

City of Mississauga
Corporate Report



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| <p>Date: April 23, 2021</p> <p>To: Chair and Members of Council</p> | <p>Originator's files:</p> |
| <p>From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer</p> | <p>Meeting date: May 5, 2021</p> |

Subject

Increase to the Contract with Percon Construction Inc., File Ref - PRC002493, (Ward 5)

Recommendation

1. That the report from the Commissioner of Corporate Services and Chief Financial Officer dated April 23rd, 2021 titled "Increase to the Contract with Percon Construction Inc." be received.
2. That the Purchasing Agent or designate be authorized to execute a contract amendment and all ancillary documents to increase the value of the contract with Percon Construction Inc. from the original amount of \$7,350,000 to the estimated amount of \$9,870,000 for construction services to implement the Malton Community Hub Project.

Executive Summary

- Through the Corporate report – Malton Hub Project, Ward 5, dated February 22, 2021, Council approved the amendment of the gross budget for Capital Project PN 19425 Malton Community Hub from \$9,000,000 to \$12,600,000.
- This report requests that the Purchasing Agent be authorized to execute a contract amendment and all ancillary documents to increase the value of the contract with Percon Construction Inc. by \$2,520,000 corresponding to the Council approved project budget of \$12,600,000.

Background

In July 2021, Percon Construction Inc. was awarded the contract to provide construction management services for the Malton Community Hub through a competitive procurement process for a contract value of \$7,350,000. This contract value corresponded to the previously approved Project budget of \$9,000,000.

At the February 22, 2021 General Council meeting, Community Services brought forward a Corporate Report requesting approval to increase the project budget from \$9,000,000 to \$12,600,000.

Comments

Staff received approval to increase the project budget on February 22nd; however, the authority to increase the corresponding Percon construction contract was not clearly indicated within the body of that report.

For procedural and housekeeping reasons, Percon's Construction Inc.'s current contract value of \$7,350,000 requires an increase of \$2,520,000 to match the overall project budget increase. Percon, acting as the Construction Manager, will continue to provide construction oversight and will tender out 90% of the bid packages on the City's behalf.

The recommendation in this report is made in accordance with Section 18 (2) (d) of the Purchasing By-law #374-06 which states that "For amendments to High Value Acquisition Commitments, Council approval is required if the amendment is of a value that, on its own or if added together with any and all previous amendments made to the Original Commitment, the cumulative value of all amendments are greater than 20% of the Original Commitment and greater than \$100,000; or over \$1,000,000".

The total of the requested amendment represents an increase of 34.28%, which is greater than 20% of the original commitment of \$7,350,000 and is greater than \$1 million. Therefore, Council approval is required to execute the contract amendment.

Strategic Plan

The Malton Hub project is aligned to our strategic pillar of Belong. It supports building a space that provides programs and services that meet the needs of the local community.

Financial Impact

Approved Capital budgets are available to fund the requested contract increase of \$2,520,000 for Percon Construction Inc. Expenditures under this contract will only be authorized once budget approval is received. The PAR amendment summary is outlined below:

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| Original Contract value | \$7,350,000 |
| Proposed Contract amendment | \$2,520,000 |
| Proposed % increase | 34.28% >20% |
| Estimated Total | \$9,870,000 |

Conclusion

This report requests authorization for the Purchasing Agent to execute the contract amendment and all ancillary documents to increase the contract value with Percon Construction Inc. by \$2,520,000 for an amended contract amount of \$9,870,000.



G. Kent.

Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

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