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Form Revised: February 2005

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**TORONTO TRANSIT COMMISSION  
REPORT NO.**

**MEETING DATE:** February 22, 2006

**SUBJECT:** Procurement Authorization Mount Dennis Bus Garage – Facility Contract X1-1

**RECOMMENDATION**

It is recommended that the Commission approve:

1. the award of Contract X1-1 in the amount of \$53,177,250.30, to Vanbots Construction Corporation, for the construction of the facility for the new Mount Dennis Bus Garage Project, and
2. the placement of project insurance (Builders Risk and Wrap-Up Liability) through Marsh Canada in the amount of \$202,138.20.

Noting that:

- i. while there is sufficient project approval available to award this contract, it is projected that the project's current estimated final cost will be exceeded, and
- ii. staff are reviewing costs and will report back on any necessary adjustments.

**FUNDING**

Sufficient funds are available in Program 3.9 – Buildings and Structures, Mount Dennis Bus Garage, (as set out on pages 753 to 760, Capacity Enhancement), of the TTC 2006 – 2010 Capital Program, which was approved by City Council on December 12, 2005 to permit the award of this contract; however, future awards on this project may not be possible without an increase in project approval.

It is projected that the estimated final cost of this project will increase, based on the additional costs incurred to clean up soils/environmental conditions and the lowest tendered price for Contract X1-1. Staff will investigate if any work can be removed from the scope of X1-1, in an effort to reduce costs. It is noted that the prices from the six bidders were only 5.6% apart, which serves to substantiate the

credibility of the pricing.

So as not to delay the work, staff recommend proceeding with contract award at this time and address any resultant net cost increase through the TTC 2007-2011 Capital Program submission, including any project cost commitment requirements from the City of Toronto.

## **BACKGROUND**

Current forecasts indicate ridership growth between 1% and 2% per year for the next 10 years. Based on the current Ten Year Fleet Plan, the bus fleet will exceed the existing bus garage capacity by approximately 50 vehicles by late 2006 and by an additional 100 vehicles with the arrival of the Ridership Growth Strategy buses in 2007. Mount Dennis Bus garage is scheduled to be operational in October 2007, which will coincide with the start of delivery of the 100 Ridership Growth Buses.

Contract X1-1 is for the construction of the new facility. It was preceded by Contract X1-2, for the demolition and site remediation and Contract X1-4, for construction of site services and facility foundations.

## **DISCUSSION**

A Request for Pre-Qualification Statements was posted on the TTC's website and in the Daily Commercial News on June 2, 2005. Twenty seven companies were issued copies of the Request for Pre-Qualification Statement package, out of which ten companies submitted a response package.

Reference checks were then completed which indicated that eight companies have satisfactorily performed work of a similar size and nature in the past. A financial analysis was also performed, which indicated the recommended companies have the financial stability to perform the work.

A Request for Tenders was issued to the eight (8) pre-qualified firms on November 25, 2005. Shortly after issue two (2) of the pre-qualified firms, PCL Constructors Canada Inc. and Kenaidan Contracting Ltd., indicated they would not be in the position to submit a tender due to their current workload. As a result, six (6) companies submitted a tender as summarized in Appendix A.

Vanbots Construction Corporation submitted the lowest priced tender and did not state any exceptions or qualifications. The Total Tender Price was corrected from \$53,427,247.00 to \$53,427,250.30 due to math extension errors in their tendered price, which is allowed based on our tender documents. The submission also offered an optional price, as requested in the tender document, in the credit amount of (\$250,000.00), if the Commission elects to provide the Builder's All Risk and General Liability Insurances, in lieu of the contractor. Staff have determined that the TTC can acquire the noted insurances for a lesser cost, which will result in an overall net savings to the project. It is recommended that the project insurance be placed with Marsh Canada at a cost of \$202,138.20, including P.S.T., resulting in a net savings of \$47,861.80. Accordingly, staff recommend acceptance of the (\$250,000.00) credit, which results in a total price of \$53,177,250.30 for Contract X1-1. Vanbots' tender is considered commercially acceptable.

Atlas Corporation submitted the second lowest priced tender and did not state any exceptions or qualifications and their tender is considered commercially acceptable.

The Agreement to Bond submitted by Vanbots covers both a Labour and Material Payment Bond and a Performance Bond and was submitted by Aviva Insurance Company of Canada, who has been verified as a Surety Company licensed to transact business under the Insurance Act of Ontario.

The successful Tenderer will be required to execute a Performance Bond and Labour and Material Payment Bond each in the amount of 50% of the contract value.

## **JUSTIFICATION**

The tender submitted by Vanbots Construction Corporation is the lowest evaluated tender.

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February 8, 2006  
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Attachment – Appendix A

**APPENDIX A**

**Mount Dennis Bus Garage - Facility  
Contract X1-1**

**SUMMARY OF TENDERS**

<b>COMPANY</b>	<b>TENDERED PRICE</b>	<b>OFFERED INSURANCE OPTION</b>	<b>RECOMMENDED AMOUNT</b>
1. Vanbots Construction Corporation (price corrected from \$53,427,247.00)	\$53,427,250.30	\$(250,000.00)	\$53,177,250.30
2. Atlas Corporation	\$53,500,000.00		
3. Ellis-Don Ltd.	\$54,833,813.00		
4. Aquicon Construction Ltd.	\$55,489,000.00		
5. Maystar General Contractors Inc.	\$56,388,400.00		
6. Eastern Construction Company Ltd.	\$56,410,000.00		
<b>Engineer's Estimate</b>	<b>\$51,000,000.00</b>		

Budget estimate (GST included for comparison) \$48,800,000.