

Report to / Rapport au:

**OTTAWA POLICE SERVICES BOARD
LA COMMISSION DE SERVICES POLICIERS D'OTTAWA**

25 May 2020 / 25 mai 2020

Submitted by / Soumis par:

Chief of Police, Ottawa Police Service / Chef de police, Service de police d'Ottawa

Contact Person / Personne ressource:

**Jeff Letourneau, Chief Administrative Officer / Agent administratif principal
*LetourneauJ@ottawapolice.ca***

**SUBJECT: SOUTH PROJECT PHASE A UPDATE AND INCREASE TO PRIME
CONSULTANT CONTRACT**

**OBJET: MISE À JOUR SUR LA PHASE A DU PROJET SUD ET AUGMENTATION
DU CONTRAT DU CONSULTANT PRINCIPAL**

REPORT RECOMMENDATIONS

That the Ottawa Police Services Board (Board) approve an increase to Moriyama & Teshima's (M&T) and CS&P Architects' contract of \$1,190,000 (excluding HST) for a total contract value of \$6,228,000. The increase includes \$790,000 to implement value engineering changes and complete the design and tender package and a \$400,000 contract contingency for execution of the construction phase.

RECOMMANDATIONS DU RAPPORT

Que la Commission de services policiers approuve une augmentation de 1 190 000\$ (sans compter la TVH) au contrat de Moriyama & Teshima (M&T) et de CS&P Architects, pour un contrat d'une valeur totale de 6 228 000\$. La hausse comprend 790 000\$ pour la mise en œuvre de modifications techniques au sein des documents du contrat et de 400 000\$ d'honoraires conditionnels liés à l'exécution des travaux.

BACKGROUND INFORMATION

In June of 2017, the Board approved the Facilities Strategic Plan (FSP) – Update #1 (2017 – 2033) which outlines the acquisition, disposal and re-fit of Ottawa Police Services (OPS) facilities. This \$206M plan includes the commitment of reducing the overall original cost of the program by 25% by introducing innovative real estate approaches and a modernized

work environment. One of the real estate strategies included the development of a multi-functional campus on a 15-acre City-owned site, with the development occurring in three phases.

In September 2017, staff returned to the Board to share the proposed South Campus Master Plan. The campus offers OPS the opportunity to share infrastructure amongst several buildings, while addressing growth and overcrowding in existing facilities. Phase A was identified as a 120,000 sq. ft. building to house Frontline Operations and Specialized Support Services, including a shell space of 40,000 sq.ft. to fit out the Communications Centre and Data Centre in a second phase. Phase B was identified as a separate 35,000 sq. ft. building to house a Corporate Services and fit out the shell space within the Phase A building. And finally, the remainder of the property was identified for undefined future development, known as Phase C. Phase A and B also support the de-commissioning of Leitrim and Greenbank facilities, allowing their eventual return to the City.

The South Facility is located at 3505 Prince of Wales drive on a 15 acre City-owned parcel of land. The property is being developed to enhance police service and support significant growth in the south end of the city. The public will have access to front desk services, a collision reporting centre, a community police centre and a community meeting room.

During the first stage of conceptual design the Prime Consultant recommended a compression to the Master Plan that presented an opportunity for significant improvements to that plan.

On April 29, 2019, the Board approved combining the two separate buildings into one building. This resulted in economies of scale and efficiencies, a more functional site design and leaving more acreage for future development. A one-facility solution also supported the organization's goals of increased integration and collaboration between members and a more mobile workforce. The total budget for Phase A and B combined is \$109,207,000. The Board also approved an increase of \$1,182,500 to the Prime Consultant's contract to support the design of combining the two separate buildings, bringing the total contract value to \$5,038,000.

DISCUSSION

COVID 19 represents a major financial risk to the OPS Budget. Staff have worked very hard to implement controls and solutions to put the Service in a position to deliver a balanced budget by year end. The South Facility project was reviewed as part of this process. There is no doubt that there will be a delay in the project; however there are no expected operating budget savings for 2020 due to this delay. It is also important to understand that the OPS has existing and future space issues due to the state of the Leitrim and Greenbank facilities, along with future growth of the Service to keep up with growth and expansion of the City. The South Facility is a key longterm solution to support effective service delivery into the future.

The purpose of this report is to seek approval for an increase to M&T and CS&P Architects' contract to implement value engineering changes into the design, complete the tender package, and rebuild a contingency for execution of the construction phase of the project.

This work will ensure that the Phase A design will be completed and made tender ready before being put on hold due to the COVID 19 pandemic, putting OPS at the best place to assess market conditions regularly to ensure the tender is released at the optimal time for the project.

The 95% design phase of the South Facility project was completed April 3, 2020. The end product of the building design is very desirable and meets OPS project and operational requirements. It is also designed using principles that we believe will continue to be suitable in a new normal post-Covid-19 pandemic. Examples of this are wide corridors that allow for physical distancing, a wide open staircase connecting the three floors, and door operators at all the main entrances to name a few.

Both the Site Plan Approval and Building Permit process are significantly advanced; the City has both in the queue ready to provide the necessary approvals before construction mobilization.

The "Request for Qualifications" process to short list prequalified General Contractors has also been completed at the end of April 2020.

In the wake of the COVID-19 pandemic, it is recommended to complete the tender package and hold off on releasing it to the prequalified General Contractors, assess the market conditions, and time the release of the tender to ensure a healthy bidding and construction environment.

The \$1.19M increase consists of two parts: to implement design changes, including approved value engineering solutions into the tender package; and replenish the construction contingency to execute the contract after tender is awarded.

Part 1 is to complete the design and tender package, \$790,000 is required for:

- Various interior scope changes and additional validation processes, for a total of \$298,000;
- Value engineering services to implement design changes into the tender to reduce a \$7-million cost estimate pressure, for a total of \$492,000;

Interior Scope Changes and Validation Processes

During the development of a new facility, it is normal to have changes and functional amendments as the project evolves. The design of the new South Facility was developed over a 22-month period with adjustments needed for OPS-specific functionalities, for example equipment and gear storage adjustments, motorcycle garage adjustments, and additional Front Desk Services wickets, to name a few. These changes required

additional meetings, validation processes and adjustments to the design. It was important to implement these scope changes before the construction tender is released, to manage and reduce the construction contract changes during construction.

Value Engineering (VE)

The second step of the VE process is the implementation of the approved items into the final design for the construction tender. This requires a significant redesign, which affects architectural, structural, mechanical and electrical disciplines.

Part 2 is for a Consultant Contingency of \$400,000 during the 2 year construction period. An 8% contract contingency is required to meet project demands at tender and during the execution of the construction to manage owner-driven changes and unforeseen site conditions or force majeure impacts.

This will bring the value of the contract with M&T and CS&P Architects to \$6.2 million

CONSULTATION

Impact of COVID 19

The City' Supply Services Department is adjusting daily to the evolving provincial guidelines regarding social distancing in the work force and communicating with The National Capital Construction Association regarding all construction activity. At the time of this report the hold on municipal infrastructure projects has been lifted and the City is supporting the release of project tenders, including related permits and City approvals, to enable the implementation of active project which is part of the stimulus plan and supports the local economy.

The Project Cost Consultants, the Architects, and the Project Management firm have provided their current market analysis based on active projects that are in construction and those about to tender.

The recommendation is to continually assess the health of the construction industry, evaluate the advantages of being in front of the stimulus curve and be "tender ready."

The City will also communicate with the General Contractors that have been prequalified to bid on the Phase A tender on our behalf, obtain their feedback on the state of the construction industry the ability to respond to lump sum tenders and the best time to tender over the summer months

FINANCIAL IMPLICATIONS

The South Facility project is ongoing and financed using OPS Capital project funding. This request will have no impact on the 2020 budgeted operational accounts and will not create any new operational pressures.

Funding to amend the Prime Consultant contract (PO#45086438) is available within Capital Account #903447.

| | | |
|---------------------------------|-----------------------|----------------|
| Total Approved Budget: | \$ 109,207,000 | |
| Expenditures to Date: | \$ 9,076,800 | |
| This request | \$1,190,000* | |
| <u>Remaining Budget:</u> | \$ 98,940,200. | * HST excluded |

Phase A and Phase B cost to complete forecasts – before COVID-19

The South Facility approved budget in 2019 was \$109.2M. The forecasted cost to complete, build and deliver both Phase A and B projects combined is \$119.7 M; which demonstrates a cost pressure of \$10.5 M. This forecasted cost to complete pressure is mainly due to current market conditions against the Phase A project and escalation factors applied to the Phase B project schedule.

It is important to consider that the forecasted cost pressure on Phase A is based on a 95% design estimate that was influenced by inflated market conditions before COVID-19 took hold.

The true cost to complete the construction portion of the Phase A project will be known only after the tendering process is completed.

At that time the Board will be presented with a recommendation to proceed to the construction phase of this project with the lowest tender bid.

A review of projects, within the FSP, has identified a potential solution to provide the required \$10.5 M in support of the South Facility Project if required.

We have identified a budget of \$15M for improvements to the backup Comms/Data Centre, slated for approval in 2022. This was an estimated cost which we believe at this time can be significantly reduced by reusing of elements of the existing Communication Centre and Data Centre. This project is identified to be funded by “Tax Supported” debt; this makes it a viable and affordable solution to the pressures being identified in the South Facility project.

SCHEDULE IMPLICATIONS

Phase A building and site development implementation:

With a potential construction start date postponed a few months, we can expect a three to four month delay in the occupancy target, which will go from end of Q4 2022 to Q1 2023. This will push out the delivery targets for Phase B.

Phase B.1 design and implementation of the Communications and Data Centres - North Block:

Design development is scheduled to commence in Q2 2021, construction will commence after full occupancy of Phase A. Phase B.1 adjusted occupancy target will be Q2 2024

Phase B.2 design and implementation of Corporate Services - South Block

Design will be sequential to Phase B.1 with an adjusted occupancy target for Q2 2025.

CONCLUSION

Unprecedented global circumstances surrounding the COVID 19 pandemic have impacted market values and pose limitations to ongoing developmental plans within the City of Ottawa. However the provinces are developing and planning a reintegration of the work force over the next few months. The construction industry is at the forefront of this plan. Timing of the tender will be critical to take advantage of being in front of a large project influx in the Capital region which will draw significantly on labour forces in the near future.

We recommend the approval of the increase to the Prime Consultant contract to bring the design and tender phase to a close. The tender package will then be ready to be released as soon as the construction industry is fully mobilized and the market conditions stabilize. We will continue to work with our project leads, our engineering and design teams, to ensure the efficacy of this facility's development. While timelines have been adjusted to reflect ongoing realities, we need to remain flexible and adjust costing measures to ensure affordability.