

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE JANUARY 23, 2018
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	AWARD OF CONSTRUCTION CONTRACT TO DEMOLISH 280 YORK / 340 WELLINGTON

RECOMMENDATIONS

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer:

- (a) The bid submitted by Schouten Excavating Inc., 8547 LaSalle Line, Watford, Ontario, N0M 2S0, at its tendered price of \$349,500.00 excluding HST **BE ACCEPTED**; it being noted that the bid submitted by Schouten Excavating Inc. was the lowest bid received and meets the City's specifications and requirements in all areas;
- (b) The financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached as Appendix "A";
- (c) The Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project;
- (d) The approvals given herein **BE CONDITIONAL** upon the Corporation entering into a formal contract with the contractor for the work; and
- (e) The Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other documents, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Chair and Members Corporate Services Committee – October 19, 2013 – Property Acquisition 280 York Street
- Chair and Members Corporate Services Committee – October 19, 2013 – Property Acquisition 340 Wellington Street
- Chair and Members Corporate Services Committee – June 20, 2016 – Approval to Demolish City Owned Properties 189 Grey Street, 5221 Cook Road, 76 Evergreen Ave, 80 Evergreen Ave, 280 York Street, 340 Wellington Street, 1577 Wilton Grove Road, and 3713 Scotland Drive.

BACKGROUND

PURPOSE

The purpose of this report is to seek Council approval to enter into a formal contract with Schouten Excavating Inc., for the demolition of the buildings on the City owned properties at 280 York Street and 340 Wellington Road.

CONTEXT

In June 2016, the 280 York Street and 340 Wellington Road properties were determined to be beyond their useful economic life and required to be demolished, with the lands retained for future investment. A preliminary project estimate associated with the demolition activities was estimated at \$425,000.00 in the original source of finance.

The City of London retained the services of Exp Services Inc. in August 2016 to provide a Designated Substances, Structural, and a Phase 1 Environmental Assessment for 280 York Street and 340 Wellington Road properties. These assessments resulted in further investigation into the extent and costs of remediation of designated substances and contaminated soils. In July 2017 the conclusion was made to proceed with the demolition tender. Exp Services Inc. was retained to provide consultant services to administer the demolition contract.

DISCUSSION

Tenders for the Demolition of 280 York Street and 340 Wellington Street were received December 13, 2017. The bid submitted by Schouten Excavating Inc. was the lowest of 6 bids received and meets the City's specification and requirements in all areas. A summary of bids received is attached as Appendix "B". The bid submitted by Schouten Excavating Inc. offers the best value to the City and it is recommended that they be awarded a contract for the work.

The original estimated project budget and source of financing for this project was \$425,000. The committed funds for consulting is \$90,000 and a \$50,000 allowance to restore the unknown conditions of the abutting walls of the London Convention Centre and Mercury Blueprinting located at 344 Wellington Street. The current award for demolition (approximately \$356,000 including HST) brings the total to approximately \$500,000. The budget to complete this project needs to be increased by \$75,000 to be completed.

Financial Implications

According to the Purchasing Policy, this tender requires approval from Municipal Council as an "irregular result" because the amount exceeds the Council approved budget for this project. In total, this project requires an additional \$75,000 in funding. It should be noted that Municipal Council was previously made aware of this issue through the 2017 Mid Term Capital Monitoring Report (September 26, 2017) which noted that this project could come in greater than \$50,000 over the approved budget. Additional funding for this project is available as a drawdown from capital receipts, noting that \$332,000 was transferred to the capital receipts account from surplus funding on closed projects, as approved through the 2017 Mid-Year Capital Monitoring Report.

CONCLUSION

The 280 York Street and 340 Wellington Road properties have exhausted their economic life. After a thorough investigation of Designated Substances, Structural, and Phase 1 Environmental Assessments, Civic Administration is ready to award a tender to proceed with this project.

Civic Administration has reviewed the tender bids and recommends the low bid, Schouten Excavating Inc., be awarded the construction contract for the Demolition of 280 York Street and 340 Wellington Road.

ACKNOWLEDGEMENTS

This report was prepared by Daryl Diegel, Supervisor – Facilities Design & Construction, Facilities Division with the assistance of Jim Klingenberger, Manager Assets, Energy and Reliability.

SUBMITTED BY:	REVIEWED BY:
DARYL DIEGEL SUPERVISOR, FACILITIES DESIGN AND CONSTRUCTION	JOHN DEVITO MANAGER, FACILITIES DESIGN AND CONSTRUCTION
CONCURRED BY:	RECOMMENDED BY:
TIM WELLHAUSER DIVISION MANAGER, FACILITIES	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Attach: Appendix "A" – Sources of Financing
Appendix "B" – Summary of Bids

cc: John Freeman, Purchasing and Supply
David Munteer, City Solicitors Office
John Fleming, Planning
Alan Dunbar, Finance and Corporate Services
Bill Warner, Realty Services

APPENDIX 'A'

#18008

Chair and Members
Corporate Services Committee

January 23, 2018
(Award Contract)

**RE: Construction Contract to Demolish 280 York / 340 Wellington
Work Order Number (2376971)
Capital Project PP204116 - Demolition of 280 York Street and 340 Wellington
Schouten Excavating Inc. - \$349,500.00 (excluding H.S.T.)**

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the total cost of this project exceeds the current financing available for it in the Capital Works Budget but additional funding has been identified and subject to the adoption of the recommendations of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the detailed source of financing for this project is:

<u>SUMMARY OF ESTIMATED EXPENDITURES</u>	<u>Approved Budget</u>	<u>Additional Financing</u>	<u>Revised Budget</u>	<u>Committed to Date</u>	<u>This Submission</u>	<u>Balance for Future Work</u>
Engineering	\$89,882		\$89,882	\$89,882		\$0
Construction	335,118	75,000	410,118		355,651	54,467
NET ESTIMATED EXPENDITURES	<u>\$425,000</u>	<u>\$75,000</u>	<u>\$500,000</u>	<u>\$89,882</u>	<u>\$355,651</u>	<u>\$54,467</u>
<u>SUMMARY OF FINANCING:</u>						
Drawdown from Misc Property Acquisition Reserve Fund	\$425,000		\$425,000	\$89,882	\$335,118	\$0
Drawdown from Capital Receipts	2)	75,000	75,000		20,533	54,467
TOTAL FINANCING	<u>\$425,000</u>	<u>\$75,000</u>	<u>\$500,000</u>	<u>\$89,882</u>	<u>\$355,651</u>	<u>\$54,467</u>

Schouten Excavating
\$349,500
45,435
<u>394,935</u>
39,284
<u>\$355,651</u>

1) Financial Note:
Contract Price
Add: HST @13%
Total Contract Price Including Taxes
Less: HST Rebate
Net Contract Price

NOTE:

2) The additional financing required is available as a drawdown from Capital Receipts.

JG

Jason Senese
Manager of Financial Planning & Policy

Appendix 'B'

T17-125 Summary - Wellington and York Demolition

	Schouten Excavating Inc.	Arts Crushing & Recycling Inc	Jones Group Ltd
	8547 LaSalle Line Watford ON, N0M 2S0	2517 Fanshawe Park Road East London ON, N5X 4A1	7809 Howard Ave Macgregor ON, N0R 1J0
Sub Total - Contract Price	\$349,500.00	\$415,000.00	\$445,350.00
HST	\$45,435.00	\$53,950.00	\$57,895.50
Total Contract Price	\$394,935.00	\$468,950.00	\$503,245.50

	Budget Environmental Disposal Inc.	New Rise Demolition Inc	Golder Associates Ltd
	375 Gage Ave North Hamilton ON, L8L 7B1	22046 Adalaide Rd Mt. Brydges ON, N0L 1W0	6925 Century Ave, Suite 100 Mississauga ON, L5N 7K2
Sub Total - Contract Price	\$457,750.00	\$472,000.00	\$628,168.00
HST	\$59,507.50	\$61,360.00	\$81,661.84
Total Contract Price	\$517,257.50	\$533,360.00	\$709,829.84