



Contractor Award: Construction Services for Seven New Tenant Service Hubs (RFQ 21009-PP; Groups 2&3)

Item 3

April 15, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-34

To: Building Investment, Finance and Audit Committee
("BIFAC")

From: Vice President, Facilities Management

Date: April 13, 2021

PURPOSE:

The purpose of this report is to seek the BIFAC's approval to award contracts for construction services for seven Tenant Service Hubs (Group 2 and Group 3), including interior upgrades as required, based on the outcome of Request for Quotations ("RFQ") 21009-PP.

BIFAC approval is required as the recommended awards do not comply with the pre-conditions that would justify approval by TCHC's Procurement Award Committee ("PAC"). The vendors that are recommended in this report were not the lowest bidders in the procurement call.

RECOMMENDATIONS:

It is recommended that the BIFAC approve the following recommendations:

- (a) Approve the award of the work to Stracor Inc. for \$2,078,106.68 (exclusive of taxes) for construction services for four Tenant Service Hubs (Group 2), including interior upgrades as required, based on the outcome of Request for Quotations (RFQ) 21009-PP as follows;
 - \$763,821.75 for 101-121 Humber Boulevard (Humber Boulevard; Dev. 027);
 - \$517,159.38 for 600 Symington Place (Symington Place; Dev. 470);

- \$423,447.55 for 659 Northcliffe Boulevard (Northcliffe Blvd (659); Dev. 950);
 - \$373,678.00 for 25 Elm Street (Elm Street (25) Dev. 723); and
- (b) Approve the award of the work to Martinway Contracting Ltd. for \$1,525,539.00 (exclusive of taxes) for construction services for three Tenant Service Hubs (Group 3), including interior upgrades as required, based on the outcome of Request for Quotations (RFQ) 21009-PP as follows;
- \$416,747.00 for 2 Tree Sparroway and 11 Field Sparroway (Leslie Finch; Dev. 036);
 - \$558,574.00 400 McCowan Road (McCowan Road (400); Dev. 070);
 - \$550,218.00 for 91 Firvalley Court (Warden Woods; Dev. 208); and
- (c) Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

REASONS FOR RECOMMENDATIONS:

As part of TCHC's corporate restructuring of the on-site staff and operations model, Facilities Management ("FM") is delivering the design and construction of 88 Tenant Service Hubs across TCHC's portfolio. The Tenant Service Hubs will include work spaces for TCHC staff, and will serve as important points of local interaction with tenants. The scopes of work also include upgrades to tenant spaces where required. This decentralized model will allow TCHC to improve and strengthen service at the local level.

In late 2019, nine architectural consultant groups were retained to provide design and contract administration services for the delivery of the Tenant Service Hubs. The designs are now complete and ready for construction.

In June 2020, a fixed fee for pre-construction services was awarded to eleven proponents as an outcome of RFP 20123-PP. Of the 88 Tenant Service Hubs, 55 are being developed through this process, and the other 33 Tenant Service Hubs are being developed through a separate design and construction process.

As part of RFP 20123-PP and the pre-construction services scope, proponents submitted a detailed price proposal for the construction of each of the Tenant Service Hubs. The price proposals were reviewed by the architectural consultants and TCHC, based on a site conditions, design documents and a pre-established schedule of costs. If submitted pricing was deemed acceptable, it became the basis of a contractor award and put forward for approval.

Eleven of the submissions priced by the contractors were deemed too high to proceed with a contractor award. An RFQ was re-issued (RFQ 21009-PP) to the pre-qualified roster of Tenant Service Hub contractors, with the objective of receiving more competitive pricing. The eleven locations covered under RFQ 21009-PP were divided into 3 groups. This report recommends awarding contract awards for Group 2 and Group 3. The contract awards as recommended in this report represent a cost saving when compared to the original pricing proposal.

The recommended scope of work for this award includes full construction services for interior improvements and a Tenant Service Hub at each of the seven locations. These services include interior demolition, new partition walls, interior finishes, electrical, mechanical and security related work.

PROCUREMENT PROCESS:

RFQ 21009-PP was issued on January 25, 2021 and closed on March 10, 2021. Seven submissions were received for Group 2 and six submissions were received for Group 3. The submissions were evaluated to determine the best price. The Confidential Attachment provides a summary of the submissions.

Proponents were able to make a submission for any or all three groups. To ensure capacity to deliver the work, a proponent could only be awarded one of the three groups. If a proponent had the lowest price submission for more than one group, a group could be awarded to the next lowest price submission. To award the work to the next lowest bidder, the price submission had to be within 20% of the lowest price submission.

Stracor Inc. submitted the second-lowest price for Group 2 and Martinway Contracting Ltd. submitted the second-lowest price for Group 3. Both submissions were within 20% of the lowest price submission. The proponent

with the lowest price submission for Group 2 and Group 3 also submitted the lowest price submission for one of the other three groups.

Stracor Inc. and Martinway Contracting Ltd.'s submissions satisfied all mandatory requirements and surpassed the standard required to permit consideration of its pricing proposal. As a result, Stracor Inc. is recommended for the work for Group 2 and Martinway Contracting Ltd. is recommended for the work for Group 3. The recommendation is based on awarding the work as per the RFQ requirements.

The Procurement Award Committee approved the recommendation to award the work to Stracor Inc. and Martinway Contracting Ltd. at its meeting on April 13, 2021, subject to BIFAC approval. At that time, the Committee took note of the following considerations:

- The award is within reasonable and acceptable range for the scope of work;
- The recommended proponent has performed similar work for TCHC with satisfactory results; and
- The recommended proponent has confirmed they have the capability and capacity to deliver the scope of work.

IMPLICATIONS AND RISKS:

The scope of work is recommended for full construction services for interior improvements as required and Tenant Service Hubs at the seven locations. Approval of the contractor awards is required for timely delivery of the seven Tenant Service Hubs and interior upgrades.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractors during the course of the project. The architectural consultants will provide contract administrative services to ensure the work is delivered in accordance with the design and specifications, and is on budget and on time. Third-party health and safety monitoring agents will also be retained to conduct health and safety site inspections during construction. Performance will be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).

SIGNATURE:

“Allen Murray”

Allen Murray
Vice President, Facilities Management

Attachment 1: RFP Submissions

Reason for Confidential Attachment: Third party commercial information supplied in confidence and commercial information belonging to TCHC that has monetary value or potential monetary value and whose disclosure could reasonably be expected to be injurious to its financial interests

STAFF CONTACT:

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