



Change Order: Architectural Fees due to Percentage-Based Fee Adjustment and Contract Administration for Multiple Locations

Item 71

September 8, 2023

Building Investment, Finance and Audit Committee

Report: BIFAC:2023-94

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

From: Vice President, Facilities Management

Date: August 3, 2023

PURPOSE:

The purpose of this report is to seek the BIFAC's approval of a change order of \$537,625.55 (exclusive of taxes) to Architecture Counsel Inc. due to percentage-based fee adjustment and contract administration fees at four TCHC locations.

BIFAC approval is required for this change order, as the cumulative amount of all change orders is greater than 20% of the original contract amount, which exceeds the financial approval limit of TCHC's Procurement Award Committee ("PAC").

RECOMMENDATIONS:

It is recommended that the BIFAC:

- a) approve a change order to Architecture Counsel Inc. for \$537,625.55 (exclusive of taxes) for architectural fees for Phases 1-4 due to percentage-based fee adjustment and contract administration fees for 6 Glamorgan Avenue (Kennedy Glamorgan, Dev 009), 2180 Ellesmere Road and 2190 Ellesmere Road (Ellesmere/Markham, Dev 072), and 2821 Birchmount Road (Finch Birchmount, Dev 076) as follows:
 - \$155,935.00 for 6 Glamorgan Avenue (fm-442555);
 - \$127,787.76 for 2180 Ellesmere Road (fm-442559);

- \$152,039.42 for 2190 Ellesmere Road (fm-442560);
 - \$101,863.37 for 2821 Birchmount Road (fm-442558);
- b) authorize the Vice President, Facilities Management to execute a contract amendment with the recommended vendor; and
- c) authorize the appropriate staff to take all other necessary actions to give effect to the above recommendations.

REASONS FOR RECOMMENDATIONS:

PROGRAM BACKGROUND:

6 Glamorgan Avenue (Dev. 9, Kennedy Glamorgan) is a 12-storey apartment building consisting of 69 one-bedroom, 104 two-bedroom and 11 three-bedroom apartments, and was built in 1971.

2180 Ellesmere Road (Dev. 72, Ellesmere/Markham) is a 16-storey apartment building consisting of 60 one-bedroom, 90 two-bedroom and 30 three-bedroom apartments, and was built in 1969.

2190 Ellesmere Road (Dev. 72, Ellesmere/Markham) a 16-storey apartment building consisting of 60 one-bedroom, 90 two-bedroom and 30 three-bedroom apartments, and was built in 1969.

2821 Birchmount Road (Dev. 76, Finch Birchmount) a 12-storey apartment building consisting of 50 one-bedroom, 176 two-bedroom and 11 three-bedroom apartments, and was built in 1969.

In response to concerns with respect to the aging buildings, work was required to improve the condition of the building's exterior, interior and accessibility. Architecture Counsel Inc. was retained through RFP 20023 to investigate, provide any additional recommendations, prepare design, specifications, scope of work and RFX documents, and provide contract administration services.

Per the terms of RFP 20023, the fees were set on a percentage basis, whereby design fees would be adjusted at pre-determined points. Architecture Counsel Inc. submitted a percentage of 8.25% for all 4 locations included as part of the award.

Percentage based fees on design awards are an industry standard and a proven strategy to ensure consultants are selected using a quality based

selection process and they have the experience required for the selected projects.

RFP 20023 stipulated adjustment of architectural fees at the end of design. Due to the large project scopes of work during the design phase, TCHC agreed to conduct an interim adjustment of the architectural fees during the design phase so as to not create prohibitive cash flow issues for the consultant and allow the design to proceed. The interim fee adjustments were based on preliminary cost estimates.

To date, a total of \$290,538.74 in change orders have been issued to Architecture Counsel Inc. With approval of this request, total cumulative change orders equal \$828,164.29 and are equivalent to 601% of the original awarded amount issued, as shown in Table 1. The revised total contract amount is \$965,915.29.

It should also be noted that the procurement practice of bundling consultant awards for multiple buildings together has been stopped in response to recommendations from BIFAC.

Table 1: Purchase Order and Change Order Summary

CO No.	VAC #	Approval Date	Description	Reason	Individual CO Amount
Fm-442555- 6 Glamorgan Avenue					
1	N/A	11/18/2020	Interim adjustment of architectural fees for Phases 1-4 based on preliminary cost estimate after Phase 1.	Percentage-Based Fee Adjustment	\$15,882.00
2	N/A	6/23/2021	Interim adjustment of architectural fees for Phases 1-4 based on preliminary cost estimate after Phase 3.	Percentage-Based Fee Adjustment	\$42,777.84
3	N/A	PENDING	i) Adjustment of architectural fees for Phases 1-4 based on actual construction cost (Fee Adjustment "B").	Percentage-Based Fee Adjustment	\$155,935.00

			Phase 1: \$8,550.50 Phase 2: \$6,840.40 Phase 3: \$6,840.40 Phase 4: \$1,710.10 ii) Contract administration services (Phases 5-6): \$131,933.60 (\$138,800 less \$6,806.40 pre-approved per VAC 20248)		
A. Subtotal for fm-442555- 6 Glamorgan Avenue (Approved Change Orders to Date)					\$58,659.84
Fm-442558- 2821 Birchmount Road					
4	N/A	11/18/2020	Interim adjustment of architectural fees for Phases 1-4 based on preliminary cost estimate after Phase 1.	Percentage-Based Fee Adjustment	\$14,438.00
5	N/A	PENDING	i) Adjustment of architectural fees for Phases 1-6 based on actual construction cost (Fee Adjustment "B"). Phase 1: \$9,567.69 Phase 2: \$7,654.15 Phase 3: \$7,654.15 Phase 4: \$1,913.54 ii) Contract administration services (Phases 5-6): \$75,073.60 (\$81,880 less \$6,806.40 pre-approved per VAC 20248)	Percentage-Based Fee Adjustment	\$101,863.37
B. Subtotal for fm-442558- 2821 Birchmount Road (Approved Change Orders to Date)					\$14,438.00

Fm-442559-2180 Ellesmere Road					
6	N/A	11/18/2020	Interim adjustment of architectural fees for Phases 1-4 based on preliminary cost estimate after Phase 1.	Percentage-Based Fee Adjustment	\$23,100.00
7	N/A	3/22/2021	Additional design fees for Stair to Ramp Replacement at Ground Floor Feasibility Study	TCHC Directed	\$19,272.50
8	N/A	6/23/2021	Interim adjustment of architectural fees for Phases 1-4 based on preliminary cost estimate after Phase 3.	Percentage-Based Fee Adjustment	\$46,669.53
9	22068	11/04/2021	Additional design fees for revising the building permit drawings and tender documents for Super's Room, accessible mailroom, computer Lab	TCHC Directed	\$22,950.00
10		PENDING	<p>i) Adjustment of architectural fees for Phases 1-4 based on actual construction cost (Fee Adjustment "B").</p> <p>Phase 1: \$7,351.88 Phase 2: \$5,881.50 Phase 3: \$5,881.50 Phase 4: \$1,470.38</p> <p>ii) Contract administration services (Phases 5-6): \$107,202.50 (\$108,440 less \$1,237.50 pre-approved per VAC 20248)</p>	Percentage-Based Fee Adjustment	\$127,787.76
C. Subtotal for fm-442559- 2180 Ellesmere Road (Approved Change Orders to Date)					\$111,992.03

Fm-442560-2190 Ellesmere Road					
11	N/A	11/18/2020	Interim adjustment of architectural fees for Phases 1-4 based on preliminary cost estimate after Phase 1.	Percentage-Based Fee Adjustment	\$20,213.00
12	N/A	3/24/2021	Additional design fees for Stair to Ramp Replacement at Ground Floor Feasibility Study.	TCHC Directed	\$19,272.50
13	N/A	6/24/2021	Interim adjustment of architectural fees for Phases 1-4 based on preliminary cost estimate after Phase 3.	Percentage-Based Fee Adjustment	\$46,078.37
14	22068	11/04/2021	Additional design fees for revising the building permit drawings and tender documents for accessible mailroom.	TCHC Directed	\$19,885.00
15		PENDING	<p>i) Adjustment of architectural fees for Phases 1-4 based on actual construction cost (Fee Adjustment "B").</p> <p>Phase 1: \$6,683.72 Phase 2: \$5,346.98 Phase 3: \$5,346.98 Phase 4: \$1,336.74</p> <p>ii) Contract administration services (Phases 5-6): \$133,325 (\$135,800 less \$2,475 pre-approved from VAC 20284)</p>	Percentage-Based Fee Adjustment	\$152,039.42
D. Subtotal for fm-442560- 2190 Ellesmere Road (Approved Change Orders to Date)					\$105,448.87

Cumulative approved change orders to date (A+B+C+D)	\$290,538.74
Change order as requested in this report (3+5+10+15)	\$537,625.50
Total Cumulative change orders	\$828,164.24
Original contract awarded (VAC 20284)	\$137,751.00
Revised total contract amount	\$965,915.24
Cumulative CO % of contract award/purchase order	601%

IMPLICATIONS AND RISKS:

The design portion of the projects (Phases 1-4) has already been completed for all four locations and contractors have been awarded. The construction for all four locations is expected to start in October 2023 and is anticipated to be complete within 12-20 months, weather permitting and assuming no delays due to COVID-19.

Work related to this change order will not commence until this change order has been approved and the revisions to the purchase order issued. Any significant delays in issuing the change order will further impact the construction schedule and may result in delay claims from the contractors awarded the work for all four locations.

Funding for the change order award is within the program budget of the 2023 Capital Budget.

SIGNATURE:

“Allen Murray”

Allen Murray
Vice President, Facilities Management

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