

To:	Warden Milne and Members of Grey County Council
Committee Date:	April 25, 2024
Subject / Report No:	CAOR-CW-12-24
Title:	Award of RFT-LTC-16-23 Rockwood Terrace Redevelopment General Contractor – Tender Results and Cost Allocation
Prepared by:	Kim Wingrove, CAO
Reviewed by:	Mary Lou Spicer, Treasurer
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That Report CAOR-CW-12-24 Award of Tender RFT-LTC-16-23 Rockwood Terrace General Contractor be received; and
2. That Melloul-Blamey Construction Ltd. Be selected as the successful bidder in tender RFT-LTC-16-23 with a bid of \$59,230,000 (excluding HST); and
3. That staff provide the Approval to Construct package to the Ministry of Long-term Care for their review and approval; and
4. That upon receipt of the Approval to Construct, staff formally award the tender to Melloul-Blamey Construction Ltd.; and
5. That action be taken prior to County Council approval as per Section 26.6 (b) of the Procedural By-law.

Executive Summary

The general contractor for the Rockwood Terrace project will be responsible for completion of the construction of the new Rockwood Terrace Long Term Care Home at the current vacant site in Durham. The project scope includes completion of all construction and fit up and receiving final approval from the Ministry of Long-Term Care for occupancy. Construction would begin in June 2024 and is estimated to be complete in 2026. Four prequalified firms were eligible to bid. Two compliant bids were received and evaluated by Colliers, Kasian Architects and their specialist subcontractors. Staff recommend awarding the tender to Melloul-Blamey in the amount of \$59,230,000 (excluding HST).

Background and Discussion

The current project to redevelop and expand the Rockwood Terrace Long Term Care home, which is at the end of its operating license, has been underway since 2020. The project is managed by Colliers Project Leaders and the prime consultant is Kasian Architects Inc.

The new home will expand Rockwood Terrace from 100 to 128 beds. It is being built on a greenfield site at the intersection of Rock St. and South St. in Durham, adjacent to the current long term care home. The project has a budget upset limit of \$96.7 million as per Council's July 6, 2023, approval of FR-RP-17-23 Updated Financial Impact Assessment Rockwood Terrace Project. This total budget figure is inclusive of all consulting fees, pre and post construction site works (grading, roads, sidewalks, servicing, parking and landscaping) as well as fixtures and fittings and contingency allowance. Grey County has secured financing from Infrastructure Ontario for the total amount of the project.

The long-term care home redevelopment process is very detailed and requires provincial approval at several key steps in the process. Grey County has received approval to proceed with the redevelopment project, approval for the detailed project design and executed a development agreement with MLTC (which enables construction funding). Following Council's resolution to award the general contractor tender, staff will submit the Approval to Construct package to the province seeking their approval to award the tender and to proceed with the project.

In order to ensure that companies bidding on the GC tender were experienced and capable of successfully completing a project of this magnitude, a prequalification process was completed in the fall of 2023. Four companies were confirmed to move forward to the formal tender process.

The tender was issued February 1 and closed April 4, with phase 2 documents received April 5. Two of the prequalified bidders did not submit a bid. The two compliant bids received were as follows:

Tender Results

The bids received are shown below:

#	Name of Bidder	Bid Amount – (excl. taxes)
•	Melloul-Blamey Construction Ltd.	59,230,000
•	Walsh Construction	82,921,000

Project Schedule

Activity	Date
Council Tender Award Recommendation	April 25, 2024
Submission of pkg. to MLTC	April 26, 2024
MLTC approval to construct	Mid-May 2024

Award contract	Upon MLTC decision
Anticipated start date	June 2024
Anticipated completion date	To be confirmed

Project Cost Breakdown

	2023 Estimate	Current Costing
Hard Construction Costs	82,589,832	76,758,965
Soft Construction Costs	7,313,498	7,574,443
Other Construction Costs	5,097,595	5,097,595
Net HST (1.76%)	1,672,016	1,573,986
TOTAL	\$96,672,941	\$91,004,989

Project Financing

The province announced a new round of supplemental construction funding (CFS) in the Spring 2024 budget. The supplemental CFS provides \$35/bed per bed per day for 25 years. Municipalities and non-profit providers are eligible to convert up to \$15 of the CFS to a construction grant payable at the start of construction. Although the front ended funds are discounted, it is to the county’s advantage to take the funds early. With the tender awarded, the county can enter into an amended Development Agreement with the Ministry of Long-Term Care that provides confirmation of the additional funding.

The amount that will be required to borrow at the end of the project is difficult to quantify as the following variables exist:

- Amount available from Development Charges
- Timing of cash flows which will impact short-term borrowing costs.

Total project cost	\$91,004,989
Less: Paid in prior years	(4,280,334)
Less: 2024 LTC Redevelopment Reserve funds available	(6,957,342)
Less: 2024 Redevelopment Levy	(1,961,000)
Less: Provincial development grant to be received at occupancy (2026)	(3,743,488)
Less: LTC DCs collected to Dec 2023 (amount estimated in background study for period 2022-2031 is \$5,516,895 and amounts to be collected could be used to offset in year costs as funds are received)	(1,774,589)

Less: Front end construction top up	(10,368,000)
Total Amount to Borrow	\$61,920,236

Project Levy Impact

Annual Construction Financing (\$61,920,236 @ 5%) Cost for 25 years	\$4,366,358
Less: Annual construction funding subsidy for 25 years (regular and \$20 top up)	(1,239,482)
Levy Requirement to fund debenture	\$3,126,876
Less: 2024 levy contribution	(1,961,000)
Levy increase required beginning in 2027 to fund debenture	\$1,165,876
Sample Phase-In of Levy Increase	
2025	\$350,000
2026	\$390,000
2027	\$425,876

Legislated Requirements

None with this report.

Legal Considerations

None with this report.

Financial and Resource Implications

Based upon the revised project costing, it is anticipated that debt of \$61.9 million will be required and financed over a 25-year term using an assumed interest rate of 5.0%. After taking into consideration construction funding that will be received for the term of the debt, an annual levy requirement of \$3,126,876 will be required. Interest on \$61.9 million financed over 25 years would total \$47.2 million.

This report does not take into consideration the increase in operating budget requirements resulting from increases in the size of the building envelope as well as adding resources to support additional long term care residents. Currently, the long-term care total operating levy requirement of \$8,355,600 equates to \$26,193/resident. An additional 28 residents at that rate represents a cost of \$773,407 or a 1.05% increase to the levy based upon a 1% increase in 2024 equaling \$695,300.

Relevant Consultation

- Internal: Finance
 - AODA Compliance (describe)
 - Contribution to Climate Change Action Plan Targets (describe)
- External: Colliers Project Leaders

Appendices and Attachments

None.