

THE REGIONAL MUNICIPALITY OF YORK

**REPORT NO. 5 OF THE TRANSIT COMMITTEE
MEETING HELD ON APRIL 16, 2009**

**For Consideration by
The Council of The Regional Municipality of York
on April 23, 2009**

**1
YORK REGION TRANSIT
CONSTRUCTION CONTRACT AWARD
8300 KEELE STREET OPERATIONS AND MAINTENANCE FACILITY**

The Transit Committee recommends the adoption of the recommendations contained in the following report dated March 31, 2009, from the Commissioner of Transportation Services and the Commissioner of Corporate Services.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize the award of tender T-08-96 for the construction of the YRT Operations and Maintenance Facility located at 8300 Keele Street in the City of Vaughan to the lowest bidder, Bondfield Construction Company Limited, in the amount of \$28,250,000 plus applicable taxes;
2. Regional Council authorize the Regional Chair and Regional Clerk to execute the agreement with the successful bidder, subject to negotiation of the terms and conditions, and subject to the approval of the Regional Solicitor as to form and content.

2. PURPOSE

This report seeks Regional Council approval to award the tender for construction of a transit operations and maintenance facility to the lowest bidder, Bondfield Construction Company Limited (Bondfield), subject to negotiation of the terms and conditions acceptable to the Region.

This approval will include authorization to enter into a construction contract for the construction of the operations and maintenance facility and to finalize the financing necessary to complete this project by the end of the first quarter of 2010.

The report is presented in “private” under the provisions of the *Municipal Act, 2001* as it is subject to legal advice as provided in the memorandum dated March 27, 2009, which accompanies this report as *Attachment 1*.

3. BACKGROUND

Strategy for development of bus storage and maintenance facilities endorsed by Regional Council in January 2006

The strategy identified the need for a total of seven facilities to be built to store and maintain the Region’s combined conventional and para-transit fleets to the year 2031. Four of the facilities would be required by 2013, one each in the south-west, south-east and north service areas, as well as a centralized facility for the Viva bus rapid transit service.

Staff provided update on on-going property search in January 2007 identifying preferred search areas for the three YRT facilities

The preferred search areas were identified based on analysis of deadheading costs and relative property costs.

A facility for the south-west service area of the Region was identified as the first priority.

Various sites were reviewed in the south-west search area during 2007, culminating in the purchase of 8300 Keele Street

During this time period, staff also reviewed an unsolicited proposal from an existing YRT contractor to build an operations and maintenance facility for the south-west division; however, financial analyses concluded the Region should instead proceed with the purchase and retrofit of the 8300 Keele Street property. After Regional Council authorization, the Region took possession of the property in December 2007.

This project was planned under the Municipal Class Environmental Assessment Act as a Schedule A+ Project

As a Schedule A+ Project, it was pre-approved subject to the issuance of a public notice. This notice was published at the end of March 2008.

Delcan Corporation retained in May 2008 to undertake the operational review and prepare design/construction documents

Delcan and Regional staff from the Transit and Property Services branches began development of a design program to convert the 229,386 square foot former manufacturing facility into a modern transit operations and maintenance centre to meet the specific needs of York Region Transit.

With the design program for this facility now developed, the room-by-room, function-by-function design work will save time and consulting costs for future YRT operations and maintenance facilities.

The construction cost-estimating consultants, Pelican Woodcliff Inc., were retained by the design architects to track the cost of developing this facility during the design phase of this project. A review of the documents at 60% completion in November 2008 estimated the construction cost to be \$39,293,856 plus GST. A review at 90% completion in February 2009 yielded an estimate of \$42,329,424 plus GST.

A concurrent process was begun in summer of 2008 to select a general contractor

In accordance with the Region's Purchasing By-law, a Request for Pre-qualification for General Contractors (RFPQ) was issued. An evaluation of 16 submissions to Supplies and Services resulted in the selection of five general contractors experienced in the construction of transit facilities.

Immediately upon receiving the tender documents from the consultant and after review by Legal Services, Supplies and Services released the tender (T-08-96) on January 20, 2009, to the five contractors who were pre-qualified to bid on this project.

4. ANALYSIS AND OPTIONS

Tender closes with receipt of three non-compliant bids

The tender for the construction of the YRT Operations and Maintenance Facility (T-08-96) closed on March 17, 2009 and three bids were received in response to this tender. The lowest bid was from Bondfield Construction Company Limited in the amount of \$28,250,000 plus applicable taxes. This amount is approximately \$14 million less than

the most recent construction cost estimate which was based on contract documents that were at 90% completion.

After the tender opening, Supplies and Services staff reviewed the bids for compliance and found that each of the bids contained the following qualification:

“Our bid is subject to the use of the standard CCDC 2 document with a minimal number of changes and resolution of such clauses within the bid documents as required, to be agreed between the Owner, Ontario General Contractors Association and the successful bidder.”

A discussion of the subsequent steps taken by staff and an analysis of the objections raised by the Ontario General Contractors Association and the Surety Association of Canada is included in the memorandum from the Legal Services Branch dated March 27, 2009, which accompanies this report.

Staff recommend that, notwithstanding the fact that all three bids were non-compliant, Regional Council authorize staff to negotiate acceptable terms and conditions with Bondfield Construction Company Limited and they be awarded the contract in the amount of \$28,250,000 plus applicable taxes.

Although there was a significant increase in the cost of new construction midway through 2008, the tender for the YRT maintenance and operations facility went to the market at perhaps the best possible time. The contractors have collectively expressed their need to secure work in the coming year due to the possibility of a slow-down in the industry.

After evaluating the bid submissions, Bondfield Construction Company Limited is the contractor with the lowest bid price and is therefore being recommended

Table 1 indicates the total price and ranking of the general contractors bidding.

Table 1
Evaluation of Submissions by Bidder

Company	Total Price	Ranking
Aquicon	\$29,641,000 excl. GST	3
Bird	No Bid	-
Bondfield	\$28,250,000 excl. GST	1
Buttcon	\$29,400,000 excl. GST	2
PCL	No Bid	-

The construction cost for the new facility at 8300 Keele Street remains competitive

The facility at 8300 Keele Street is an industrial redevelopment project using an existing building. A cost evaluation was completed which compared the cost of this facility with the cost of constructing a new building at other transit facilities in the GTA over the last several years. These facilities are similar in size and provide areas for administration, indoor bus storage, and bus maintenance and service lanes within the building envelope. There are some differences in the facilities including bus capacity, vehicle maintenance levels, LEED certification and operational considerations.

Table 2 provides a cost comparison between 8300 Keele Street and three other facilities in the GTA.

Table 2
 Cost Comparison – Recent Transit Facility Projects

O&M Facility Projects	Year of Tender Closing	Building Status	Construction Cost	Construction Cost Per Sq. Ft.
YRT – 8300 Keele Street (229,386 sq.ft.) Renovation	2009	Construction tender closed	\$28,250,000	\$123
GO – Streetsville (218,122 sq.ft.) New Construction	2007	Opened March 2009	\$44,350,000	\$203
Brampton – Sandalwood (297,000 sq.ft.) New Construction	2006	Opened 2008	\$40,000,000	\$135
TTC – Mt. Dennis (239,500 sq.ft.) New Construction	2006	Opened 2008	\$59,200,000	\$247

Note: Costs do not include land, portable garage equipment and GST.

The construction contracts for the three non-York facilities were tendered in 2006 and 2007. The costs of these projects have not been adjusted for inflation.

It is noteworthy that the Brampton facility is similar in cost to the cost of renovating 8300 Keele Street. The facility at 8300 Keele Street has some key features that are not available at the Brampton Transit garage including a body repair and paint facility and

LEEDS Silver certification design. As noted earlier, the tender for the Brampton project closed in 2006 and its cost has not been adjusted for inflation.

The analysis confirms that the construction cost per square foot for 8300 Keele Street continues to be lower than costs for the construction of new transit facilities even when inflation is not factored in. This can be attributed to two factors: 1) the YRT project involves the conversion of an existing industrial building, and 2) the general downturn in the construction economy, resulting in more favourable prices.

Completion of the new facility for YRT is on schedule to be occupied by early 2010 and in time for occupancy by the operations and maintenance contractor that will use this facility

Tokmakjian Inc. is under contract to the Region to operate YRT services in the south-west area of York Region until the expiry of their contract in May 2010. Currently, Tokmakjian Inc. is responsible for providing the operations and maintenance facility. An RFP will be issued this year to select a contractor in advance of the expiration of the Tokmakjian contract. The RFP will indicate that the Region will provide 8300 Keele Street for the contractor to operate the service. The facility at 8300 Keele Street is scheduled to be available in advance of the start date of the new operating contract.

5. FINANCIAL IMPLICATIONS

The total price of this contract is \$28,250,000 plus applicable taxes.

Sufficient funds for this project are available in the 2009 Transit Capital Budget.

6. LOCAL MUNICIPAL IMPACT

The new operations and maintenance facility is centrally located to optimize bus operation efficiency in the south-west area of the Region, and is conveniently situated in an industrial area with negligible disruption to surrounding land uses.

The property has the appropriate industrial zoning for an operations and maintenance facility. Site plan and building permit applications have been submitted as part of the scope of this project and the Region is working to ensure all planning issues have been dealt with to the satisfaction of the City of Vaughan.

7. CONCLUSION

The contractors' bids for this project were evaluated in accordance with Regional procedures. It is recommended that Bondfield Construction Company Limited be

engaged to undertake the construction of the York Region Transit operations and maintenance facility project as outlined in this report and that Regional Council approve the additional capital to finalize the financing necessary to complete this project, at a total all-inclusive price to the Region of \$28,250,000 plus applicable taxes.

For more information on this report, please contact Don Gordon, General Manager at Ext. 5625 or Barry Crowe, Director of Property Services at Ext. 1684.

The Senior Management Group has reviewed this report.

Respectfully submitted,

**March 31, 2009
Newmarket, Ontario**

**J. Frustaglio
Chair**

(Report No. 5 of the Transit Committee was adopted without amendment, by Regional Council at its meeting on April 23, 2009.)