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FEDERAL PROVINCIAL INFRASTRUCTURE STIMULUS FUNDING PROJECT EMS OPERATIONS CENTRE

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated February 17, 2010, from the Commissioner of Corporate Services.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize staff to enter into negotiations with the lowest cost responsive bidder in respect of tender T-10-44, for the design and construction of the proposed Emergency Medical Services (EMS) Operations Centre on Bales Drive, in the event that the lowest bid exceeds the approved construction budget for the project.
2. The Regional Chairman and Chief Administrative Officer be authorized to award the contract to the lowest cost responsive bidder following successful negotiations to achieve a contract value within the project budget.

2. PURPOSE

This report requests authorization to enter into negotiations with the lowest cost responsive bidder responding to tender T-10-44 should the bid price exceed the amount budgeted for construction of the EMS Operations Centre as approved under the Federal/Provincial *Infrastructure Stimulus Fund* program.

3. BACKGROUND

Total construction budget of \$17 M approved for development of a new EMS Operations Centre

In May 2009 the Region received approval for a number of infrastructure projects to be funded through the federal/provincial *Infrastructure Stimulus Fund*. The largest of these projects is the proposed design and construction of the new EMS Operations Centre on Regional lands located on Bales Drive East in East Gwillimbury with a total construction budget of \$17 million exclusive of cash allowances and design fees. This budget amount represents the total funding for this entire project including the cost for construction.

Infrastructure projects must be substantially complete by March 31, 2011

The completion deadline of March 31, 2011 set out by the Infrastructure program has proven to be challenging for many projects but most particularly for the EMS Operations Centre due to its scope and size at 70,000 square feet.

An aggressive development and construction timetable was established for the project that has very little contingency time if the program deadline is to be met. To date the project is on schedule according to that timetable.

4. ANALYSIS AND OPTIONS

Project schedule will not accommodate delays caused by cost overruns

A further challenge facing this project is to complete the building within the available budget. With the current volatility in the construction marketplace and the requirement for an accelerated construction schedule, there is always the possibility that the tendered construction cost may exceed the approved budget.

The project team have performed their due diligence and reached a consensus on a number of cost-saving measures to be incorporated into the design documents that should result in a tendered cost within budget.

Authority is requested to negotiate a lower contract price if necessary

The project schedule will not allow for the time to further value engineer the building design and issue a new tender should the low bid exceed the available budget. As a pre-emptive measure to mitigate the risk of unforeseen high bids, this report seeks Council's authority to negotiate changes to the contract documents with the low bidder to achieve an acceptable contract price and immediately award the contract at that reduced price.

The tender documents will clearly state that the Region may adopt this course if the bids exceed available budget. This risk mitigation strategy has been reviewed with Legal Services and Supplies and Services and they concur with this approach.

5. FINANCIAL IMPLICATIONS

The intent of this report is to have an approved strategy in place to mitigate the risk of budget overruns and resultant loss of time in a very aggressive development schedule that could endanger the Region's access financial contributions to the project from the federal and provincial governments through the *Infrastructure Stimulus Fund*.

6. LOCAL MUNICIPAL IMPACT

The new EMS Operations Centre facility will provide improved support to the services of the Region's Paramedic Response Stations located in each local municipality, ultimately benefiting community residents.

7. CONCLUSION

This report requests authority to take the proactive course of negotiating a lower tendered price in the event that the lowest qualified bid exceeds the budget available for the construction of the new EMS Operations Centre. Having this approval as a contingency will ensure that the project remains on schedule, within the approved budget and continues to qualify for financial contributions from the federal and provincial governments.

For more information on this report, please contact Martin Silver, Manager of Capital Projects, Property Services Branch, at Ext. 1708.

The Senior Management Group has reviewed this report.