
Subject: Gilmore Lodge LTC Construction – Amendment to Construction Agreement

Report to: Corporate Services Committee

Report date: Wednesday, October 9, 2024

Recommendations

1. That the CCDC-2 stipulated price contract of \$80,754,320 (including 13% HST) (the “**Construction Contract**”) awarded to WCC Construction Canada, ULC o/a Walsh Canada (“**Walsh**”) for the construction of the Gilmore Lodge Long Term Care Facility in Fort Erie **BE INCREASED** by \$875,750 (including 13% HST), for a total revised contract price of \$81,630,070; and
2. That the Regional Chair and the Regional Clerk **BE AUTHORIZED** to execute an amendment to the Construction Contract to reflect the increase in total contract price provided for in Recommendation 1, above, provided that the amendment is otherwise in a form satisfactory to the director of legal services.

Key Facts

- The purpose of this report is to request approval from Regional Council to amend the Construction Contract between the Region and Walsh for forecasted extra costs and increasing the contract value by \$788,642 (including 1.76% non-recoverable HST).
- The new Construction Contract total will be \$73,510,551 (including 1.76% non-recoverable HST). The amount of \$788,642 will be transferred from the project contingency to the Walsh Construction Contract and will not increase the project budget.
- The CCDC-2 contract is routinely used in construction projects and includes a rigorous process to increase/decrease the contract amount based on approved change orders.
- Construction began in November 2021 and the facility is expected to be complete with residents moving in by the end of this year.
- The cumulative value of the Construction Contract, inclusive of the proposed amendment, will exceed \$1,000,000 and therefore requires the authorization of

Regional Council in accordance with Niagara Region's procurement By-law 02-2016 as amended on February 28, 2019, pursuant to Section 18 (c) and Schedule B.

Financial Considerations

The total approved capital budget for the Gilmore Lodge Long Term Care (LTC) Redevelopment (Project Number 10GD1505) is \$85,916,547. Pursuant to CSD 50-2021, Council approved award of Contract 2021-T-100 for construction of the Gilmore Lodge LTC redevelopment to Walsh in the amount \$72,721,909 (inclusive of 1.76% non-recoverable HST). Contract award was inclusive of a \$3,052,806 construction contingency, representing 4.2% of the overall construction cost.

As of September 13, 2024, anticipated expenditures against the construction contingency, including approved changes, identified risks and change requests are forecasted to be \$3,762,177. This exceeds the current available construction contingency by \$709,371. To cover the current shortfall, and future changes not yet identified, the project team is requesting the construction contingency be increased from \$3,052,806 to \$3,841,448, or 5.3% of the construction cost. The \$788,642 increase to the construction contingency would be funded from the project contingency and not require an increase to the approved project budget.

Analysis

Upon approval of CSD 50-2021 (September 2021) and the award of CCDC-2 Stipulated Price Contract, Walsh broke ground on the 160 bed, three-storey Gilmore Lodge LTC facility in November 2021. The project has been under construction for 35 months and will achieve total completion in October 2024. To address design coordination issues, typical in a construction project of this magnitude, change orders have been issued to the contractor to incorporate necessary adjustments to the contract documents including unknown site conditions, architectural/mechanical/electrical installation challenges, installation of specialty equipment and materials, and commissioning of systems prior to move-in.

Alternatives Reviewed

Since project inception, Region staff have worked diligently to mitigate extra costs to this project through active participation in both the facility design and construction project management.

With stipulated sum contracts (CCDC-2), it is anticipated and appropriate to carry a construction contingency between 5% to 10% for various conditions that routinely occur during construction but are not known at the time of contract award. Staff is recommending that the construction contingency be increased from \$3,052,806 to \$3,841,448, or 5.3% of the construction cost.

Relationship to Council Strategic Priorities

Equitable Region: Provide opportunities for a safe and inclusive Niagara by listening and responding to our community needs and planning for future growth. The successful delivery of Gilmore Lodge LTC will provide the Region with a legacy of health and wellness.

Other Pertinent Reports

[CSD 50-2021](#) 2021-T-100 Award of Tender- Long Term Care (LTC), Gilmore Lodge, Fort Erie. ([Corporate Services Committee - September 15, 2021](#) ([escribemeetings.com](https://www.escribemeetings.com)))

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Appendices

Appendix 1 Gilmore LTC Total Estimated Project Cost

Gilmore LTC Home Redevelopment, Fort Erie
Total Estimated Project Cost

	Council Approved Budget CSD 50-2021	Proposed Budget Adjustment	Revised Council Approved Budget	Expended & Committed as of 09/19/24	Contract Award/ Forecast	Budget Remaining
	(A)	(B)	(C) = (A) + (B)	(D)	(E)	(F) = (C) - (D) - (E)
Total Estimated Project Cost (10GD1505)*						
(a) Construction (including Construction Contingency & 1.76% non-refundable HST)	72,721,766	788,642	73,510,408	71,963,650	1,546,901	(143)
(b) Project Contingency	991,007	(788,642)	202,365	0	0	202,365
(c) Property Acquisition	5,335,744	0	5,335,744	5,354,056	0	(18,312)
(d) Consulting Services	2,640,640	0	2,640,640	3,026,727	85,150	(471,237)
(e) Permitting	301,827	0	301,827	285,365	0	16,462
(f) Furniture, Fixtures and Equipment	3,019,225	0	3,019,225	2,417,343	421,382	180,500
(g) Project Management (In-House) and Operations	906,338	0	906,338	769,033	46,940	90,365
Total Estimated Project Cost	85,916,547	0	85,916,547	83,816,174	2,100,373	0
Project Funding Sources						
Debt	(70,634,403)	0	(70,634,403)	(15,335,000)	(55,299,403)	0
Development Charges - LTC Facilities	(10,994,464)	0	(10,994,464)	(10,592,081)	(402,383)	0
Other External - LAM Grants	(300,000)	0	(300,000)	(300,000)	0	0
Provincial Grant (MLTC Development Grant)	(3,987,680)	0	(3,987,680)	(250,000)	(3,737,680)	0
	(85,916,547)	0	(85,916,547)	(26,477,081)	(59,439,466)	0

*All costs include 1.76% non-refundable HST

** Total Contract Award is equal to i) \$72,239,000 before tax; ii) \$73,510,551 including 1.76% non-refundable HST; iii) \$81,630,070 including 13% HST