

City of Mississauga Corporate Report



<p>Date: June 2, 2021</p> <p>To: Chair and Members of General Committee</p> <p>From: Shawn Slack, MBA, Acting Commissioner of Corporate Services and Chief Financial Officer</p>	<p>Originator's files:</p> <hr/> <p>Meeting date: June 23, 2021</p>
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Subject

Increase to the Contract with Percon Construction Inc., File Ref: PRC001818, (Ward 3)

Recommendation

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 \$27,750,00 to an estimated amount of \$32,950,000 for construction management services to implement the Burnhamthorpe Community Centre Renovation project.

Background

In December 2019, Percon Construction Inc. was awarded the contract to provide construction management services for the Burnhamthorpe Community Centre Renovation project through a competitive procurement process for a contract value of \$27,750,000.

In February 2021, through the approval of annual Capital budget, Council approved additional funding to incorporate Corporate Green Building Standards (CGBS) for a number of capital building projects including the Burnhamthorpe Community Centre. The new Corporate Green Building Standards are to be applied to all new construction and major renovation projects in order to allow the City to further its climate goals and to show leadership on the Facilities & Property Management 5 year Energy Conservation Plan.

Comments

To ensure compliance with the Corporate Green Building Standards and in consideration of a heated construction market, Percon Construction Inc., acting as the City's construction manager, bid out the relevant construction sub-trade packages in April 2021. Based on the revised tender results, Percon Construction Inc. current contract value of \$27,750,000 requires an increase of \$5,200,000 to an amended contract amount of \$32,950,000.

Breakdown of cost increases are as follows:

- Increased construction costs from incorporating the Corporate Green Building Standards (CGBS) in the building design. Green building initiatives incorporated in the building design are projected to achieve Level 1 targets of the CGBS. Some of the key features include installation of solar panels to reduce electricity consumption, a Green roof, increased roof and wall assembly insulation systems for better thermal performance, installation of high efficiency HVAC equipment, construction waste diversion and use of low impact and low VOC materials for building materials.
- Additional construction costs related to implementing COVID- 19 safety measures on the construction site including additional PPE, enhanced cleaning, screening measures and trade coordination to comply with Provincial Health and Safety requirements.
- Increased cost of construction labour and materials for structural steel, building envelope, mechanical and electrical services and interior finishes due to a heated construction market.
- Increase in construction contingency to address unforeseen site conditions.

Therefore, an amendment is required to Percon Construction Inc.'s contract in the amount of \$5,200,000 to accommodate the items outlined above. There is no financial impact, as funds are available in the Project PN to accommodate the contract increase.

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 18%, which is less than 20% of the original commitment of \$27,750,000, but is greater than \$1 million. Therefore, Council approval is required to execute the contract amendment.

Materiel Management has reviewed this report and supports it from a procurement perspective.

Strategic Plan

The Burnhamthorpe Community Center Renovation project is aligned to our strategic pillar of Belong and Green. It supports building a space that provides programs and services that meet the needs of the local community. Incorporating the CGB Standards in this project is an important step in achieving some of the City's environmental goals as outlined in the Green Pillar of the Strategic Plan.

Financial Impact

No additional funds are required to fund the requested contract increase of \$5,200,000 for Percon Construction Inc. The Capital Project PN 19427 has sufficient funds in place to accommodate the contract increase. Additional expenditures under this contract will only be authorized once Council approval is received.

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 \$5,200,000 for an amended contract amount of \$32,950,000.



Shawn Slack, MBA, Acting Commissioner of Corporate Services and Chief Financial Officer

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