

Subject: Linhaven Redevelopment – Update and Amendment to Construction Agreement

Report to: Corporate Services Committee

Report date: Wednesday, April 9, 2025

Recommendations

1. That the CCDC-2 stipulated price contract of \$103,232,238 (including 13% HST) (the “**Construction Contract**”) awarded to Buttcon Ltd. (“**Buttcon**”) for the construction of the Linhaven Long Term Care Facility in St. Catharines **BE INCREASED** by \$1,130,000 (including 13% HST), for a total revised contract price of \$104,362,238; 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, in a form satisfactory to the Director of Legal and Court Services.

Key Facts

- The purpose of this report is to request approval from Regional Council to amend the Construction Contract between the Region and Buttcon for forecasted extra costs, increasing the contract value by \$1,130,000 (including 13% HST), and to update Council on progress of construction.
- The total project cost of the Linhaven LTC Redevelopment continues to track within the Council approved project budget of \$105,652,420.
- The original Contract amount of \$100,972,238 (including 13% HST) was increased to \$103,232,238 in February 2024 under CSD 5-2024. The increase in Contract contingency was used to address additional costs related to site conditions and necessary Change Orders.
- Subject to Council approval of this report, the new Construction Contract total will be \$104,362,238 (including 13% HST). The increase to the contract will be transferred from the project contingency to the Buttcon 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 July 2021. To date, the project has experienced multiple delays in construction and the facility is expected to be substantially complete in Q3 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, pursuant to Section 18 (c) and Schedule B.

Financial Considerations

The total approved capital budget for the Linhaven Long Term Care (LTC) Redevelopment (Project Number 20001203) is \$105,652,420. In June 2021, pursuant to CSD 35-2021, Council approved award of Contract 2021-T-5 for construction of the Linhaven LTC redevelopment to Buttcon Limited in the amount \$90,928,807 (inclusive of non-recoverable HST). Contract award was inclusive of a \$4,070,408 construction contingency, representing 4.5% of the overall construction cost.

To address unforeseen site conditions and 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. In February 2024, pursuant to CSD 5-2024, Council approved an increase of \$2,035,204 (inclusive of non-recoverable HST) to the contract to cover the cost of known and anticipated change orders, for a total revised contract price of \$92,964,011.

While the project team has been closely monitoring expenditures, ongoing project challenges continue to strain the construction contingency. As of February 2025, anticipated expenditures against the construction contingency, including approved changes, identified risks and change requests, are forecasted to be \$5,820,505, representing ninety five percent (95%) of available contingency funds. To cover future costs not yet identified, including the potential for tariff-driven cost increases, the project team is requesting the construction contingency be further increased from \$6,105,612 to \$7,123,214, or 7.6% of the construction cost. As outlined in Appendix 1 to the Report CSD 14-2025, the \$1,017,602 (inclusive of non-recoverable HST) increase to the construction contingency would be funded from the current project contingency and would not require an increase to the current approved project budget.

Analysis

Upon approval of CSD 35-2021 (June 2021) and the award of CCDC-2 Stipulated Price Contract, Buttcon broke ground on the 256 bed, five-storey Linhaven LTC facility in July 2021.

The building structure and exterior envelope are substantially complete, providing a weathertight enclosure. The building's four elevators have been installed and are operational, with two being utilized for construction access. Most major pieces of mechanical and electrical equipment, apart from the generator, are onsite and installed. Interior partitions are installed, and mechanical and electrical rough ins are nearing completion. Doors and frames are installed, and flooring in several areas of the building, including all resident rooms, is complete. Millwork, including wardrobes, vanities, and cabinetry installation has commenced in several areas. Over the next several months the Contractor will be focusing on completing and painting drywall partitions, installation of mechanical and electrical devices, installation of finish carpentry, ceilings, and finally, testing and commissioning of building systems.

The project is 87% complete, and while significant progress has been made, the project has endured several challenges affecting progress, resulting in delay of project completion.

The original substantial performance date was June 15, 2024. The contractor's most recent schedule shows a substantial performance date of August 20, 2025. Upon construction completion, Region staff will manage the numerous post-construction activities (final cleaning, furniture and equipment placement, IT/Telecommunications, staff training) and Ministry inspections/approvals. Staff will continue to monitor progress and mitigate delays as the project progresses.

Alternatives Reviewed

With stipulated sum contracts (CCDC-2), it is appropriate to carry a construction contingency of 5% to 10% for the various conditions that routinely occur during construction but are not known at the time of contract award. The requested transfer of funds to the construction contingency of \$1,000,000 would bring the total construction contingency to 7.6% of the CCDC-2 contract price.

Region staff will continue to be actively involved in the management of the project through to completion. The Project Management team is working diligently to manage

costs and coordinate with Region's Senior Services as we work toward facility completion.

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 Linhaven LTC will provide the Region with a legacy of health and wellness.

Other Pertinent Reports

- [CSD 35-2021 - 2021-T-5 Award of Tender- Long Term Care \(LTC\), Linhaven, St. Catharines](https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=cbaefb84-af9d-437e-8dc6-ee65cc914e5f&Agenda=Agenda&lang=English&Item=14&Tab=attachments)
(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=cbaefb84-af9d-437e-8dc6-ee65cc914e5f&Agenda=Agenda&lang=English&Item=14&Tab=attachments>)
- [CSD 5-2024 - Linhaven LTC Construction – Amendment to Construction Agreement](https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=be78b1c0-d275-4e4d-8201-d8aec86560a4&Agenda=Merged&lang=English&Item=15&Tab=attachments)
(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=be78b1c0-d275-4e4d-8201-d8aec86560a4&Agenda=Merged&lang=English&Item=15&Tab=attachments>)

Prepared by:

Brad Ray, P.Eng., MBA
Associate Director, Construction Energy
& Facilities Management
Corporate Services

Recommended by:

Dan Carnegie
Commissioner, Corporate
Services/Treasurer

Submitted by:

Ron Tripp, P.Eng.
Chief Administrative Officer

This report was prepared in consultation with Nicole Wolfe, Director of Construction Energy & Facilities Management, Mislav Koren, Senior Project Manager and Adam Niece, Program Financial Specialist.

Appendices

Appendix 1 Linhaven LTC Total Estimated Project Costs