



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
Energy, Fleet & Facilities Management Division

<b>TO:</b>	Mayor and Members Committee of the Whole
<b>COMMITTEE DATE:</b>	April 15, 2020
<b>SUBJECT/REPORT NO:</b>	Valley Park Community Centre and Library Expansion (PW20019) (Ward 9)
<b>WARD(S) AFFECTED:</b>	Ward 9
<b>PREPARED BY:</b>	Tom Briatico (905) 546-2424 Ext. 7042 Janet Warner (905) 546-2424 Ext. 7041
<b>SUBMITTED BY:</b>	Rom D'Angelo Director, Energy, Fleet & Facilities Management Public Works Department
<b>SIGNATURE:</b>	

**Discussion of Appendix "A" to Report PW20019 in closed session is subject to the following requirement(s) of the City of Hamilton's Procedural By-law and the Ontario Municipal Act, 2001:**

- **Advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and**
- **A position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the City.**

**RECOMMENDATIONS**

- (a) That the Policy #11 – Non-competitive Procurement for the expansion of services pertaining to C11-02-17 for the Prime Design Consultant Services Required for the New Valley Park Branch Library and Renovation Project be approved and that the General Manager, Public Works Department be authorized to negotiate and extend the existing Contract and any ancillary documents required to give effect thereto with McCallum Sather Architects Inc, in a form satisfactory to the City Solicitor;

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

(b) That Appendix 'A' to Report PW20019 remain confidential.

## **EXECUTIVE SUMMARY**

This project seeks to grant procurement authority to staff to negotiate an increase and extension to purchase order (HAMTN0000086638) issued to McCallum Sather Architects Inc. for Contract C11-02-17 for Prime Design Consultant Services Required for the New Valley Park Branch Library and Renovation Project. This increase and extension of services is for significant, expanded scope to the library addition, additional recreation space, renovations to shared space as well as the critical replacement of facility infrastructure and does not impact or change the overall project budget.

Accordingly, this report seeks approval of staff's recommendation to negotiate to extend and increase services through single source procurement including any required agreements with McCallum Sather Architects Inc. for increases to the project architectural and engineering design and contract administration scope. There is sufficient budget available for this increase in the Recreation/PW project.

On July 11, 2019, at Audit, Finance and Administration Committee, the Ward Councillor provided direction to staff to provide information regarding the single source procurement to McCallum Sather Architects Inc. This report provides information and historical background to Committee in this regard as well as anticipated key negotiation terms with McCallum Sather Architects Inc.

## **Alternatives for Consideration – See Page 5**

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** Any additional fees billed to this project for McCallum Sather Architects Inc. for increased project scope are anticipated to fall within the Council-approved project budget. This report seeks to only grant procurement authority to staff for a purchase order increase and does not impact or change the overall project budget.

There is sufficient budget available for this increase in the Recreation/PW project and will not impact the library project budget.

A library budget increase occurred at the Library Board in order to award the construction tender C13-53-19.

**Staffing:** N/A

**Legal:** Any necessary agreements will be in a form acceptable to the City Solicitor.

## **HISTORICAL BACKGROUND**

In 2015, the Library Board requested a Valley Park Community Centre and New Library Feasibility Study for the addition of an 11,840 square foot Library. This study was completed in 2016 and the resulting estimate was a \$5.9M budget for construction. A Request for Proposal for the Prime Consultant was issued in early 2017, closed on May 4, 2017 and, after extensive evaluation of 10 submitted bids, 2 of which were disqualified, another 4 which did not meet benchmark scoring, was awarded to McCallum Sather Architects Inc. lowest acceptable bid for a total sum award of \$433,471.50 in fees.

Since that date, significant scope has been added to the project, both due to the library addition, as well as the subsequent addition of recreational facility scope to the project, including:

- Fit-up of 3,500 square feet of recreation space;
- Renovation of existing 11,000 square feet of space shared between the library and recreation centre budgeted at \$1,500,000.00; and,
- Replacement of end-of-life facility infrastructure including critical building envelope upgrades, mechanical equipment upgrades within the recreation centre, arena and parking lot resurfacing totalling \$2,500,000.

Staff are recommending entering into negotiation with McCallum Sather Architects Inc. for the increase in architectural and engineering design and contract administration fees on the project.

Increases to consulting fees to date have been within staff limits and due to explainable scope increases to the project. Scope increases to date include early design costs for the recreation fit-up renovation, accessibility and lifecycle replacement and design for LEED Certification for the library addition portion of the project.

Ongoing increases to architectural and engineering consulting fees due to the following increases in scope of the project include:

- On March 22, 2019, there was an approved resolution at General Issues Committee through motion, approving an additional \$2.4M for Life Cycle Renewal Funding at the Recreation Centre and Arena in response to Report PW18092; and
- In early 2019, with the approval of the 2019 capital budget, Recreation Renovation funding of \$1.5 million, triggered the need to increase fees to accommodate additional scope.

In total, the project team is presently working on scope and budget for an approximately \$11 million construction project, based on certified cost estimates and the recently closed tender results with sufficient council-approved funds available for award.

### **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Following the City of Hamilton Procurement Section's recommendation, Public Works staff issued a public Request for Proposals (RFP C11-02-17) for an architect as this facilitated a competitive and transparent process consistent with the City's Procurement Policy. The RFP for an Architect was awarded to McCallum Sather Architects Inc. at \$433,471.50 in fees. It is recognized that architectural and engineering scope has been added to this project since the RFP award. Staff are recommending completion of the architectural and engineering consulting scope on this project with McCallum Sather Architects Inc. as a non-competitive procurement.

Under City of Hamilton By-law #17-064, Procurement Policy #11 – Non-competitive Procurements, "Council must approve any requests for negotiations with a single source as set out in subsection (1)(b) of this Policy # 11, where the cumulative value of the Policy 11 exceeds a multi-year value of the proposed procurement is \$250,000 or greater. For greater clarity, the total cumulative value of a Policy 11 shall not exceed \$250,000 in any given year or multiple consecutive years."

### **RELEVANT CONSULTATION**

Report recommendations are the result of consultations with the following Departments and Divisions:

- Corporate Services, Procurement;
- Corporate Services, Finance & Administration;
- Corporate Services, Legal Services; and
- Healthy & Safe Communities, Recreation.

As well as external consultations with:

- Hamilton Public Library

### **ANALYSIS AND RATIONALE FOR RECOMMENDATIONS**

The results of negotiations with McCallum Sather Architects Inc. on this project are anticipated to fall within industry standard values.

McCallum Sather Architects Inc. is the original supplier for services and it is now proposed that they provide additional services that were not included in the initial

procurement. A change of supplier for these services will cause significant inconvenience to the City as follows:

- Delays to construction of up to a year while tendering the design work; competitively to engage a different consultant late in the design process; and
- Negative impacts on the City's ability to coordinate design and construction within a single facility with a single construction permit.

A change of supplier will also cause substantial duplication of costs for the City and economic impact as follows:

- Duplicated design and construction administration costs;
- Duplicated permit costs; and
- Cost of delaying the project (e.g. escalation).

A change of supplier is also undesirable for the following technical reasons:

- Building permit and commitment to review is currently listed under the current supplier and there is no provision to change this. There is a single building permit for the site; and
- A change of supplier would negatively impact the City's ability to coordinate design and construction within a single facility.

There is, therefore, considerable value to the City in retaining McCallum Sather Architects Inc. for the added design scope.

## **ALTERNATIVES FOR CONSIDERATION**

As the work of McCallum Sather Architects Inc. and their architectural and engineering team is a key part of the city's ability to add lifecycle renewal and accessibility scope to the Valley Park Library project, staff have no other alternatives to suggest.

Given the technical and economic reasons outlined in this report, City staff do not recommend changing suppliers by competitively tendering to another Architect to design, engineer and coordinate the additional scope. Changing suppliers at this stage would be a detriment to obtaining permit application for a single site, would delay construction start, and would duplicate and increase costs.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Healthy and Safe Communities**

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

### **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.

### **Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report PW20019 – Confidential – Legal Implications