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EXHIBITION PLACE

ACTION REQUIRED

March 14, 2008

To: The Board of Governors of Exhibition Place

From: Arlene Campbell, GM
Sales & Events Department

Subject: Conference Centre – Tender Report Contract No. 07-0085-78530 Main

Summary:

At its meeting of March 6, 2008, the Board received the update report of the Conference Centre at Automotive Building and the approval of City Council in December 2007 of the new revised project budget of the Conference Centre of \$46,880,000 with a budget for the tender for the construction work of \$33,495,000 plus a contingency amount as reported in the Confidential Attachment I. Details of the budget funding formula were outlined in the report of the City's Deputy City Manager and Chief Financial Officer dated November 9, 2007, which was attached in the same report of the Conference Centre March Update.

As originally approved by the Board, the conference centre project schedule provided for 70% completion of schematic and detailed design by July 2007 and issuance of a tender to engage a general contractor based on a "guaranteed upset price contract". However, as cost estimates for the 70% design provided by Marshall & Murray Inc. were significantly higher than the original budget, the decision was made to delay the issuance of the general contractor tender and proceed to completing and costing 100% design drawings and then report back to the Board and City Council on any funding issues.

In order to expedite matters if and when the final funding was approved, a Request for Pre-Qualification (Call #2007-14) was issued by Exhibition Place in August 2007 to pre-qualify general contractors and the following five companies were qualified: Aecon Building Group; Bird Construction Company; Eastern Construction Company Limited; Urbacon Limited; and Vanbots Construction Corporation. Among other things, this pre-qualification was based on information submitted by the companies at that time respecting Workers Safety and Insurance Board history and requirements and their proposed project teams. On January 24, 2008, the tender documents were issued to the five pre-qualified general contractors through the City Purchasing Department. The closing date for this tender was extended twice with final closing date being March 10, 2008 and on assessment of the five (5) bids, the evaluation team made up of Exhibition Place staff, the project manager, MHPM Project Managers and the prime consultant, NORR Architects, are recommending awarding the tender to Vanbots Construction Corporation for a total cost of \$33,450,000.

THE BOARD OF GOVERNORS OF EXHIBITION PLACE



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~~Since reporting to the Board in November 2007 and to Council in December 2007, a potential~~
 "construction risk item" became a reality. Detailed investigation by Trow Consultants in December 2007 concluded that 40% of the existing "gypsum-type" roof panels (altogether 6,000 panels) over the mezzanine level were in poor condition and needed to be replaced. An added complication to this replacement is that the roof panels in poor conditions are interspersed throughout the roof and unfortunately not in one area. While the estimated cost for replacement of all roof panels was in the range \$1.6 over the original construction budget, all parties determined that it was important to proceed with replacement now and this report recommends the replacement.

Recommendations:

It is recommended that the Board:

- 1. Award Contract No. 07-0085-78530 Main to Vanbots Construction Corporation of Markham, Ontario for the renovation and retrofitting of the existing Automotive Building into a conference centre in the amount of \$33,450,000, excluding GST; this being the lowest tender received; and**
- 2. Direct that the confidential information contained in Attachment 1 to this report not be released publicly as the Attachment contains legal advice which is subject to solicitor-client privilege and information which if disclosed would prejudice the economic interests of Exhibition Place.**

Financial Impact:

The financing for this project is included within the approved Exhibition Place 2007 and 2008 Capital Budgets and the City Council approved funding parameter, which was outlined in the report of Deputy City Manager and Chief Financial Officer dated November 9, 2007 provided to the Board at its January meeting.

Decision History:

Board of Governors, November 3, 2006	Approval of business terms for an exclusive food services agreement between the Board and Centreplate and the National Hotel Corporation (the "FSP") related to the provision of food and beverage services within the proposed Conference Centre in the renovated Automotive Building.
Board of Governors, December 15, 2006	Approval of the terms and conditions of the full LOI between the Board and the FSP for food services within the renovated Conference Centre and the financial proposal for the proposed Conference Centre which included a loan from the National Hotel Corporation for part of the construction costs.
City Council, March 5 & 6, 2007	Approval of LOI between the Board and the FSP for exclusive food services in the proposed Conference Centre. In addition, approval of a recommendation which deleted the need for financing from the

	National Hotel Corporation and replaced this financing with a City loan of \$21.2M
Board of Governors, May 4, 2007	Approval of the engagement of NORR as the design architect on the Conference Centre project at a total fee of \$968,000 (excluding GST) for Phases I & II and the project schedule.
Board of Governors November 7, 2007	Approved of the increase in the overall Conference Centre capital budget from \$29.0M to \$46.88M with request to City Council to increase its loan to the Board from \$21.2M to \$35.6M with an increase in the interest rate from 4.75 to 5.0 percent and an increase in the amortization period from 20 to 25 years; and request for the depletion of the full Exhibition Place Capital Reserve.
City Council, December 10, 11, 12, 13 & 14, 2007	Approval of the Board's recommendation as noted above and in addition, increase the term of the loan from twenty to twenty-five years and establish an obligatory reserve fund, called the "Exhibition Place Conference Centre Reserve Fund" to provide a source of funding for any shortfalls in loan payments to the City from Exhibition Place for a new conference centre and direct revenues from the Direct Energy Centre and the Conference Centre naming rights agreements into the fund along with any 2007 operating surplus for Exhibition Place.
Board of Governors, December 7, 2007	NORR Management Group presented a detailed power-point presentation was made with respect to the proposed design of the Conference Centre, which was unanimously received for information by the Board.
Board of Governors, January 25, 2008	Update of financial details, budget requirements and provide the explanation of the increase on costs for construction and professional services; also attaching to the update was the City Council Decision of December 2007 and supporting report of the Deputy City Manager and CFO. Report deferred to next meeting of the Board on March 6, 2008
Board of Governors March 6, 2008	Update financial details, budget requirements and explain the increase costs for construction and professional services. Approval of amendment to the NORR Architectural fees; also attaching to the update was the City Council Decision of December 2007 and supporting report of the Deputy City Manager and CFO.

Issue Background:

Since the opening of the Direct Energy Centre in 1997, the addition of a conference facility was seen by the Board as essential for the growth of the trade and consumer show business. A study in 2000 found that the ratio of meeting room space to event floor space was only 1.9% for the Direct Energy Centre while the industry range was 7.2% to 32.0%. In 2006 the Board approved a feasibility study to convert the Automotive Building to a dual purpose conference centre/exhibition space. Following approval from Council in March 2007 regarding the loan to Exhibition Place to fund this conversion plan, the Board engaged MHPM Inc. as the project

~~manager, NORR Architects as the prime consultant and Marshall & Murray Inc. as the cost consultant.~~

The original approved project schedule provided for 70% completion of schematic and detailed design by July 2007 and issuance of a tender to engage a general contractor based on a "guaranteed upset price contract". However, as cost estimates for the 70% design provided by Marshall & Murray Inc. were significantly higher than the original budget, the decision was made to delay the issuance of the general contractor tender and proceed to completing and costing 100% design drawings and then report back to the Board and City Council on any funding issues. However, in order to expedite matters if and when the final funding was approved, a Request for Pre-Qualification (Call #2007-14) was issued by Exhibition Place on August 10, 2007 and advertised in the Daily Commercial News, in order to pre-qualify general contractors. Through this process, the following five companies were qualified: Aecon Building Group; Bird Construction Company; Eastern Construction Company Limited; Urbacon Limited; and Vanbots Construction Corporation.

A further issue that arose since reporting to the Board in November 2007 and to Council in December 2007, was relating to the roofing panels that surround the vaulted roof. This item was initially identified as a "risk item" but it was not until January 2008 that Trow Consultants finally were able to verify the condition of this roof. Since July 2007, the program had provided for the demolition of the existing vaulted roof and replacement with a new high bay roof with the intent was to tie this new high bay roof into the existing roof panels that covered the mezzanine area. However, following receipt of the Trow Consultants report it was determined that the existing condition of 40% of the existing "gypsum-type" roof panels (altogether 6,000 panels) were in poor condition and needed to be replaced. An added complication to this replacement is that the roof panels in poor conditions are interspersed throughout the roof and unfortunately not in one area.

While the estimated cost for replacement of all roof panels was in the range \$1.6 over the original budget, all parties determined that it was important to proceed with replacement for the following reasons: (a) the roof panels would need to be replaced in next 5 years and would cause that area of the meeting room space to be closed; (b) the consultant expressed concern that the roof panels would be substantially deteriorated during construction because of the "gypsum-like product" and the exposure that may occur when the central roof is removed; and, (c) proceeding now would allow the addition of roof insulation. This item is now included in the base price of the contract.

Comments:

By November/December 2007, NORR Architects had produced 90% detailed drawings which were costed by Marshall & Murray Inc. at a total cost of \$46.88M a substantial increase over the original 2006 estimate of \$29.0M. Accordingly, approval was required and received from the Board and City Council. As soon this approval was received, NORR Architects was directed to proceed to draft the tender documents and these were issued to the five pre-qualified general contractors through the City Purchasing Department on January 24, 2008 with an extended closing date of March 10, 2008. Fatima Scagnol, Corporate Secretary, supervised the tender

opening and the submissions, excluding GST, are as shown in the following table with the recommended general contractor in bold.

Tenderer	Submitted Base Price	Additional Price	Total Amount
Vanbots Construction Corporation	32,760,000	690,000	33,450,000
Aecon Building Group	34,100,000	820,700	34,920,700
Bird Construction Company	35,200,000	985,000	36,185,000
Eastern Construction Company Limited	37,135,000	(90,000)	37,045,000
Urbacon Limited	40,000,000	120,000	40,120,000

It was noted in reviewing the Bids received that the two lowest bidders had neglected to include in their responses a Workers Compensation Board Certificate of Good Standing and Safety experience rating as required under the Tender specifications. In addition, the low bidder also failed to re-submit a summary of its Proposed Project Team. In this regard, it is noted that the WSIB and Project Team requirements duplicated the requirements of the previous Pre-Qualification process to which all of the bidders were subjected. All bidders, including the low bidder, previously submitted this material to the Board at that time and it has now been confirmed that there is no change in either the WSIB status or the composition of the proposed Project Team of the low bidder.

After review with the City Solicitor, it is the view of staff that these elements of the low bidder's submission may be waived under the terms of the Tender process as immaterial or minor defects which have no impact or relevance to the pricing contained in the Bid. It is therefore the view of staff that there has been substantial compliance with the requirements of the process. Further detailed legal comments respecting the process are contained in the Confidential Attachment.

It is noted for the information of the Board that alternative prices based on extending the construction period from 56 weeks to 66 weeks were also requested and obtained from bidders. The overall ranking of the bidders did not change when the 66 week price was considered and staff are in any event not recommending extending the construction period.

The additional price indicated above is the total additional cost for the provision of an Operable Acoustic partition and suspension (Type 2) at second floor west Conference Room 7A, removal and replacement of slab on grade within the Ballroom, and supply and install of central dimming/switching controls.

Bidders

The Automotive Building was constructed in 1929 in the Art Deco Style and is to be completely renovated into a Conference Centre with Class "A" space. The Conference Centre will contain a grand ballroom, meeting rooms and exhibition space. It will be upgraded to achieve a LEED

~~Silver Certification. Approximately 235,000 square feet of gross floor area will be renovated, as well as, the restoration of the historic features and the entrance lobby.~~

MHPM Project Managers Inc. has completed its evaluation of the bid submission together with the evaluation team and concluded that Vanbots bid is nominally below the budget allocation for the construction bid and is \$1,470,700 below the next lowest bid by Aecon Building Group. MHPM and NORR Architects are recommending proceeding to award this contract to Vanbots Construction Corporation based on Vanbots meeting the pre-qualifications criteria and providing the lowest bid for the work.

Vanbots Construction Corporation is one of Canada's largest construction companies. Vanbots has completed approximately \$500 million of construction volume in each of the last 5 years. The firm has completed a number of LEED projects, more recently the McMaster University Athletics Centre and the City of Cambridge Civic Administration Building, and a number of historic restoration projects, more recently the Whitney Block building and Osgoode Hall, both located in Toronto. The Vanbots project team has extensive experience delivering projects that are similar in nature and comparable in complexity to the Conference Centre at Exhibition Place.

Total Budget and Funding

The total budget for this work (construction costs, engineering fees, and project management and administrative costs) under the main project of Conference Centre (No. 0085) is \$46,880,000. Contained in this figure is \$33,495,000 for the main contract for construction. The submission of the low tender by Vanbots Construction Corporation at \$33,450,000 is therefore within budget. For the information of the Board there is also a contingency amount for this project as noted in the Confidential Attachment to this report.

This recommendation in this report is contingent upon approval by the Office of the Deputy City Manager and CFO 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 condition in accordance with Toronto Workers' Rights requirements.

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Submitted by:


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