SUBJECT: Lisgar Park Bocce Accessory Building - Tender (PW07120) - (Ward 6)

RECOMMENDATION:

(a) That the 2007 capital project budget of $165,000 Project ID 4400756756 for construction of the Lisgar Park bocce accessory building, be supplemented with an additional $101,104 from Project ID 4400550001 Templemead Park land purchase and;

(b) That tender number C11-116-07 for the construction of the Lisgar Park bocce accessory building, be awarded to the lowest compliant bid of $236,609 to Corporate Construction, as per Purchasing Policy 4.4 - Approval Authority;

(c) That $101,104 be added to the 2008 Capital Budget submission for Council's consideration for Project ID 4400550001 Templemead Park land purchase;

(d) That funding for the Templemead Park trail project, which was originally directed through the Committee of the Whole Report 07-010 and approved by Council on April 24, 2007, to be submitted for consideration as part of the 2008 Capital Budget submission, be rescheduled for submission as part of the 2009 Capital Budget for Council's consideration.

Gerry Davis
Acting General Manager
Public Works
EXECUTIVE SUMMARY:

The 2007 Capital Budget approved by Council provided $165,000 Project ID 4400756756, for the design and construction of a replacement bocce accessory building at Lisgar Park in Ward 6. This project has been designed by an architect and tendered on two occasions with the tender results surpassing the capital budget significantly. This report is recommending that additional funding of $101,104 be transferred from the existing Templemead Park land acquisition Project ID 4400550001, to the Lisgar Park bocce accessory building construction Project ID 4400756756, in order that the Lisgar bocce accessory building may be fully funded and constructed through the second tender number C11-116-07, at this time. It should be noted that both of these projects are located within the boundaries of Ward 6.

BACKGROUND:

The information and recommendations contained within this report affect Ward 6 within the City of Hamilton.

As part of the 2007 Capital Budget approval by Council on April 24, 2007, through the Committee of the Whole Report 07-010, $165,000 was designated for the design and construction of a bocce accessory building at Lisgar Park in Ward 6, Project ID 4400756756. The local bocce club has also contributed $7,000 towards adding an additional washroom facility for the bocce club's use. Therefore, the total funding available for the project is $172,000.

RF Lintack Architect Incorporated was retained as prime consultants to design a 38 m² (409 ft²) accessory building and canopy structure to service the existing bocce courts in Lisgar Park. The new accessory building was intended to replace the existing deteriorated shed and metal shade structure, as well as to provide an accessible public washroom for park patrons.

The architect prepared three design concepts for review. Through the Construction Section of Capital Planning and Implementation Division of Public Works, the preferred option was tendered initially with four bids received in June of 2007. The lowest compliant bid of $281,200 substantially exceeded the estimated procurement cost and the tender was cancelled.

The architect was then directed by Capital Planning and Implementation Division to comment on the tender results and to provide design alternatives to bring the project within budget. The revised design was accepted by the bocce stakeholders and the architect revised the contract documents to reflect the changes. The project was re-tendered based on the revised design and closed on August 3rd, 2007. Four bids were received; prices were approximately $50,000 lower than the first tender, but still exceeding the estimated budget.

Specifically, the second tender C11-116-07 yielded a low bid price of $236,609 which exceeds the construction budget by $101,104 as per the financial analysis in Table 1 located in the Financial/Staff/Legal Implications section of this report.

Table 1 illustrates a detailed summary of the low bid tender price versus the budget and expenditures to date.
ANALYSIS/RATIONALE:

As noted above, a project budget of $165,000 was approved by Council as part of the 2007 Capital Budget approval on April 24, 2007. The total project budget was composed of the following items: $127,500 for construction, $20,100 for design fees, $2,265 for permits, and a contingency allowance of $15,135. The construction budget was further supplemented by a $7,000 contribution from the Lisgar Bocce Association for a washroom facility.

The project budget was prepared using tender information from three bocce structures of a similar size, construction and scope which were constructed in 2002 and 2003. The budget preparation allowed for an inflation factor of 3% per year from 2002 to 2007. Based on this analysis, the cost of construction in 2007 for this type of structure was estimated at approximately $354 per square foot, including the $7,000 contribution from the bocce club for the related washroom facility, but not including the canopy structure. The canopy structure had not been identified, at the time of the original budget preparation.

An analysis of the second tender C11-116-07 results received for the Lisgar Park bocce accessory building yielded a construction cost per square foot (without the canopy structure), ranging from $535 to $737 per square foot, with an average cost of $604 per square foot. The contractors were required to identify the canopy structure as a provisional item cost in their tender submissions, which allowed for the above noted comparison of costs. The unit prices received in the tender submissions have risen dramatically as compared to past project costs of a similar scope, corresponding to an annual escalation rate of 14%, based on the average square foot cost of $604 per square foot, received in the second tender bids.

After reviewing the tender results and budget projections there appear to be a number of factors that contributed to the budget being exceeded. The most apparent being the large variation in the square foot cost between what was budgeted and the tender prices that were received. A difference of $181 per square foot (low bid of $535/ft\(^2\) minus $354/ft\(^2\) budgeted) corresponds to an increase of $74,029 in the overall cost. Another factor that contributed to the budget overage was the addition of a canopy shade structure as requested by the stakeholders, which had not been included in the original budget. The low bidder’s pricing for the canopy and paving slab beneath was quoted as $17,700 as a credit item. In addition, as part of the detailed design process, the public washroom was upgraded from a conventional washroom to an accessible washroom, which added approximately $5,000 to the project cost.

As per Table 1 in this report, it is recommended that an additional $ 101,104 is funded from Project ID 4400550001 Templemead Park land purchase of Ward 6, to allow the award of Tender C11-116-07 to proceed.

ALTERNATIVES FOR CONSIDERATION:

Public Works and Purchasing staff met with the contractor who was the low bidder of Tender C11-116-07, to investigate potential alternatives in the provisional pricing and substitute pricing. In order to reduce the cost substantially related to the budget, the sun shelter canopy and related concrete slab would have to be deleted along with washroom facilities, as well as changes to the architectural construction. It was
determined through discussions with Purchasing and the low bidder, that the costs could not be reduced to a degree that the pricing would be within 10% of the budget, therefore, the City could not proceed with an award of the tender, as per Purchasing Policy. In addition, in discussing these potential deletions to the project with the local Councillor and the Lisgar Bocce Association, it was determined that these reductions in the scope of the project were not acceptable.

Re-tendering the project in December 2007 or January 2008 should promote more competitive bidding, as this is typically a slower time for Contractors who are trying to secure work for the following spring. This could help bring down the cost of the project, but additional funding would still be required.

Phasing the project would allow a portion of the work to be completed under the current budget, with the remainder of the work being completed once future funding has been secured. If this approach was to be pursued, the building would not be functioning at its intended use, until all phases of the project were completed. In addition, the overall cost and construction duration would increase using this approach.

As these various alternatives all have potential shortcomings to the stakeholders, it is recommended that the current tender proceed with adding additional funds provided from the Templemead Park land acquisition existing funding, as noted in the following Financial section of this report.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

Council has approved a 2007 project budget of $165,000 for the design and construction of the Lisgar bocce accessory building. The Lisgar Bocce Association has contributed an additional $7,000 through fundraising efforts for a washroom facility, bringing the total project budget to $172,000. Using the lowest compliant bid of $236,609 from the tender, the financial summary is detailed in the Table 1 below. For the project to proceed based on the most recent tender, additional funding of $101,104 will be required. This additional funding would still maintain the original project contingency amount of $15,135 in place for any potential unforeseen issues which may arise during construction.

**Table 1.0**

**Financial Summary:**

<table>
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<tr>
<th>#</th>
<th>Description</th>
<th>Budget</th>
<th>Committed</th>
<th>Forecast Cost at Completion</th>
<th>Forecast Variance at Completion</th>
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<td>$18,885</td>
<td>$273,104</td>
<td>$101,104</td>
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</table>

It is therefore, recommended that the additional funding of $101,104 required to proceed with the low bidder of Tender C11-116-07, be transferred from Project ID 4400550001 Templemead Park land purchase to the Lisgar Park bocce accessory building Project ID 4400756756.
As the $101,104 funding is being recommended to be transferred from the existing Council approved budget for the purchase of additional land for Templemead Park Project ID 4400550001, this funding must be re-budgeted in order for the land purchase to proceed. Staff are therefore, recommending that the replenishment of the Templemead Park land purchase funding, be added to the 2008 Capital Budget submission for Council’s consideration.

A related item should be noted as to previous Council direction. Through the Committee of the Whole Report 07-010 as approved by Council on April 24, 2007, Council directed the transfer of funds from the existing approved budget for the construction of the Templemead Park trail construction Project ID 4400452002, be transferred to fund the Sherwood School Playground project in Ward 6. Staff was further directed by Council at the time to submit the Templemead Park trail project as part of the 2008 Capital Budget submission for Council’s consideration.

As this report is now recommending repaying the proposed transfer of funding from the Templemead Park land purchase budget in the 2008 Capital Budget submission, staff are further recommending that the related Templemead Park trail construction be directed for consideration as part of the 2009 Capital Budget submission for Council’s consideration, as opposed to the previous Council direction for consideration in the 2008 Capital Budget process for the trail construction. This change in the scheduling of the construction of the Templemead Park trail is necessary, since the land must be purchased first, before the proposed trail can be constructed on the specific land to be purchased for the park addition.

POLICIES AFFECTING PROPOSAL:

The Purchasing Policy require a report recommending award of the Request for Tender be approved by Council, when the cost of the proposed project exceeds the approved capital budget for the project by more than 10% or $250,000, whichever is less. In this instance, the tendered price exceeds the approved budget by more than 10% requiring Council approval of additional funding for the project to proceed, as per Purchasing Policy Section 4.4 - Policy for Approval Authority, Item (4)(c).

By-law 06-166 (Open Space and Park Zones) dated June 14, 2006 Schedule “C” Special Exemptions item 3 noted,

“Notwithstanding Section 7.1.3 d) of this By-law, a building accessory to Lawn Bowling/Bocce Court(s) shall be permitted to a maximum gross floor area of 38 square metres (Lisgar Park)”. It should be noted that the proposal for the Bocce accessory building a Lisgar Park has met the maximum gross floor area requirement.

Lisgar Park bocce accessory building at 95 Carson Drive received Minor Site Plan Control approval on June 11, 2007, pursuant to Section 41 of the Planning Act.

RELEVANT CONSULTATION:

Staff has consulted internally with Corporate Services relating to purchasing issues in preparing this report and with the Ward Councillor. Staff have also discussed the proposed transference of funding from the Templemead park land purchase Project ID 4400550001, with Real Estate staff in the Planning and Economic Development
Department. Background of the Park and Open Space Zoning was reviewed with Planning and Economic Development staff.

External consultations have taken place with the Lisgar Bocce Association and the low bid contractor through the City’s Purchasing representatives.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

- **Community Well-Being is enhanced.** ☑ Yes ☐ No
  Opportunities for physical activity are supported and enhanced.
  Bocce Building will support physical activity in playing the game of bocce.

- **Environmental Well-Being is enhanced.** ☐ Yes ☑ No
- **Economic Well-Being is enhanced.** ☐ Yes ☑ No

**Does the option you are recommending create value across all three bottom lines?**

- ☐ Yes ☑ No

Community Well-Being is enhanced.

**Do the options you are recommending make Hamilton a City of choice for high performance public servants?**

- ☐ Yes ☑ No