

April 21, 2010

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young
Chief Executive Officer

Subject: **Infrastructure Stimulus Fund (ISF) Program – Tender Report
DIRECT ENERGY CENTRE – Building Envelope and Interior Restoration
and Retrofits
Contract No. 09-0076-97655**

Summary:

This report recommends approving a contract with Clifford Restoration Limited for the exterior and interior restoration and retrofit of the Direct Energy Centre, which includes re-sealing one section of the Parking Garage slab; repainting of the turrets; and renovating and upgrading meeting rooms that are in high demand for shows. The tender for this contract was issued on March 30, 2010 and the recommendation is to award the contract to the lowest acceptable bidder on the basis of a reduced scope of work from the original tender. With the reduced scope the total contract price is within the available budget.

Recommendation:

It is recommended that the Board approve Contract No. 09-0076-97655 to Clifford Restoration Limited of Scarborough, Ontario for the building envelope and interior restoration and retrofit of the Direct Energy Centre, subject to the reductions in the scope of work as set out in this report, in the amount of \$756,850.00, which includes a contingency of \$85,000, but excludes GST/HST; this being the lowest acceptable tender received.

Financial Impact:

The total cost of \$27.370M for the stimulus projects as approved by Council and the Board are fully committed and funded by the Federal Government (1/3 share) and the City of Toronto (2/3 share) with no financial impact to the Board's operating or capital budget.

Decision History:

On September 11, 2009, the Federal Government announced the long anticipated Infrastructure Stimulus Fund (ISF) program of \$570 million to the City of Toronto, of which one third comes from the Federal Government and two thirds from City Council. Out of this fund, \$27.370 million was approved for Exhibition Place for eight (8) projects. On September 30 / October 1, City Council formally approved the ISF Program for all Departments, Agencies, Boards and Commissions. Subsequently, at its meeting of October 8, the Board approved for the record these ISF Projects as submitted to the City in the spring of 2009.

Issue Background:

Based on the 2006 building assessment, Direct Energy Centre required several restorations of the exterior and interior of the building. Repainting the corroded structural steel turrets and sealing and resurfaces of garage slab due to spalling concrete were strongly recommended. It is also

staff recommendation that for the use and functional aspect of the building, some of the high demand meeting rooms (including its electrical and AV) require renovation and upgrades. This exterior and interior restoration and retrofit of the Direct Energy Centre project was submitted to the City in the spring to be included in the ISF program.

Comments:

The tender for this contract was issued on March 30, 2010 and Fatima Scagnol, Corporate Secretary of the Board, supervised the tender opening on April 20, 2010. Five official tenders were received. Their price submissions, excluding GST/HST, are as shown in the following table:

Tenderer	Base Tender Price (\$)	Deletion and Reduction of Scope (\$)	Recommended Tender Price (\$)
Clifford Restoration Limited	\$1,065,000.00	-\$308,150.00	\$756,850.00
ROM Contractor Inc	\$1,003,153.00	-\$179,225.00	\$823,928.00
Topsite Contracting	\$1,026,042.55	-\$157,213.07	\$868,829.48
Duron Ontario Ltd	\$1,313,776.97	-\$371,000.00	\$942,776.97
Universal Engineered Restoration	\$1,696,000.00	-\$266,000.00	\$1,430,000.00

The Budget for this project (construction costs, engineering fees, and project management and administration costs) is under the main ISF project for the Direct Energy Centre (No. 0076) and is approximately \$800,000. The submission of the lowest tender by ROM Contracting Inc. at \$1,003,153.00 for the full scope of work, which contains a contingency of \$85,000, is therefore over the available budget for the project.

The original scope of work includes: 1. Re-waterproofing of the below-grade electrical room to address leakage from the ceiling; 2. Repairing localized damage to the terrazzo flooring in the Galleria; 3. Resurfacing the parking garage slab in sections A and D to address scaling powdering problems; 4. Repainting the four steel turrets that are corroded; and 5. Renovating four (4) high demand show meeting rooms (103,105,109 and 107 of the Innovation Centre) that require new AV equipment and associated electrical upgrades with dimming options and new circuits.

Due to budget constraints, several of the items mentioned above had to be deleted or reduced in scope to stay within the renovation budget. Therefore the following adjustments were made to all tenders and the prices re-calculated:

- Two (2) items were deleted in their entirety: the re-waterproofing of the existing below-grade electrical room; and repairs of terrazzo floors in various areas.
- Two (2) items were reduced in scope: the work of the underground garage section A; and the renovation of meeting room 103.

Due to these deletions and reductions in scope of the items from the tender prices, the original ranking of the lowest bidder has changed from ROM. Contractor Inc. to Clifford Restoration by a difference of \$67,078.00.

The Instructions to Tenderers (Section I – 1(5)) in the Tender Documents provided that the Board may evaluate the contract tender price in all the tender forms pertaining to deletions, additions and alternatives. Where a decision is made to reduce the scope of work, any price savings may affect the ranking of the Tenders such that the Tender, from the same list of items, offering the most cost savings from deletions may become the lowest acceptable Tender. Appendix II (Construction Price Details) also clearly indicates that “the owner may, without invalidating the contract, make changes by altering, adding to, or deducting from the work prior to and/or after awarding the tender. There is a fixed budget for this contract. Any work may be deleted by the owner such that the Total Contract Price is within the budget”. These two provisions in the Tender Documents give Exhibition Place the right to reduce the scope of work for the purpose of calculating Tender prices if it deems such action to be in its best interest, which in this case is made necessary by the limited available budget for the work.

The lowest acceptable bidder after the deletions noted above is Clifford Restoration Limited. In business since 1970, it has extensive experience in restoration work. Recent notable projects include the Royal Ontario Museum, Osgoode Hall Retrofit & Heritage Conservation, and the Air Canada Centre. Clifford Restoration is also currently the board’s contractor for the Princes’ Gates Restoration and the Automotive Building Masonry Restoration and its AV subcontractor Westbury is one of the largest and most experienced AV integrators in the country.

This recommendation is contingent upon approval by the City's Insurance and Risk Management Division of the Surety Company proposed by the successful bidder for the supply of the bonding requirements and is also subject to the Fair Wage Office confirming that the recommended contractor and its subcontractors maintain wage rates and working conditions in accordance with Toronto Workers’ Rights requirements.

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