro, gas, water, sewer, storm water Management, etc.

Phase 1 Grand Opening:

On August 18, 2018, the city and community gathered to celebrate the opening of Phase 1 of William Connell Park. The ceremony included a ribbon cutting, and special guest speakers such as, Mayor Eisenberger, Ward Councillor Terry Whitehead as well as a relative of Dr William Connell, who spoke about the land being bequeathed to the City of Hamilton for the purposes of park development, and how the late Dr Connell would be pleased to see the city-wide park opened for public use by the residents of Hamilton.

Phase 2 Construction Timeline:

Tender for the Phase 2 Fieldhouse facility at William Connell Park, C13-34-18, is anticipated to be awarded in October following Council Approval, with construction started one month later. Following this, the contractor's construction schedule is expected to take up to 10 months from the time of contract award to the time of Occupancy. Once construction begins, the construction area within William Connell Park (playing fields) will remain closed to the public until Occupancy/Substantial Performance. This does not impact the spray pad, play structure, walking trails, etc.

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POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Tender Award: Under City of Hamilton By-law #17-064, Procurement Policy #2 – Approval Authority, “The Client Department in conjunction with the Procurement Section shall submit a report to Council and the appropriate standing committee recommending award of a RFT or RFP if ANY of the following conditions apply:

- (a) The value of the Bid being recommended for award and any contingency allowance are in excess of the Council approved budget including any contingency allowance, or (b) for capital projects, when the final cost of the proposed project exceeds the amount provided in the Council approved capital budget for that project by \$250,000 or greater.”

RELEVANT CONSULTATION

The following Departments/Divisions/Sections have reviewed and contributed to this report:

Corporate Services, Procurement

- To review the Procurement implications in the report.

Corporate Services, Financial Planning, Administration and Policy

- Was engaged in reviewing the financial section of the report, as well as financial recommendations.

Healthy & Safe Communities, Recreation

- Was engaged in reviewing the indoor and outdoor Recreation scope of this report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Reasons for additional funding request:

The additional funds requested based on the tender results requires explanation to Council.

- (a) Multi-Phase Project & 2019 Cash Flow: Staff tendered all remaining work together in order to enable the sports fields to open in 2019. This way, the playing fields could be used by the public sooner and the construction impact to user groups and the public could be minimized. Cost estimates from the prime consultant indicated that all remaining work would fall within budget for 2018. There was originally to be phase 3 for the project which included 2019 budget items that Council notionally approved for \$980,000. These funds earmarked for 2019 on this project are not yet considered Council-approved and available for award. When Phase 2 work was tendered, it included all remaining project work (including work originally planned for Phase 3). Based on pre-tender pricing from the consulting team, it appeared that the existing approved 2018 budget was sufficient to accomplish work originally planned for 2019;

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- (b) Soil Conditions: An issue was discovered by the architect & City staff through routine due-diligence testing prior to tendering Phase 2. This led to last minute foundation redesign to incorporate concrete lean mix and other necessary structural design enhancements costing approximately \$100,000. The City is consulting with Legal Services and Procurement regarding the City's options to recover the additional expense, since soil compaction work completed in Phase 1 by the contractor do not meet technical specifications;
- (c) Architect's pre-tender information out of line with tender results: The prime design consultant provided pre-tender information to staff that was much lower than the tender results. It is unclear if this was miscalculated or possibly misjudging the ensuing market conditions we are experiencing today;
- (d) Market Conditions: Market competitiveness must be considered in light of this overage. This can be due to a number of factors including but not limited to: season, market saturation, material prices, labour availability & rates, etc. It is unknown if steel prices and the early June tariffs and material cost speculation played a role in the tender price for this project;
- (e) Class C estimate & tight budgeting: In addition to the Architect's pre-tender information, staff utilized a Class C cost estimate from a certified cost estimator as further confirmation of anticipated pricing. The Class C estimate at an early stage of document readiness indicated to staff that tender results would be approximately \$1.8M, however it was significantly more at \$3.2M (inclusive of contingency & tax);

Given what we are seeing in the market place recently, staff recommend whenever possible to add 25-40% budget to Class C & D early estimates. This recommendation is in line with recommendations by the Government of Canada and the Association for the Advancement of Cost Engineering International (AACEI).

Budget variance is explainable given consideration of the above items.

Benefits and Priority to the Community and the City:

It is important to the public and user groups to have use of the playing fields in 2019. Not tendering or awarding remaining work in 2018 would mean that public and user groups would wait until 2020 to get onto the sports fields. William Connell Park will be a central attraction within the city, offering outdoor education, sport, recreational, and leisure opportunities to the community. The 20- hectare parcel has been planned to offer a number of City-Wide public amenities. These amenities include, a new 6400 square foot Fieldhouse containing a concession, covered patio, men's washroom, women's washroom, two all-gender barrier-free washrooms, sports equipment storage, two referee change rooms, a first aid room and four all-gender barrier-free team change rooms. Patrons will have access to football and soccer fields, splash pad, tennis courts, sun shelter and nature trails. The park location also benefits the Community as its

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location is central to population increase and is a priority to young families on the mountain.

ALTERNATIVES FOR CONSIDERATION

Besides the recommended option of awarding Tender C13-34-18 to the low bidder and approving additional funding for the award, the Project Team has provided alternatives for consideration:

Alternative – Significant Change of Project Scope, Redesign and Retender:

It is estimated that this option could delay the project by up to a year and will add to the design costs and permit fees. This option is not recommended due to the level of refinement of the design at the tender stage and that decreasing square footage of the facility will impact programming.

The option of cancelling the tender and the project is not considered because this is a Council-Approved Project with benefits and priority to the Community and the City.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Not applicable.