SUBJECT: EICS-01-23 Renovation and Conversion of the former Robert Bateman Highschool – Tender Award

TO: Mayor and Members of Council

FROM: Environment, Infrastructure and Community Services

Report Number: EICS-01-23

Wards Affected: 5

File Numbers: 175-01

Date to Committee: NA

Date to Council: April 18, 2023

Recommendation:

Award the Request for Tender (RFT) EICS-23-09 for the Renovation and Conversion of the former Robert Bateman High School to Norlon Builders London Limited for $51,734,188.44 including H.S.T. (13%); and,

Authorize the Manager of Procurement Services to issue an internal purchase order to the bidder named above; and,

Authorize the City Clerk to prepare the debenture and by-law; and,

Authorize the Mayor and City Clerk to sign any required agreements, subject to the satisfaction of the Executive Director of Environment Infrastructure and Community Services as to content and the Executive Director of Legal Services and Corporation Counsel as to form.

PURPOSE:

The purpose of this report is to award tender for the Phase 1 renovation and conversion of the former Robert Bateman High School.

Vision to Focus Alignment:

- Support sustainable infrastructure and a resilient environment
- Building more citizen engagement, community health and culture

Background and Discussion:

On October 28, 2022, the purchase of Robert Bateman High School from the Halton District School Board was completed and transferred to City ownership.

On December 13, 2022, Council approved the Phase 1 facility design/development program for the adaptive reuse of the former Robert Bateman High School at a Total Base Building cost of $61,950,000. An additional gross budget amount of $10,800,000 was approved by Council for enhanced energy saving features related to decarbonization, subject to approval of a senior government funding application for the Low Carbon Economy Challenge Fund. In early January 2023, staff were notified that that the City's application was not successful. As such, as per EICS-20-22 in the case where the application was not successful, the costs associated with the enhanced energy incentives under which the application was made ($10.8 million) were not included.

Council also Directed the Executive Director of Environment Infrastructure and Community Services to proceed with next steps for prequalification of General Contractor and tendering of the Phase 1 construction contract in Q1 – 2023 for the renovation to the Robert Bateman Highschool into a community hub.

Strategy and Process

A third-party Quantity Surveyor completed a Class A Cost Estimate prior to tender reflecting the current construction market and labour availability. To help control some of the volatility within the construction market, staff issued a Request for Prequalification (RFPQ) in late 2022. The RFPQ yielded seven (7) submissions and once evaluated, resulted in a shortlist of five (5) prequalified General Contractors, along with their mechanical and electrical subtrades. Of which, three (3) of the five (5) Prequalified General Contractors submitted pricing at time of tender closing. Refer to Appendix A, for a summary of the bids.

Project Features

Phase 1 of the construction project as outlined in report EICS-20-22, will include extensive interior demolition, abatement, and renovations including:

- Upgrades to the base building systems, common spaces, and the main entrance.
- Site and parking adjustments to meet tenant and zoning requirements.
- New front entrance, open collaborative corridors and seating connecting the front to the rear of the facility.
- New central staircase and elevator

The Phase 1 renovations will accommodate the following tenants and uses:

- Brock University
- Burlington Public Library
- TechPlace
- Halton District School Board
- City of Burlington Operations
- Recreation and Community Culture programs involving the Triple gymnasium and amenities

Upon completion of the construction work, the facility will draw-in visitors and will bring together the community and other partner tenants within one space, capturing synergies between each group. The facility will provide public access to Library and common spaces, washrooms, triple gym, existing changerooms, and the existing pool.

Construction Schedule

Subject to council approval of the tender award the following key milestones are anticipated:

- Construction mobilization Q2-2023
- Substantial performance and occupancy Phase 1 - April 30, 2025
- Total completion, including all deficiencies - June 30, 2025.

The above schedule has been communicated with our tenant partners.

Options Considered

The building renovation and operations is designed to include decarbonization measures. A phased approach has been incorporated into the design to allow existing building elements, such as the roof, to achieve existing remaining life cycle and allow opportunity to pursue future energy conservation financial incentives.

Financial Matters:

As per EICS-20-22, Council approved a total base building construction of $61.95 million. The total cost for this project at tender award is $57.9 million, as outlined in Appendix B, resulting in the project being under budget by approximately $4 million. The recommended financing plan is revised as follows:

Table 1: Phase 1 Project Budget – Tender Award

Capital Financing	Budget EICS-20-22 December 2022	Tender Award April 2023
Tenant Capital Contributions (Cash)	$7,100,000	$7,100,000
Non-Tax Supported Debt Financing		
Tenant recovery	$11,750,000	$11,750,000
Special Circumstance Debt (SCD) Financing	$4,000,000	$4,000,000
Tax Supported Debt Financing	$39,100,000	$35,064,000
Total Proposed Financing	**$61,950,000**	**$57,914,000**

The total cost of project is revised to $57.9 million, and the tax supported debt financing is reduced to $35.1 million, as per Table 1. This results in an annual tax supported debt payment of $3.4 million. This City will still be exceeding its debt capacity, however, within the temporary overage parameters as outlined in EICS-20-22.

As mentioned above, Staff submitted an application to the Low Carbon Economy Challenge Fund in 2022. The application was made for $10.8 million to complete works related to enhanced carbon reduction measures. Since, the application was unsuccessful, the costs associated with the enhanced energy incentives under which the application was made ($10.8 million) are not included in the total project cost.

Other Resource Impacts

Initial projections for annual operating costs for the facility are difficult to confirm in advance of completing design and construction, as more efficient modern systems are added to the facility. For estimating purposes only, staff has used a rate of $8.50 per square foot annually which would equate to $1.8 million annual operating cost, approximately 50% of this cost will be recovered from tenants. For the 2023 budget, the City included additional utility, and ground maintenance costs of $351,200 related to the acquisition of the property. Additional net operating costs for phase 1 will be incremental to the 2023 budget and will be included in the multi-year simulation and future budgets. An Operational study will be done in 2023 when the full understanding of the design is complete, and building and operational requirements are determined for the needs of the building.

Climate Implications

The decarbonization strategy for the facility will take place over several phases and projects. The first phase of the decarbonization process is included in this portion of the project.

In order to compare the reduction, the design team has created a “baseline” case for the building to give an example of energy use and GHG emissions for a facility with like for like replacement of equipment to today’s standard and not include upgrades to the envelope.

The baseline energy use and emissions for the facility are as follows:

Baseline Scenario		
	Energy Use (ekWh/year)	GHG Emissions (kg CO2e/year)
Electricity Usage	1,781,000	53,430
Natural Gas Usage	2,500,000	452,145
Total	4,281,000	505,575

The Energy Reduction Measures included in the current project scope includes the following;

- Upgrade the existing envelope, including additional insulation for walls and replacement of windows.
- Replacement of air handling units and terminal units throughout the building that will utilize ultra-low temperature heating water. Including piping and pumps where required.
- Energy Recovery, demand-controlled ventilation, and other energy efficiency improvements to HVAC systems.
- Addition of heat recovery chiller plant which are capable of heat pump operation to suit future geothermal system.
- A 17% reduction in overall energy use and a 32% reduction in GHG emissions from the baseline.

The reductions achieved through the above measures are shown below:

Energy Use and GHG Emissions for Energy Reduction Measures		
	Energy Use (ekWh/year)	GHG Emissions (kg CO2e/year)
Electricity Usage	1,960,000	58,800
Natural Gas Usage	1,583,000	286,298
Total	3,543,000	345,098

Future phases to the decarbonization of the site include two sections of a geothermal borefield along with additional heat pump chillers, a solar PV array, and roof insulation upgrades from R10 to R35.

Engagement Matters:

The city is working towards development of a communications and engagement plan for the renovation and conversion of the Bateman site for community uses and open space design. It is anticipated the plan will be brought forward to committee in May 2023 as directed in report EICS-02-23.

Conclusion:

Staff recommend that the RFT be awarded to Norlon Builders London Limited in the amount of $51,734,188.44 including H.S.T (13%) for the Renovation and Conversion of the former Robert Bateman High School. The project is well positioned to provide increased economic prosperity and support community growth while supporting sustainable infrastructure. The community hub design incorporates improved accessibility and inclusivity to align with the needs of our community.

Respectfully submitted,

Michael Otter, P.Eng., Project Manager, EICS on behalf of the Project Team

Appendices:

A. Procurement Information

B. Budget Summary

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.

Appendix A – Procurement Information

Details

Advertised / Issue Date:	February 17, 2023
Advertised Methods(s):	☐ OPBA ☒ Bids & Tenders ☐ Construction Association ☐ Other (specify)
Closing Date:	April 6, 2023 – 2:00pm ET
Number of Bids Received:	3
Total Number of Compliant bids:	3

Bid Results

The contract is awarded to the lowest compliant bidder. Provisional Pricing is included in bid total.

No.	Name of Company	Total Bid Including 13% HST
1	**Norlon Builders London Limited**	**$51,734,188.44**
2	Collaborative Structures Limited	$59,916,442.00
3	PRE-ENG Contracting LTD.	$68,322,060.00
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Appendix B – Tender Award Budget for Robert Bateman Renovation and Conversion

		PROJECT Dec'22 EICS-20-22 Approved Budget	PROJECT Tender Award April 2023
CONTRACTED CONSTRUCTION			
Contracted Construction	$	49,800,000	43,877,467.65
Allowances	$	1,813,000	1,905,000.00
HST (1.76%)	$	908,400	805,771.43
Subtotal Contracted Construction (Net HST)	$	**52,521,400**	**46,588,239.08**
Construction Contingency	$	3,680,000	4,500,000.00
Total Contracted Construction	**$**	**56,201,400**	**51,088,239.08**
INTERNAL COSTS			
Project Management	$	920,000	1,165,000
Site Plan & Building Permit, Moving Expenses, etc.		478,600	410,000
FF&E & IT	$	500,000	750,000
Total Internal Costs	**$**	**1,898,600**	**2,325,000**
EXTERNAL COSTS			
Consulting Fees (includes Commissioning, regulatory and other site related costs)	$	3,700,000	4,350,000
Geotechnical, Inspections & Testing	$	150,000	150,000
Total External Costs	**$**	**3,850,000**	**4,500,000**
TOTAL PROJECT COSTS (ROUNDED)	**$**	**61,950,000**	**57,914,000**