



Subject: Town Hall Recommended Option – Town Hall Project Committee

Report Number: CAO 19-14

Author: Ron Shaw, Interim CAO

Meeting Type: Council Meeting

Meeting Date: Monday, December 9, 2019

Recommendation:

THAT Report CAO 19-14 Town Hall Recommended Option – Town Hall Steering Committee be received;

AND THAT, given that the quotes have come in well in excess of the benchmark and will create a negative impact on future budgets, that Council reject all proposals for the Design, Build/Lease of a new Town Hall and terminate the current RFP process.

AND THAT that staff report back in February with recommendations on how to proceed with consideration of a complete set of options on how to proceed towards new corporate space for the Town of Tillsonburg with lower costs to the Town.

Background:

The Town of Tillsonburg Council established a Town Hall Project Committee that was charged to bring forward proposals for a new Town Hall.

- An initial RFPQ was issued in December 2016 in order to select qualified proponents to bid on the Design/Build Lease for a new Town Hall.
- An RFP, as adopted by Council, was issued on January 18, 2019 that asked for proposals for a new Town Hall on the basis of Design/Build Lease. The RFP had an initial response deadline of April 30, 2019. The deadline was extended to June 6, 2019 in Addendum number 3.
- Three proposals were received from Dancor, E&E McLaughlin and S.E.M. Construction.
- Council received Report DCS 19-29 Town Hall Project Committee – Proposal Summary and Public Engagement Process at the September 23, 2019 meeting of Town Council with a recommendation to begin a public engagement process with respect to the three proposals.

- Council defeated the recommendation that the Town Hall Project Committee be authorized to move forward with the public engagement process as outlined in their report.
- The Town Hall Project Committee then proceeded to finalize the evaluation of the proposals in accordance with the requirements of the RFP.
- In 2019, the Committee has met on June 13, June 24, July 8, August 15, October 28 and November 27, reviewed the designs with Council on September 9, presented to Council on September 23, and participated in two open houses on November 20 and 21.

Discussion:

A summary of the three proposals are attached as Appendices A, B and C.

Section 6 of the RFP outlined in detail how the submissions will be evaluated:

1. Evaluation of Proposals

The Town Hall Project Steering Committee (THPSC) will be comprised of appointed Members of the Public, Council Members, Town staff, and (if applicable) professional and impartial advisors. The THPSC will review and evaluate all compliant submissions. In conducting their evaluation, the THPSC may consult professional advisors, as the Town considers appropriate in its sole discretion.

2. Evaluation Criteria

Proposals will be evaluated according to the following evaluation criteria:

<u>Summary of Evaluation Criteria</u>	<u>Points Available</u>
<i>Financial Strength of Proponent and Proposal</i>	<i>10</i>
<i>Architectural Design Adherence</i>	<i>25</i>
<i>Team Member Qualifications & Management Approach</i>	<i>10</i>
<i>Project Management Plan</i>	<i>15</i>
<i>Multi-Use Features of the Building and Value Added Features</i>	<i>10</i>
<i>Financial Score</i>	<i><u>30</u></i>
<i>TOTAL Points Available</i>	<i><u>100</u></i>

a) Financial strength of Proponent and Proposal – including an assessment of:

- i) The readiness and/or plan to achieve Transaction Close;*
- ii) The financial Proposal demonstrates the feasibility of completing the project, that the aggregate amount of the debt and equity commitments stated in the Debt Commitment Letters and evidence of the equity meets or exceeds the amount of funds required to complete all Work obligations of the Landlord under the Lease. Factors to be considered will include:*

- a. *Creditworthiness of debt providers*
 - b. *Firmness of equity commitment and creditworthiness of equity provider*
 - c. *Risk allocation between team members*
 - d. *Performance security of general contractor*
 - iii) *The Landlord's ability to arrange long-term financing and finance long-term maintenance of the project.*
 - iv) *Further to the pre-qualification document in this regard (RFPQ 16-001), the Town reserves the ability to request credit reports, banking history reports and legal and, or litigation information and activity reports, insurance claim history pertaining to the Proponents and their partners in this regard. Negative findings may result in the disqualification of Proponents.*
- b) *Architectural Design Adherence: including an assessment of the degree to which the design conforms to the TSR, including the provision of all Exemplary Design components defined in the TSR and the effectiveness of the resolution to all other requirements.*
 - i) *Points will be awarded to reflect design features that exceed the minimum standard or provide additional value to the Town.*
 - ii) *The Town consider added value to include:*
 - a) *Features that enhance the functionality of the Town administrative offices operations and flow within the building;*
 - b) *Interior or exterior materials and detailing that exceed the minimum standard established in the TSR but do not significantly increase the Town's lease costs;*
 - c) *The achievement of environmentally sustainable features and practices;*
 - d) *Other features that the Town, in its sole discretion, considers to provide additional value.*
 - iii) *Points will be reduced to reflect missing design requirements.*
 - iv) *Proposals scoring less than 18 points on Design Adherence & Value Added Features may be rejected at the Town's sole discretion.*
- c) *Team Member Qualifications and Management Approach: including an assessment of the Proposal's demonstration of*
 - i) *a well-integrated and experienced Lease team that will effectively manage all Project risks;*
 - ii) *an approach which will ensure that the Town's requirements will be met at all times;*
 - iii) *an approach that documents, and will facilitate, early identification and mitigation of key Project risks;*
 - iv) *a satisfactory strategy to address deficiencies or trends indicating declining quality, providing confidence to the Town that Proponent will self-identify and correct adverse trends (including delays) without the need for Town intervention.*
- d) *Project Management Plan*

i) Demonstrates an approach which will ensure that the Town's operational standards and maintenance and service requirements for the completed Town Hall will be met at all times.

e) Financial Score:

A mathematical formula will be applied to award points to each Proposal based on the "Proposal Cost" where Proposal Cost = Annual Base Rent + first year Additional Rent:

Proposal points = (lowest Proposal Cost/ Proposal Cost) x available points

and, if Proposal Cost is greater than \$550,000, points awarded shall be reduced by:

(Proposal Cost - \$550,000)/\$25,000.

3. Interviews.

Proponents may be invited to make a presentation to the Town to describe and clarify elements of its proposal. The Town may ask different questions of each Proponent related to the nature of the proposal. Proponents are only permitted to supply information necessary to clarify issues raised by the Town. Interviews, if applicable, allow the Town to complete its scoring.

4. References.

The Town will make an assessment of the tenant experience as discovered by contacting references provided by the Landlord, who shall be current tenants of the Landlord. The Town also reserves the right to interview current and former tenants of the Landlord not provided as references, including, if applicable, Town staff responsible for managing Town space leased from the Proponent. Information obtained from references may be used to adjust the scores or to disqualify the Proponent.

5. Determination of Preferred Proponent

The proposal with the highest overall point score will be recommended for the award. Where proposals are tied or the point spread between two or more proposals is 1 points or less, the one proposal of any proposals scoring within 1 points of the highest score that has highest score for Design Adherence and Value Added Features will be recommended for award. Final award will be contingent upon Council approval.

The Town Hall Project Committee did interview each of the proponents on August 15, 2019 and evaluated each proponent using the Evaluation Criteria other than the Financial Strength of Proponents/Proposal. Colliers Project Leaders were tasked to complete the financial evaluation which they did and provided the scoring for that criterion. That information is confidential and protected under the provisions of the *Municipal Freedom of Information and Protection of Privacy Act* and will not be reported in open session.

Both scorings were aggregated resulting in the following total scores:

Dancor	68.3 points
E&E McLaughlin	72.4 points
SEM Construction	72.1 points

Accordingly, the lowest scoring proposal was ruled out in accordance with the provisions of the RFP. Because the E&E and SEM proposals are within one point of each other, the evaluation process required the Committee to then move on to comparing the Design Adherence and Value Added scores which then required the Committee to recommend the SEM proposal.

Accordingly, the Committee passed the following motion:

*Moved by: Andrew Gilvesy Seconded by: Rick Strouth
THAT based on the RFP process, the Town Hall Steering Committee recommends to
Town Council that the preferred option is S.E.M. Construction;*

AND THAT the \$8,000 honorarium be released to the other two proponents;

AND FURTHER THAT the Town Hall Steering Committee would like to advise Town Council that all of the proposals received exceeded the financial benchmarks set out in the RFP.

It is now up to Council to consider the recommendation and decide how you wish to proceed. While the RFP did not give any option to the committee but to recommend in accordance with its provisions, it gives Council discretion including awarding or not awarding. The RFP provides broad discretion to the Town as follows (I have put in **bold** those options to you that are relevant at this time):

The Town reserves the right, in its sole and unfettered discretion, to:

a) make changes, including substantial changes, to this RFP provided that those changes are issued by way of addenda in the manner set out in this RFP;

b) make public the names of any or all Proponents;

c) check references other than those provided by any Proponent;

d) waive formalities and accept Proposals which substantially comply with the requirements of this RFP;

e) accept a Proposal other than the lowest or highest scoring and/or to not accept any Proposal for any reason whatsoever;

f) disqualify any Proponent:

i) whose Proposal contains misrepresentations or any other, inaccurate or misleading information, or any qualifications,

ii) who has engaged in conduct prohibited by this RFP,

iii) with inadequate credentials or due to unsatisfactory past performance,

- iv) who has engaged in lobbying or has contravened the terms of this RFP as determined at the sole discretion of the Designated Official;*
- g) reject a Proposal on the basis of:*
 - i) a financial analysis determining the actual cost of the Proposal when considering factors including but not limited to quality, service, price and transition costs arising from the delivery of the required goods and services,*
 - ii) information provided by references or credit check or other due diligence efforts,*
 - iii) the information provided by a Proponent pursuant to the Town exercising its clarification rights under this Request for Proposal (RFP) process, or*
 - iv) other relevant information that arises during the RFP process;*
- h) cancel this RFP process at any stage and issue a new RFP for the same or similar deliverables;***
- i) reject the lowest, any or all Proposals in its absolute discretion;***
- j) if a single Proposal is received, reject the Proposal of the sole Proponent and cancel this RFP process or enter into direct negotiations with the sole Proponent;*
- k) negotiate in circumstances permitted in the Procurement By-law, include additional terms and conditions during the process of negotiations;***
- l) disqualify a Proponent if a satisfactory outcome is not reached as part of negotiation, as determined by the Town in its sole discretion and move to the next highest ranked Proposal in such event;*
- m) select a Proponent other than the Proponent whose Proposal reflects the lowest cost to the Town;***
- n) not award the Lease Agreement if the costs of completing the Work exceed budgets or if necessary approvals are not obtained.***

These reserved rights are in addition to any other expressed rights or any other rights which may be implied in the circumstances. The Town shall not be liable for any expenses, costs or losses suffered by any Proponent or any third party resulting from the Town exercising any of its expressed or implied rights under this RFP.

This matter is now before Town Council to decide on how to proceed. It has been a long journey and it is time to make a decision.

Should Council go with either Dancor or SEM, it will also require entering into an agreement of purchase and sale for the municipal property.

The Town Hall Project Committee would first of all like to sincerely thank Town Council for asking them to be part of this important process. They have very much enjoyed the work and look forward to continuing whatever capacity Council decides upon making your decision.

Moreover, the Town Hall Project Committee, after very careful review, have, as they were required under the strict terms of the RFP, provided Council with a recommendation as to the recommended proponent, that being SEM Construction.

The Committee also want Council to be aware that each of the proposals exceeded the benchmarks contained in the RFP which was set at \$550,000. Council should also consider the number of comments received from the public consultation concerned about the cost of the proposals over and above the existing rent of \$217,500 per year (the Town owns the Customer Service Centre).

Finally, the Tillsonburg BIA submitted the following resolution for consideration:
Moved by: M. Tedesco and Seconded by: A. Hicks and resolved that the BIA Board of Management encourages the council of the Town of Tillsonburg to explore additional options with respect to the redevelopment of the Town Hall including refurbishment and expansion of the existing leased space in the Tillsonburg Town Centre Mall. "Carried"

This is only a consideration should Council not proceed with any of the proponents and end the current RFP process.

Consultation:

The approved RFP included public consultation. The results of that public consultation are attached for your information and consideration.

The results overall noted the following: the cost was too high; the Town Hall should stay where it currently is; or that the Town should consider a design, build and own option.

Financial Impact/Funding Source:

A summary of the proposals is as follows:

- Building size ranges from 25,025 square feet in the E&E McLaughlin proposal to 26,905 for the S.E.M Construction proposal and 27,198 square feet in the Dancor proposal.
- Average Annual Lease Costs over the 30 year period range from approximately \$800,000 (\$29/square foot) to \$850,000 (\$31/square foot).

The Town is currently paying approximately \$217,500 in annual lease costs for the 12,000 square feet in the Town Centre Mall. The Town owns the Customer Service Centre and there are costs associated with the care and maintenance of that building that would continue if there is a new Town Hall given that both Tillsonburg Hydro and water and waste water operations would continue to reside in that building.

Adding an additional approximately \$600,000 to the annual budget of the Town would be more than challenging. It would mean a significant tax rate increase and/or a reduction in services or the Town's capital program.

There is no commitment for the Town to proceed with any proposals received.

Lastly, the RFP provided for the following with respect to honoraria:

“Honoraria

- a) The Proponents other than the Successful Proponent will receive an honorarium in the amount of Eight Thousand Dollars (\$8,000.00) to provide assistance in preparation of the proposal including presentations to Council and the community. Notwithstanding this, the Successful Proponent shall receive an honorarium if the Town cancels the RFP process.*
- b) Notwithstanding paragraph a) above, a Proponent is not entitled to an honorarium if it withdraws its Proposal, is disqualified, or its Proposal is rejected.*
- c) Proponents that submit compliant Proposals and are not selected as the Preferred Proponent must submit an invoice for payment of the Honorarium within thirty (30) calendar days of award.”*

Community Strategic Plan (CSP) Linkage:

1. Excellence in Local Government
 - ☒ Demonstrate strong leadership in Town initiatives
 - ☐ Streamline communication and effectively collaborate within local government
 - ☒ Demonstrate accountability
2. Economic Sustainability
 - ☐ Support new and existing businesses and provide a variety of employment opportunities
 - ☐ Provide diverse retail services in the downtown core
 - ☐ Provide appropriate education and training opportunities in line with Tillsonburg's economy
3. Demographic Balance
 - ☒ Make Tillsonburg an attractive place to live for youth and young professionals
 - ☐ Provide opportunities for families to thrive
 - ☐ Support the aging population and an active senior citizenship
4. Culture and Community
 - ☐ Promote Tillsonburg as a unique and welcoming community
 - ☐ Provide a variety of leisure and cultural opportunities to suit all interests
 - ☐ Improve mobility and promote environmentally sustainable living

Attachments:

Appendix A – Survey Question 1
Appendix B – Survey Question 2
Appendix C – Survey Question 3
Appendix D – Survey Question 4
Appendix E – Survey Question 5