

**DATE:** May 16, 2022  
**REPORT NO:** WLFD-07-2022  
**SUBJECT:** **New Fire Station # 2 Tender Report**  
**CONTACT:** Dennis Fisher

**OVERVIEW:**

- In January 2021, Council approved Raimondo & Associates for Architectural Design & Contract Administration Services for the new Fire Station # 2.
- Raimondo & Associates circulated a prequalification document to general contractors on June 22, 2021 closing June 29, 2021, with six (6) general contractors qualifying.
- Raimondo & Associates circulated the tender document to the six (6) qualified general contractors on April 14, 2022 with closing date May 10, 2022
- A total low bid in the amount of \$ \$3,456,590.00 (excluding HST) was received from Niacon Construction.
- Staff and Raimondo & Associates recommends awarding the contract to Niacon Construction in the amount of \$3,456,590.00

**RECOMMENDATION:**

1. That, Recommendation Report WLFD-07-2022 Re: New Fire Station # 2 Tender Report, dated May 16, 2022 be accepted; and,
2. That the tender be awarded to Niacon Construction in the amount of \$3,456,590.00; (excluding HST); and,
3. That, Council approve a total budget of \$3,950,000 for the replacement of Fire Station #2; and
4. That, Council approve Budget Amendment BA2022-04 for \$1,250,000 as outlined in this report; and
5. That a bylaw be adopted to authorize the Mayor and Clerk to sign an agreement with Niacon Construction for the construction of New Fire Station # 2 in the amount of \$3,456,590.00 (excluding HST).

## **ALIGNMENT TO STRATEGIC PLAN:**

### **Theme # 5**

#### **Community Health & Safety**

- “Build a new Fire Station #2, replacing and addressing deficiencies in the existing facilities” was set out under Short Term Initiatives

## **BACKGROUND:**

In 2019, Township Council approved the Township of West Lincoln Corporate Strategic Plan 2019-2029. Under the Strategic Plan Theme # 5 – Community Health and Safety, one of the short term initiatives identified was the need to build a New Fire Station # 2.

As part of the 2020 budget approval, \$1.9 million was allocated towards the rebuild of Station # 2. On January 25, 2021 Council approved and awarded Raimondo & Associates the contract for Architectural Services for Design and Administrative Services for this project.

Consistent with being upfront and transparent staff emailed a memo on March 30, 2022 to all members of Council stating the following:

Staff received an estimated construction cost from an independent cost consultant Ingersoll & Associates dated May 28, 2021 with a construction cost of approximately \$2.7 million dollars which was \$800,000 over the 2019 Capital Budget cost. As part of the 2022 budget, Council approved an additional budget of \$800,000 for the rebuild of Fire Station #2, for a total budget of \$2.7 million.

Based on the drawings shared with members of Council by email on February 2, 2022, Raimondo & Associates sought out a new cost estimate using the 2022 Altus Canadian Cost Guide price per square foot values for a Fire/EMS Station, and a gross floor area of 8288 ft<sup>2</sup> (770m<sup>2</sup>), the estimated tender cost is in the range of \$3,936,800 - \$5,677,280. While the Altus Group Canadian Cost Guide estimated cost of is greater than the estimate by Ingersoll & Associates Inc. dated May 28, 2021, the estimated construction value is consistent with the projected construction costs for a Fire/EMS Station in 2022 as per the Altus Group Canadian Cost Guide.

The COVID Pandemic has created a number of challenges in the construction industry which unfortunately are out of staff's control. In February of 2022, a municipality within the Niagara Region, tendered for construction of a new fire station. The tender costs received at the tender opening on March 22, 2022 showed an increase in construction costs that were in line with the Altus Group Cost Guide 2022.

## **CURRENT SITUATION:**

Raimondo & Associates circulated the tender document to the six qualified general contractors on April 14, 2022 closing May 10, 2022, six tenders were received and opened.

All six submissions were checked for completeness, accuracy. The tender bids submissions are as follows:

Company	Base Bid	North parking lot paved (separate price	Total Bid	Comments
Bromac	\$3,228,600.00	Did not submit	\$3,228,600.00	disqualified
GS Wark Ltd	\$5,045,000.00	\$35,750.00	\$5,080,750.00	
Niacon Constr	\$3,410,000.00	\$46,590.00	\$3,456,590.00	
T. R. Hinan	\$4,029,000.00	\$35,000.00	\$4,064,000.00	
TRP Constr	\$4,057,000.00	\$30,000.00	\$4,087,000.00	
Duomax	\$3,538,000.00	\$24,000.00	\$3,562,000.00	

The low bidder Niacon construction and their subcontractors, have experience completing projects in other Niagara municipalities. The lowest bidder is capable of successfully completing this project.

### FINANCIAL IMPLICATIONS:

The 2020 approved budget included an allocation of \$1.9 million for the re-build of Station #2. The 2022 approved budget included an additional allocation of \$800,000, bringing the total approved budget to \$2.7 million. The approved financing of this \$2.7 million budget is as follows:

Fire Reserve:	\$ 40,000
Canada Community-Building Fund (CCBF):	\$ 340,000
Community Fund Reserve:	\$ 663,000
Development Charges:	\$ 714,400
Debenture Issuance	<u>\$ 942,600</u>
Total	<u>\$2,700,000</u>

It is important to note that the payback of the debenture principal and interest is funded through the tax levy. The tax levy has been increased by \$57,000 to date, with an additional increase of \$20,000 planned in 2023 in order to reach the desired level of \$77,000 in the tax base. Staff had estimated that \$77,000 would be the annual requirement needed to repay the principal and interest on the Station #2 debenture.

Now that the tender has closed, a revised budget and financing plan is required for Council to approve. Staff has revised the total budget for the rebuild of Fire Station #2 to \$3,950,000. The breakdown below includes all applicable taxes and represents the anticipated full cost to the Township.

Tender Price, plus 7% contingency added:	\$3,763,700
Project Design and Management	\$ 164,600
Other Miscellaneous Costs	<u>\$ 21,700</u>
Total	<u>\$3,950,000</u>

Staff is requesting that Council approved Budget Amendment BA2022-04, the details of which are as follows:

\$1,250,000 additional budget dollars are required to be added to the Fire Station #2 budget, for a new revised total budget of \$3,950,000. The additional budget will be funded as follows:

Canada Community-Building Fund	\$ 200,000
Additional Debenture Issuance	\$ 650,000
Contingency Reserve	<u>\$ 400,000</u>
Total	<u>\$1,250,000</u>

There will be a surplus from the 2021 fiscal year, which staff recommends be transferred into the Contingency Reserve. This will provide the required funds in the Contingency Reserve to cover the amount needed for the Fire Station #2 financing. Staff will be making the recommendation regarding the 2021 operating surplus in a report later this year, once the annual audit is completed.

The total revised financing of the \$3,950,000 project is as follows:

Fire Reserve	\$ 40,000
Contingency Reserve	\$ 400,000
Canada Community-Building Fund (CCBF)	\$ 540,000
Community Fund Reserve	\$ 663,000
Development Charges	\$ 714,400
Debenture Issuance	<u>\$1,592,600</u>
Total	<u>\$3,950,000</u>

As noted above, the repayment of debenture principal and interest is funded through the operating fund, using the tax levy. An additional increase to the tax levy in 2023 and 2024 will be required in order to ensure that sufficient funds are available to meet the debenture requirements. At this point, based on current interest rates, the Township would need approximately \$122,400 in its tax base to meet the repayment obligations on the debenture. To date, the tax base has been increased by \$57,000. The Township would be required to raise the tax levy by an additional \$65,400 by 2024, which is the year that staff anticipate the first debenture repayment will be due.

#### **INTER-DEPARTMENTAL COMMENTS:**

This report reviewed by the Director of Finance, CAO and the Clerks Department

#### **CONCLUSION:**

In summary, staff and Raimondo & Associates recommend that this contract be awarded to the low bidder, Niacon Construction, at the cost of \$3,456,590.00 (excluding HST),

Staff further recommends that the mayor and Clerk be authorized to enter into an agreement for contact with Niacon Construction for the construction of Fire Station # 2.

**ATTACHMENTS:**

1. New Fire Station 2 Updated Drawings


**Prepared & Submitted by:**



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**Dennis Fisher, Fire Chief/CEMC**

**Approved by:**



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**Bev Hendry, CAO**