



15

September 9, 2008

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young
Chief Executive Officer

Subject: Agreement to Supply Carpeting – Allstream Centre Project

Summary:

This report recommends that the Board enter into an Agreement with A. Buchanan Floor Coverings Ltd. (Buchanan) for the supply including the delivery of carpet to Exhibition Place for the Allstream Conference Centre project.

A Request for Quotation (RFQ) process was issued through the City of Toronto Purchasing Department for the supply and installation of carpeting for the Allstream Conference Centre. Staff are recommending award for the supply of carpeting only. The award is to the lowest acceptable supplier offering carpeting that complies with the design criteria and generally conforms to specifications and performance requirements as detailed in the evaluation by the Architect for the project, NORR Ltd.

Recommendations:

It is recommended that the Board:

- 1. Approve an agreement between the Board and Buchanan on the terms and conditions outlined in this report and the Confidential Attachment 1 to this report and other such terms and conditions satisfactory to the Chief Executive Officer of the Board and the City Solicitor; and**
- 2. The confidential information in Attachment 1 not be released publicly in order to protect the competitive position and the future economic interests of the Board.**

Financial Impact:

Approval of the agreement by the Board will result in an expenditure of \$637,000.00 plus GST, of which \$200,000 will be funded from the Conference Centre contingency and \$437,000 from the Board's own cash flow, that is, monies held in term investments, the cost will be amortized over a useful life of 10 years as a charge against the Conference Centre operations beginning in 2009 with the opening of the facility.

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 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.
Board of Governors March 19, 2008	Award of main construction contract to Vanbots Construction Corporation at a cost of \$33,450,000, excluding GST.
Board of Governors May 2, 2008	Board extended the term of the agreement with MHPM Project Managers Inc. by 7.5 months at a total cost of \$115,000 to be drawn down from the project contingency.

Issue Background:

On May 2, 2008, Exhibition Place through the services of the City of Toronto issued a Request for Quotation 3901-08-5109 to establish an agreement for the supply and installation of carpeting (with optional lease pricing) in Allstream Centre.

Prior to the release of the RFP, design criteria for the carpet were developed with advice from NORR Ltd. as the carpet is an integral part of the interior design of the entire building. Part of the design process involved viewing many samples of carpeting suitable for a Class "A" conference centre venue in advance and then the development of specifications for six types of integrated floor coverings by NORR Architects on the basis of this review. Because of the integrated design of the carpeting, pricing was asked for on a lump-sum basis for the whole project, that is, supply and install.

While the RFQ was in the market, several letters were received from one carpeting manufacturer, expressing concerns with respect to the carpet specifications detailed in the RFQ. Accordingly, the scope of the original specifications, which already allowed for equivalent carpeting, was further broadened to also allow for bidders to offer alternative carpeting for consideration by the Board.

Bidders were informed in writing that notwithstanding certain details of the specifications, other manufacturer's carpeting of similar design and construction would also receive consideration, if, in the sole opinion of the Board, the carpeting offered was considered to be suitable for the intended application and that it generally conforms to the performance requirements specified.

The RFQ closed on June 16, 2008 with six bids received from three suppliers. The results for the combined supply and installation of carpeting excluding GST were as follows:

North Wood Carpet & Tile Company Ltd.	\$488,000.00 (Alternate bid)
C.J. Duguid Flooring (Ontario) Ltd.	\$545,234.28 (Alternate bid #1)
A. Buchanan Floor Coverings Ltd.	\$692,900.00 (Alternate bid)

A. Buchanan Floor Coverings Ltd.	\$759,900.00
C.J. Duguid Flooring (Ontario) Ltd.	\$796,432.50 (Alternate bid #2)
C.J. Duguid Flooring (Ontario) Ltd.	\$851,120.37
North Wood Carpet & Tile Company Ltd.	\$979,000.00

Lease pricing was only submitted by C.J. Duguid Flooring (Ontario) Ltd.

Following release of the RFQ, some issues arose with the general contractor, Vanbots Canada, with respect to installation of carpet throughout the project who was not a subcontractor to Vanbots who is also the “constructor” under the Occupational Health & Safety Act. Accordingly, a Post-Closing Addendum was issued through the City of Toronto requesting bidders to provide a further breakdown of pricing showing separate prices to supply and to install each type of carpet offered along with area calculations. The recommendation in this report being made reflects upon the supply of carpeting only. Vanbots, as the General Contractor, will separately contract with Buchanan for the installation of the carpeting.

Comments:

Once the bids were received, NORR along with Exhibition Place staff and our partners, Centerplate/The National Hotel Corporation reviewed all quotations in accordance with the specifications called for. Based on this analysis, the alternative carpet products offered by both Northwood Carpet & Tile Co. Ltd. and C.J. Duiguid Flooring (Ontario) Ltd. were deemed to be not suitable for the intended application. While some of the alternate carpet product offered was clearly aimed to meet design intentions, it did not meet durability and performance requirements, nor did it conform to the appearance and aesthetic characteristics of the product specified. Carpet construction, face weight and customization were also taken into consideration. See Confidential Attachment 1 on the assessment of each carpet bid.

Therefore, staff are recommending an agreement with Buchanan as being the overall lowest acceptable bid received in compliance with the specifications called for on the following terms and conditions:

- (a) Buchanan shall supply and deliver various types carpet as determined by the Board in quantities sufficient to complete the project.
- (b) Supply prices shall be firm as detailed in the Buchanan Post Addendum Response, and shall include freight and unloading costs, FOB Exhibition Place.
- (c) Insurance/Indemnity: Buchanan shall provide proof of insurance in a form and amount satisfactory to the Board and containing provisions including the Board and the City of Toronto as additional insured with a cross liability/severability of interest clause of standard wording.
- (d) Union Obligations: Buchanan shall comply with all trade union/association agreements affecting work done on the grounds.
- (e) Other Commercial Terms: The agreement shall include other standard commercial terms respecting termination and other matters in a form satisfactory to the City Solicitor and the CEO.

Contact

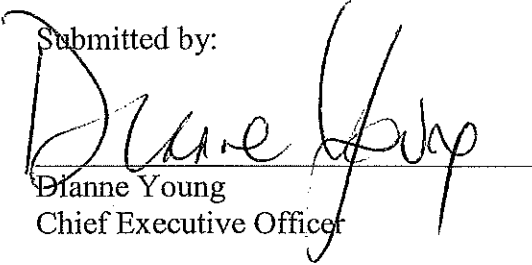
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Submitted by:



Dianne Young
Chief Executive Officer

Attachments 1 – Confidential Information

