

## Item 8.5.

### Section I – Items for Board of Directors Action

**TO:** Chair and Members of the Board of Directors  
Meeting #3/19, Friday, March 29, 2019

**FROM:** Michael Tolensky, Chief Financial and Operating Officer

**RE: NEW ADMINISTRATIVE OFFICE BUILDING – PROCUREMENT STRATEGY  
FOR CONSTRUCTION AND SITE PLAN APPROVAL STATUS**

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#### KEY ISSUE

Update on the proposed procurement strategy, sustainability design specifications for the construction tender and status of the Site Plan approval process of Toronto and Region Conservation Authority's (TRCA) New Administrative Office Building Project.

#### RECOMMENDATION

**THAT the proposed procurement strategy outlining Board of Directors authorizations and tender schedules be approved in principle;**

**THAT the Long Term Office Accommodation Working Group comprised of Board of Director representatives be dissolved due to the stage of this project and upcoming Board of Director reports on this project;**

**THAT the project update on the Site Plan approval process and design specifications to be included in the construction tender to ensure the construction of the project meets TRCA's sustainability expectations and City of Toronto requirements be received;**

**THAT staff provide a report on May 24, 2019 Board of Directors meeting on the 90% construction document estimate, including construction management fixed fees, fixed construction general conditions cost and tender results to date;**

**AND FURTHER THAT staff report back on the total construction and Construction Management Services costs at the time construction tenders are fully received.**

#### BACKGROUND

The Long Term Office Accommodation Project and the Long Term Office Accommodation Working Group (LTOAWG), was established on May 23, 2008 by Authority Resolution #A126/08, to determine the office accommodation needs of TRCA over the next 30 years and recommend a comprehensive, cost effective solution. Following numerous studies and reports from this working group, on February 27, 2015 Resolution #A23/15 approved 5 Shoreham Drive as the preferred site for the new headquarters and on February 24, 2017, staff reported at Authority Meeting #1/17 that all six of TRCA's participating municipalities, had approved the Project and the allocation of \$60,000,000 in new and existing capital funding.

In May 2017, TRCA retained Jones Lang LaSalle Canada (JLL) as its project managers for the Project. In September 2017, TRCA retained the services of an integrated design team, led by ZAS Architects and Bucholz McEvoy Architects, to proceed with the development of the project design, planning and approvals, and construction administration. This was followed by a Request for Qualifications and Proposals which resulted in the selection of Eastern Construction Company Limited to provide pre-construction services throughout the design and procurement stages and

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to provide construction management services for the construction of the new facility which includes the issuance of tenders to various construction trades, as approved through Resolution #A216/17 on November 17, 2017.

Throughout the planning and design process the Long Term Office Accommodation Working Group, comprised of Board of Director representatives, and supported by TRCA staff, provided valuable advice and oversight. The Working Group asked questions and provided advice to shape the design and sustainability elements of the new administrative headquarters particularly during earlier phases of the planning and design of the project. As this project is now at an advanced stage and the Board of Directors will be regularly updated and engaged through information and approval reports, staff are of the view that the Long Term Office Accommodation Working Group can be dissolved and have put forward a recommendation to this effect in this report.

As part of the Site Plan approval process, TRCA's design team and municipal planning consultant (SvN) has been coordinating the building design submission and satisfying comments from various City of Toronto departments as required by the Site Plan approval process. Simultaneously while pursuing Site Plan approval, the design team is continuing with detailed design and costing exercises in an integrated design approach involving the construction managers to prepare for the tendering phase.

### **RATIONALE**

Acting as TRCA's Construction Manager, Eastern Construction Company Limited (Eastern) will manage the tendering of all trade contracts. Eastern's contract has two phases as follows:

- Phase 1 Pre-Construction & Tendering: Eastern is currently providing pre-construction services under a Construction Management (CM) contract valued at \$180,000, per Resolution #216/17. Pre-construction services will continue for all elements of the Project, until such time as the tendering phase of the construction work packages is 100% complete.
- Phase 2 Construction Management Services During Construction: this phase will be awarded following the tendering of the major trades, and confirmation that the construction budget and overall project budget is within the Board approved budget, and will include the following two components:
  - Fixed Component: Includes Eastern's fixed fees (a fixed percentage mark-up of 1.9% on direct construction costs plus HST) and fixed general conditions under the CM contract. These fees are currently included as estimates in the CM contract, and will require adjustment based on the final approved construction budget and agreed project schedule.
  - Actual Cost Component: this amount is based on the final construction budget, which will be based on the tendered value of the major construction trades after the majority of the tendering is completed.

All trade tendering processes will be conducted by Eastern in compliance with TRCA's procurement policy. As such, Eastern will manage the procurement process which, when necessary, will include a prequalification process and provide recommended prequalified firms for approval by TRCA staff. Eastern will then issue tenders to prequalified trades, close the tenders, conduct tender evaluations, and make recommendations of award to TRCA.

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Staff anticipate authorizing Eastern to engage two design assist trades (within the limits of authorized approval) prior to the finalization of the CM budget. These design assist tender packages include the mass timber structure package and the water wall system package, due to the specialized nature of the products, long lead times, and integrated nature of the design components that have to be finalized in order to facilitate completion of the design process.

A report to the Board of Directors at the May 24, 2019 meeting will provide an update on the following:

- 90% construction document estimate
- Construction management fixed fees
- Fixed construction general conditions cost
- Tender results to date

A subsequent report to the Board of Directors is anticipated to be issued on June 21, 2019, prior to the commencement of construction. This report will outline the total construction and Construction Management Services costs based on the outcome of all received tenders.

### **Site Plan Application Update**

SvN Planners is guiding the design team to complete the third and what is expected to be the final site plan submission, to be made the week of March 18, 2019.

The project requires a Minor Variance Application to address three variances identified by the City for the following:

- Reduction of the on-site parking requirement from 172 parking spaces to 44 parking spaces.
- Reduction in the required loading spaces from 3 to 2.
- Reduction of one of the loading spaces from the required 11m x 3.6m to 6m x 3.6m.

The minor variances will be before the Committee of Adjustment on March 28, 2019 with a final outcome to be determined in late April 2019, pending any appeals regarding the minor variances.

### **Sustainability Goals**

The tender documents (drawings and specifications) continue to maintain the high sustainability standards set for the Project. The documents include design features that ensure the Project meets:

- LEED Platinum v4
- WELL Silver
- Toronto Green Standards (TGS) Level 2
- Zero Carbon Ready
- All wood to meet the requirements of Programme for the Endorsement of Forest Certification (PEFC). PEFC wood is equivalent to Forest Stewardship Council (FSC) certification.

According to Focal Engineering's energy modelling report for TGS, the Project at completion will be one of the most energy efficient commercial buildings in North America.

### **Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan**

This report supports the following strategies set forth in the TRCA 2013-2022 Strategic Plan:

**Strategy 1 – Green the Toronto region's economy**

**Strategy 10 – Accelerate innovation**

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### FINANCIAL DETAILS

Although funding available for the project totals \$63,538,000, TRCA continues to work towards a budget of \$60,000,000, with the \$3,538,000 in funding as made available by the Minister of Natural Resources and Forestry to be applied to the cost of construction financing. If the total \$60,000,000 in funding is not required from TRCA's partner municipalities, then the amount/term of their obligations will be reduced accordingly. Further to this point, TRCA staff continue to review and apply for provincial, federal and other funding opportunities through various grants and programs and was recently notified that TRCA has been shortlisted for consideration under the NRCan Green Construction through Wood Program grant.

### DETAILS OF WORK TO BE DONE

The upcoming key procurement milestone dates are as follows:

- Prequalification of Early Packages Tenders Mar 18–29
- Tender of Early Packages (mass timber structure/water wall system) Early Apr
- Prequalification of Major Subtrade Packages Mar 25–Apr 8
- Issue Tender Documents
  - Stage 1 Tender site works, structural, glazing, mechanical, electrical Apr 9 – 15
  - Stage 2 Tender all remaining scope Apr 16 – 29
- Board approval of CM budget and CM contract and Stage 1 Tender Award May 24, 2019
- Board approval of Stage 2 Tender Award Jun 21, 2019

#### *Project Phases*

Site Plan Approval

Building Permit

Tender Contract Documents

Award Construction Contracts

Construction (assumes partial bldg. permits)

Occupancy

#### *Duration*

Jun, 2018 – Jul, 2019

Feb, 2018 – Oct, 2019

Apr, 2019 – Jun, 2019

Apr, 2019 – Jun, 2019

Apr, 2019 – Jun, 2021

Mar, 2021 – Jun, 2021

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**Date: March 18, 2019**

**Attachments: 3**

Attachment 1: LEED v4 for BD+C: New Construction and Major Renovation

Attachment 2: WELL Building Standard v1 – Silver Certification

Attachment 3: CaGBC – Zero Carbon Building Standard