

## COUNCIL REPORT

M&C No.	2019-230
Report Date	September 04, 2019
Meeting Date	September 09, 2019
Service Area	Finance and Administrative Services

His Worship Mayor Don Darling and Members of Common Council

***SUBJECT: City Hall – Landlord Award of HVAC and Electrical Services***

### ***OPEN OR CLOSED SESSION***

This matter is to be discussed in open session of Common Council.

### ***AUTHORIZATION***

Primary Author	Commissioner/Dept. Head	City Manager
<b><i>Stephanie Rackley-Roach</i></b>	<b><i>Kevin Fudge</i></b>	<b><i>John Collin</i></b>

### ***RECOMMENDATION***

It is recommended that the City of Saint John reimburses the Landlord, 703732 N.B. Ltd., for fit-up work for the new City Hall space; specifically, HVAC, electrical, plumbing and structural reinforcement work in the total amount up to \$725,308.33 including HST.

### ***EXECUTIVE SUMMARY***

Schedule D of the Lease Amendment Agreement for the City's occupancy of space at 15 Market Square for City Hall outlines the Landlord's base building work and the Tenant's fit-up work. In order to expedite construction in terms of a logical sequence of construction activities that limits damage (or rework) after the base building is handed over to the City for fit-up; the Landlord and the City's project management team have agreed that certain work be carried out by the Landlord on behalf of the City, and vice versa, subject to the corresponding reimbursement of costs. This report outlines the agreed scope of work to be carried out by the Landlord on the City's behalf and the process used to validate the quality and experience of the vendors selected by the Landlord and the costs submitted for the HVAC, electrical, plumbing and structural reinforcing work.

### ***REPORT***

The City's project management team for the relocation of City Hall within 15 Market Square meets on average every two weeks with the Landlord to coordinate design and construction. Both parties have a mutual interest in completing the Landlord's base building work and the Tenant's fit-up work in the most efficient manner possible.

Outlined in Schedule D of the Lease Amendment Agreement is the Landlord's base building work and the Tenant's fit-up work. The Landlord is responsible for the installation of a new ceiling system, LED lighting system, finished demising walls, main HVAC duct work, washroom facilities and fire suppression, and electrical work as specified in Schedule D among other specific items related to City Hall. The City is responsible for interior partitions, HVAC distribution, specialty lighting and ceiling treatments, and plumbing and electrical related to the interior design of City Hall.

After the handover of the base building as per the requirements set out in Schedule D, there is a risk of damage to the work already carried out by the Landlord as the City moves in to complete the fit-up work. The risk areas are the ceiling and demising walls as the City's contractor would have to install HVAC distribution, electrical, and plumbing requirements in and around these finished areas. Phasing the work of the Landlord and Tenant as a solution may add to the project schedule. Therefore, in order to minimize this risk and ensure a more efficient completion of construction activities, the Landlord and the City's project management team have agreed to complete certain work on behalf of the other party subject to the corresponding reimbursement of costs. The Landlord has agreed to install all HVAC components and some electrical, plumbing, and structural requirements. The City will complete all ceiling and lighting.

In order to ensure that the City was receiving the best value in terms of quality, contractor experience and costs, TOSS Solutions Inc. which has been engaged by the City to complete the design work and project management, further completed a thorough evaluation of the Vendors selected by the Landlord and the costs related to complete specific HVAC, electrical, plumbing and structural work. The Landlord received multiple bids for each component.

As part of the evaluation, TOSS Solutions Inc. validated the City requirements and the total cost of work in the amount of \$725,308.33 including HST. Of that total, \$716,704.33 including HST is related to HVAC with the remaining amount related to plumbing, electrical and structural work combined.

The following list outlines the Vendors selected by the Landlord and the discipline of work to be completed.

<b>Discipline</b>	<b>Vendor</b>
Ventilation	MC Ventilation Ltd.
Heating/Cooling	Select Mechanical Inc.
Plumbing	Select Mechanical Inc.
Controls	PMC Energy
Electrical	Total Electrical Solutions
Structural	Ocean Steel

### ***STRATEGIC ALIGNMENT***

Efficient coordination of construction activities aligns with Council's Priority of Fiscal Responsibility, ensuring the best quality and value for the fit-up of City Hall space.

### ***SERVICE AND FINANCIAL OUTCOMES***

TOSS Solutions Inc. completed a Class A cost estimate for City Hall fit-up. The estimate for only the City's HVAC requirements was \$720,000.00 plus HST. The cost provided by the Vendors selected by the landlord for HVAC of \$716,704.33 including HST falls within the City's estimate. Other City Hall cost estimates are not broken out to the level of detail provided by the Vendor's bids (i.e., electrical, plumbing and structural work) for comparison. However, TOSS Solutions Inc. has validated that these costs are within budget.

The Landlord will invoice the City for work completed by their selected vendors based on construction progress. The City's project management team will inspect work for quality and completeness prior to recommending payment of any invoice. Reimbursement to the Landlord will be up to \$725,308.33 including HST.

### ***INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS***

The City Solicitor's Office has reviewed this Report.

Materials Management has been involved and consulted on this process.

### ***ATTACHMENTS***

None