
Subject: Long-Term Care (LTC) Redevelopment Procurement Process

Report to: Corporate Services Committee

Report date: Wednesday, May 13, 2020

Recommendations

1. That the procurement process for the Long-Term Care (LTC) Redevelopment project, outlined in this report, **BE APPROVED**;
2. That the evaluation criteria to be used for prequalification of General Contractors for the LTC Redevelopment Project, contained in Appendix 1 of this report, **BE APPROVED**; and
3. That staff **BE AUTHORIZED** to proceed with the approved procurement process.

Key Facts

- The purpose of this report is to seek Council approval of the procurement process and contractor prequalification evaluation criteria for the LTC Redevelopment project
- Approval of recommendations contained within this report will authorize staff to prequalify general contractors and issue two Request for Tenders for the Linhaven and Gilmore Lodge LTC Redevelopment projects
- Mandatory Ministry of Long-Term Care (MLTC) approvals are required prior to the Region issuing a Request for Tender and before awarding a contract for construction services
- A tender award recommendation report will be brought to Corporate Services Committee and Council for approval upon tender completion and MLTC approval being received

Financial Considerations

The total capital budget for the LTC Redevelopment Project is \$175 million, \$15.63 million of which was approved in previous capital budgets and the remaining \$159.37 million approved as part of the 2020 capital program. The budget for the St. Catharines site is \$102 million and is funded with debt (\$86.5 million) and development charges (\$15.5 million). The budget for the Fort Erie site is \$73 million and is funded with debt (\$58.022 million), development charges (\$9.078 million), grant (\$0.3 million) and external contribution from Hospice Niagara (\$5.6 million). Upon construction completion, the annual construction subsidy received from the MLTC will be used to offset future associated debt charges.

With such a significant financial investment, utilizing an effective procurement process as outlined in this report and in alignment with the procurement By-Law, will support the Region's objective of delivering critical infrastructure and services in a financially responsible manner. Receiving value for money and minimizing project risk will be achieved through the prequalification of General Contractors having the requisite experience, capacity and qualifications to successfully deliver projects of similar size and complexity to the LTC Redevelopment.

Analysis

The approach to procuring construction services for the LTC Redevelopment project is detailed below. The procurement process and evaluation criteria is being brought to Committee and Council for approval given that the construction of the LTC Redevelopment projects are of substantial value (i.e. exceeding the CAO's execution authority of \$5 million) and have significant public importance.

The Linhaven LTC Redevelopment project is being constructed on the existing Linhaven property located at 403 Ontario Street, St. Catharines. The new facility is proposed to be five stories with a total gross floor area of approximately 222,000 square feet. The project is currently in the design development phase and is scheduled to be tendered in November 2020 with a construction start date of February 2021. The building program will be comprised of private and semi-private resident rooms, dining and program spaces, nursing stations, clinical and administration offices, support spaces, commercial kitchen and laundry facilities and community service areas to support community programs.

The Gilmore LTC Redevelopment project is being constructed at 200 Garrison Road, Fort Erie. The new facility is proposed to be three stories with a total gross floor area of approximately 155,000 square feet. The project is currently in the design development phase and is scheduled to be tendered in January 2021 with a construction start date of spring 2021. The building program for Gilmore Lodge will be similar to Linhaven, but in addition contemplates a community physiotherapy clinic, Early-on Centre and a 10 bed Hospice to be constructed adjacent to the main building.

LTC Redevelopment Project Procurement Strategy

A two stage procurement process is being recommended for awarding construction contracts for each of the two LTC Redevelopment projects. The key recommended steps in the procurement process are as follows:

- 1) Obtain Council approval of the procurement process for the Request for Prequalification of General Contractors and evaluation criteria to be utilized.

- 2) Issue a single Request for Prequalification (RFPQ) of General Contractor procurement process for both LTC Redevelopment projects (Linhaven and Gilmore Lodge).
- 3) Evaluate RFPQ submissions against the evaluation criteria outlined in Appendix 1. Post list of successful Applicants eligible to bid on both the Linhaven and Gilmore Lodge construction tenders.
- 4) Initiate a separate Request for Tender (RFT) procurement process for construction of each LTC Redevelopment project (Linhaven and Gilmore Lodge). Tender packages will only be issued to successful Applicants identified from the RFPQ process.
- 5) Upon completion of each RFT procurement process:
 - a. Submit Tender results to the Ministry of Long-Term Care (MLTC) to obtain Minister approval;
 - b. Prepare a recommendation report for Corporate Services Committee and Regional Council, to award the construction contract.
- 6) After obtaining Ministry and Council approval, award contract for construction services to the successful bidder for each LTC Redevelopment tender.

General Information Related to Prequalification

The purpose of prequalification is to ensure Prequalified General Contractors invited to bid the work are capable of delivering quality and value specific to project requirements. Prequalification is frequently used for public sector projects, where the opportunity to be considered as the successful bidder must be open to all, while at the same time still allowing the Owner to manage risks associated with the open tender process. The Owner, through pre-determined criteria, identifies candidates who demonstrate that they have the necessary financial capacity, technical expertise, managerial ability, project success and relevant experience for the project being tendered. Some advantages of using a contractor prequalification process prior to a RFT include:

- The greatest chance of getting the best value General Contractor for the project
- A comprehensive, cost-effective and convenient framework for contractor selection
- Qualification of only those contractors who have the necessary experience to complete the work
- Provides a better understanding of the project to the contractor that is awarded the work
- Leveling of the playing field as prequalified General Contractors will ideally have equitable experience

- A higher level of confidence that protests will be avoided and prequalified contractors are capable of carrying out the work
- Protects contractors from taking on work for which they don't have the experience or capacity to complete
- Reduces project risk and provides enhanced end-product quality

A Guide to Prequalification of Contractors, developed by the Ontario General Contractors Association (OGCA), provided staff a framework to develop the RFPQ evaluation criteria for the LTC Redevelopment project. As identified in the guide the design of the prequalification system places emphasis on qualifying construction service providers rather than on disqualifying Applicants and focuses on the three founding procurement principles of transparency, openness and fairness.

LTC Redevelopment Request for Prequalification

The purpose of issuing a RFPQ is to identify a list of General Contractors with the requisite experience, capacity and qualifications to bid on the LTC Redevelopment projects.

Niagara Region, through issuance of a RFPQ, will invite Applicants to submit proposals to be considered for the construction of the two LTC Redevelopment projects. The intent of the RFPQ is to approve a single list of General Contractors that will be eligible to submit bids for both the Linhaven and Gilmore Lodge tenders. Applicants who meet all mandatory requirements and achieve a score 75% or higher on the evaluated criteria will be prequalified to submit a bid in response to the RFT.

Applicant responses to the RFPQ will include the Prequalification Form, as provided with the RFPQ and address all sections outlined in the Evaluation Criteria Qualifications Table 1 attached as Appendix 1.

The following are the main components of the submission:

- Mandatory Requirements
- Corporate Experience
- Similar Projects
- Experience of Key Personnel
- Contractor Processes, Methodology & Approach

Two of the key sections of the RFPQ submission are the Mandatory Requirements and Similar Projects. Details of these key sections are as follows:

Mandatory Requirements

The following are the mandatory requirements of the LTC Redevelopment RFPQ that must be submitted by the Applicant:

- A completed Prequalification Form signed by an authorized representative of the Applicant.
- A completed CCDC 11 form – latest edition completed in full.
- A letter from a nationally recognized Surety Company stating:
 - Total bonding limit available to the bidder
 - Confirming their willingness provide a 50% performance bond and 50% labour and material payment bond for a new LTC Facility project valued at up to \$50M for Gilmore Lodge and up to \$80M for Linhaven, if accepted as the successful Applicant.

Applicants must pass the mandatory requirements section in order to proceed through to evaluation.

Similar Projects

All Applicants responding to the RFPQ will be required to provide supporting documentation for three (3) similar projects they have completed and will be evaluated in relation to how comparable the projects are to the proposed LTC Redevelopment.

Applicants are to demonstrate their depth and capability for similar project experience, with maximum points being assigned for projects with comprehensive demonstration of the following requirements:

- a) Construction of buildings of similar type, scale and complexity to the proposed LTC Redevelopment project. This may include but not be limited to long-term care homes, hospitals, other healthcare facilities, institutional buildings with similar programmatic requirements
- b) Constructed or renovated facility with a minimum area of 125,000 square feet
- c) Constructed or renovated facility with a minimum construction value of \$50M
- d) Completed within the last 10 years
- e) Multi-storey, non combustible construction

Applicants shall also submit a reference letter for each Similar Project indicating satisfactory performance. The letter must be from the project owner or architect of each similar project submitted.

Request for Tender and Award

Once the RFPQ of General Contractor is complete, successful Applicants are identified and construction drawings and specifications are complete, a RFT processes will be initiated for each project. Upon completion of the tender processes, the bid results must be submitted to the MLTC for Ministry approval prior to awarding a contract. A tender award recommendation report will be prepared for Corporate Services Committee and Council approval. After receiving all required approvals, construction contracts for the LTC Redevelopment projects will be awarded to the successful bidder(s).

The form of contract for the construction work will be the Canadian Construction Documents Contract (CCDC 2-2008) Stipulated Price Contract with Niagara Region Supplementary Conditions.

Procurement Oversight and Evaluation Team

The RFPQ and RFT procurement processes will be administered by Procurement and Strategic Acquisitions in accordance with the Region's procurement By-Law 02-2016, as amended. Applicants will be evaluated by an evaluation team consisting of Niagara Region staff and the project architect in accordance with the criteria and requirements set out in the RFPQ document. The evaluation criteria is attached as Appendix 1.

Alternatives Reviewed

Proceed Immediately to Tender:

An alternative approach to obtain a General Contractor is to proceed immediately to RFT. With this approach, the tender would be awarded to the lowest compliant bidder with no ability to evaluate based on experience or qualifications. Staff does not recommend the direct to Tender method. Instead, the use of the Prequalification approach is recommended as it allows the Region to evaluate Contractors on their ability to deliver a quality project, specific to the requirements of the LTC Redevelopment project prior to going out for Tender.

Issue Single Tender for Both Projects

The project team looked at issuing a single tender for both projects and determined this was not viable option since the two projects have different completion dates. Linhaven has a MLTC mandated completion date of December 31, 2022 while for Gilmore Lodge the completion date is December 31, 2023. The MLTC deadline for Linhaven is one year earlier due to 13 new licensed beds being added to this location. The additional beds were added to optimize the size of resident home areas at 32 residents.

To issue as a single tender, construction documents for both Linhaven and Gilmore Lodge would need to be completed together. The additional time required to complete the construction documents would push out the tender issue date and, as a result, the completion date for Linhaven would not be achieved, potentially putting Ministry funding at risk. Issuing separate tenders also minimizes risks with delays on one project affecting the other.

Proceed to RFPQ using Sample Prequalification Evaluation Forms directly from industry guides provided by the *Canadian Construction Documents Committee (CCDC)* or the *Ontario General Contractors Association (OGCA)*:

The guidelines provided by the OGCA and CCDC are intended to guide the development of an RFPQ by providing practices and principles that help to ensure qualified providers. However, each prequalification is unique and should be developed to provide assurance of the capabilities of prospective applicants for the unique services required for a given project.

A RFPQ should address the uniqueness or complexity of the specific project, the special working environments, special methodologies and capabilities for the project at hand. In some circumstances the prequalification evaluation criteria, as detailed in industry standards, is more restrictive than that proposed in the LTC Redevelopment RFPQ. For example, there is a shorter time frame for which project experience is evaluated by the CCDC document (5 vs. 10 years for the proposed Niagara Region LTC Redevelopment RFPQ).

Although generic prequalification evaluation criteria as provided by these guidelines could be utilized, staff does not recommend this approach. Instead, staff recommends proceeding with the RFPQ process as presented in this report.

Relationship to Council Strategic Priorities

Healthy and Vibrant Community, Objective 2.1

Other Pertinent Reports

CSD 53-2019	Budget Review COTW	October 10, 2019
COTW 05-2019	Committee of the Whole	July 4, 2019
CSD 15-2018	Corporate Services Committee	April 4, 2018
CL-C 21-2018	Regional Council	April 12, 2018
CSD 50-2017	Regional Council	June 20, 2017
CSD 49-2017	Regional Council	June 29, 2017
CSD 43-2017	Corporate Services Committee	June 21, 2017

CSD 9-2017	Corporate Services Committee	January 11, 2017
CAO 10-2016	Regional Council	July 21, 2016
CAO 4- 2016	Regional Council	March 24, 2016
CAO 13-2015	Regional Council	June 11, 2015
CAO 05-2015	Regional Council	March 26, 2015

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Appendices

Appendix 1 LTC Redevelopment RFPQ: Evaluation Criteria

LTC Redevelopment Request for Prequalification Evaluation Criteria

The criteria in the following Qualifications Table 1 will be used in the evaluation of General Contractors.

Proponents are advised that as part of the evaluation, the references provided in the applicants' submission may be contacted to verify and/or clarify the information provided.

Qualifications Table 1:

Tab	Requirements and Criteria	
1.0	Mandatory Requirements All required documents must be submitted to pass through to the next stage of evaluation	Yes/No
		Points
2.0	Corporate Experience	15
3.0	Similar Projects <ul style="list-style-type: none"> Each of the three (3) required similar projects will be scored out of 10 points based on criteria identified in RFPQ 	30
4.0	Experience of Key Personnel <ul style="list-style-type: none"> Project Team Structure, Roles & Time Commitment Project Manager Site Superintendent 	30
5.0	Contractor Processes, Methodology & Approach <ul style="list-style-type: none"> Schedule Management & Control Quality Control Methodology Staff and Subcontractor Management Contractor's Health & Safety Policy, Safety Record Project Close-out Methodology Conflict Resolution & Communication Strategy 	25

A minimum score of **75** is required to prequalify for invitation to submit a bid.