

FIRE STAFF REPORT

FSR-004/2021

TO: Mayor Gibson & Members of Council
FROM: M. Alcock, Fire Chief/CEMC
DATE OF MEETING: April 8, 2022
SUBJECT: Central Station Fire Station Tender Results & Financial Plan

RECOMMENDATION(S):

THAT Fire Staff Report FSR-004/2022 respecting the Central Station Fire Station Tender Results and Financial Plan, be received;

AND THAT Council authorize the Mayor and Clerk to enter into an agreement with TRP Construction Ltd. for the Construction of the Wainfleet Fire & Emergency Services Central Fire Station.

EXECUTIVE SUMMARY:

This report includes a summary of progress that has been made on the Central Fire Station project. In accordance with Council's direction provided December 7, 2021, Staff have been working with the Project Team (Architects, Engineers & Project Managers) on the issuance of the Construction Tender & Addenda's as well as conducting the tender analysis to form the recommendations of this report.

BACKGROUND:

Contractor Pre-Qualification

Following Council's direction, the project team conducted a Contractor Pre-Qualification in July of 2021. The prequalified contractors were:

- Bromac Construction Inc. (Fonthill)
- G.S. Wark Construction (Hamilton)
- Matheson Constructors (Aurora)
- MJ Dixon Construction Ltd. (Mississauga)
- Niacon Ltd. (Niagara Falls)
- TR Hinan Contractors Inc. (Fonthill)
- TRP Construction (Burlington)

Project Management

On December 7, 2021, during a regular Council meeting, Council directed staff, through Resolution No. C-2021-278, *"to proceed with the issuance of a Construction Tender following a final review of the tender package by the selected Project Manager, with the Tender results returned to Council for consideration of award"*.

Tender Preparation

Throughout the first quarter of 2022, Staff and the Project Team (including the newly-appointed Project Manager) completed a thorough review of the construction drawings and project scope and worked through a number of scenarios to ensure costs are minimized while balancing safety, quality and longevity as prioritized by Council.

The Tender included three (3) Alternate Pricing Options as requested by Council:

- 1- Barn Renovation
- 2- Alternate HVAC design
- 3- Precast Fire Cisterns

Tender & Addenda Issuance & Results

On February 11, 2022, all pre-qualified contractors were provided with the tender documents including drawings, specification book and alternate pricing options.

On February 15, 2022, a mandatory site meeting was conducted at the property with the project team and all contractors to review the project and answer any questions.

As the contractors completed their review of the tender documents, the Project Team issued six (6) addenda in response to questions or provide clarifying information as needed.

The Tender closing date was moved from February 24, 2022, to March 22, 2022, in order to provide the contractors and their sub-trades adequate time to provide as accurate a price as possible.

DISCUSSION:

The Project Team has completed a review of all the bids received, and the Project Manager (UEM Consulting) has assembled supporting information from the various project team members for Council's consideration (Appendix A). This package includes:

- 1) Tender Summary and Recommendations letter –Raimondo & Associates Architects Inc.
- 2) Contractor Bid Summary Table (Comparison of all bids received)
- 3) HVAC System memo –Mechanical Engineer (Mantecon)
- 4) Tender Price Memo Altus Group Cost Estimate –the Project Manager UEM
- 5) Project "Global" Budget table –Project Manager UEM

Alternate Prices

As part of the Value Engineering study completed in Q4 of 2021, contractors were requested to provide alternate pricing on three items:

- 1- Barn Renovation
- 2- Alternate HVAC design
- 3- Precast Fire Cisterns

Barn Renovation

The bid received to retain and renovate the existing barn on the site adds \$200,000.00 to the total project cost. This expenditure could be covered through the use of reserves, which would not affect or increase the debt servicing costs.

The Project Team would like to highlight that the original Fire Station design was reduced in size and did not provide for storage or training space as the original plan was to reuse the existing barn structure that is on site.

In the event that Council chooses to demolish the barn and remove it from the project, it should be recognized that alternative solutions will be required to meet departmental storage and training needs immediately following the completion of the Fire Station construction.

Alternate HVAC Design

During the Value Engineering Study, an alternate HVAC design was requested to be developed. The request was to remove the in floor heating and air handlers for air conditioning in the administrative side of the building and utilize several air source heat pumps with coil units in each room. The Mechanical Engineer conducted this review and determined that this request could not be achieved, and instead called for electric coils to be installed in the duct work.

The alternate design does not technically meet the intent of the request, nor does it provide long term efficiencies for the operation of the building. The Mechanical Engineer has provided a Memo (Appendix A – Page 6) detailing the options and recommends utilizing the original design.

It is the Project Team's recommendation that Council not proceed with the Alternate HVAC design.

Pre-Cast Cisterns

As requested by Council, Contractors were requested to provide an alternate price of utilizing pre-cast cisterns versus the cast in place option provided within the tender specifications. The lowest bidder did indicate a savings of \$33,000.00 in utilizing the pre-cast cisterns.

It is the Project Team's recommendation that Council proceed with the Alternate Pre-Cast Cistern design.

FINANCIAL CONSIDERATIONS:

UEM has provided a memorandum regarding Wainfleet Fire Station Tender Price – Altus Group Cost Estimate (Appendix A – Page 8) to provide supporting information in relation to the current market and cost escalations.

It should be noted that the Budget Estimate set in 2020 and the bids received in 2022 have remained consistent within current market values and that through diligent oversight and project rationalization efforts with the assistance, support and guidance of the Project

Manager and Contract Administrator, that the revised design and bids received warrant support and endorsement to permit the project to proceed.

UEM has also provided an updated “Global” Project Budget (Appendix A – Page 9) that includes all costs associated with project. Several items make up the various sections contained in the table.

ACTIVITY	DESCRIPTION
<p>A1. Construction Cost</p>	<p>This is the stipulated base bid for the construction of the building. Includes: <i>Site servicing, excavation, foundation, structure, cladding, etc.</i></p>
<p>A2. Construction Allowances</p>	<p>These allowances are managed by the Project Team and provided to the Contractor on an as needed basis. The contractor must provide bids to the team for the funds to be released. Includes: <i>Hardware, Inspections & Testing, Utilities, Security, Wayfinding, Commissioning, etc.</i></p>
<p>A2. Construction Contingency</p>	<p>This Contingency is held and managed by the Project Team and funds are only used where absolutely necessary. (ie. Change Orders)</p>
<p>A3. Pre-Construction Township Activities</p>	<p>This includes any work completed by the Township to date. Includes: <i>Tree Removal, Asbestos Abatement, Barn Renovation Drawings</i></p>
<p>B. Owners Allowances</p>	<p>These allowances are managed by the Project Team and are used to cover costs by the owner. Includes: <i>Purchase of Property, Permits, Communications systems, Furniture, Fixtures, Equipment, IT services, Appliances, etc.</i></p>
<p>C. Advisory Services</p>	<p>This includes all services directly procured by the Township. Includes: <i>Architects, Engineers, Project Manager, Concept Design Study, Surveys, Studies, etc.</i></p>

The Treasurer has conducted a review of the current project costs and has developed multiple funding strategies and options for Council’s consideration (Appendix B). These strategies utilize a combination of development charges, reserves (including infrastructure levy & modernization fund) and debt financing to offset the total “Global” project costs.

In March of 2021, Council approved the 2021 Capital Budget which included a \$100,000 contribution towards the debt servicing for the project. In 2022, Council approved an additional \$100,000 to be included in the annual budget. These provisions were part of the debt servicing strategy as a method to phase-in the debt servicing costs in a manner that minimizes and cushions the impact to the tax levy. This strategy allows Council to provide the necessary resources to fund the project while also ensuring the impact to the Tax Levy is not overly excessive.

For example: if the final debenture required that the fire station total annual repayment costs were to be \$400,000, this financing model would see:

- \$100,000 added to the budget in 2021 (already completed),
- an additional \$100,000 added to the budget in 2022 (already completed),
- another \$100,000 to be added in 2023 (to be undertaken in the next budget), and
- a final \$100,000 to be added in 2024.

This strategy avoids having to increase the levy by the full amount in the first year of debt repayment, provides some accumulated reserve funds to offset the total amount debentured and ultimately minimizes or “smooths” the impact of the project on the property tax levy.

When looking at the blended tax rate inclusive of the Municipal, Regional and Education portions, the fire station project would result in less than a 1% increase per year for each of the 4 years. At the end of the fourth year, the total debt servicing would then be built into the base annual budget – necessitating no further increases during the term of the debenture. Further, in this example: if the total annual repayment costs end up being less than \$400,000; then the final 2024 budgetary allocation would be reduced from the assumed \$100,000.

Should a serial debenture method be chosen by Council, the upfront annual payment would be higher, however, the Township would pay substantially less interest over the term of the debenture. As a long term sustainability strategy, staff would propose that the annual tax levy contribution under such a model would remain static. As the debt repayment dropped each year, the remaining funds would be transferred to the Fire Reserve for other long-term capital needs.

Based on the lowest bidder and the alternate pricing options obtained during the tender process from TRP Construction, staff recommend that the project be approved utilizing the following options.

Base Bid	\$5,983,000
Pre-Cast Fire Cisterns	- \$33,000
Tender Award (excluding allowances)	\$5,950,000

In addition to the base construction tender award, staff would note that the project would continue to include allowances and contingencies in the amount of \$876,100 under the care and control of the Township and the Township’s Project Team (as outlined in the Table on page 4).

As noted in the discussion regarding training and storage space (see Alternate Prices, above – and as detailed in Appendix “A”, Project Team Supporting Documents), staff would request that serious consideration also be given to inclusion of the barn renovations as part of the contract award (+\$200,000). Should Council choose to demolish the barn and remove it from the project, Council will need to consider alternative solutions to meet those needs immediately following the completion of the Fire Station construction.

OPTIONS:

- 1) Council authorize the Mayor and Clerk to enter into an agreement with TRP Construction Ltd. for the Construction of the Wainfleet Fire & Emergency Services Central Fire Station, and to include the Barn Renovation and Pre-cast fire Cisterns as quoted. **(Preferred)**
- 2) Council authorize the Mayor and Clerk to enter into an agreement with TRP Construction Ltd. for the Construction of the Wainfleet Fire & Emergency Services Central Fire Station, and to include the Pre-cast fire Cisterns as quoted. **(Recommended)**
- 3) Council may provide alternative direction regarding the project as proposed.

OTHERS CONSULTED:

- 1) Raimondo & Associates Architects Inc.
- 2) Mantecon Engineering
- 3) UEM Consulting
- 4) Fire Services Leadership Team
- 5) Strategic Leadership Team

ATTACHMENTS:

- 1) Appendix "A" - Project Team Supporting Documents
- 2) Appendix "B" - Financial Strategies

Respectfully submitted by,

Approved by,

Morgan Alcock
Fire Chief/CEMC

William Kolasa
Chief Administrative Officer

APPENDIX "A"

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APPENDIX "B"

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