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**REPORT TO CAPITAL REGIONAL HOSPITAL DISTRICT BOARD
MEETING OF WEDNESDAY, APRIL 14, 2021**

SUBJECT **Oak Bay Lodge Property - Award of C-001 HAZMAT Abatement and Building Demolition Contract and Approval of Capital Expenditure and Borrowing Bylaw**

ISSUE SUMMARY

To seek approval for award of contract for the C-001 HAZMAT abatement and building demolition of the Oak Bay Lodge property and approval of Capital Expenditure and Borrowing Bylaw No. 178, 2021 to expend the funds to complete the project.

BACKGROUND

The Capital Regional Hospital District (CRHD) took over ownership of Oak Bay Lodge (2251 Cadboro Bay Road) from Vancouver Island Health Authority (Island Health) effective August 14, 2020. On February 10, 2021 the CRHD Board approved Unitech Construction Management Ltd. as Construction Manager on the Oak Bay Lodge project. Under Unitech's management, tender C-001 for HAZMAT abatement and building demolition was issued on March 25, 2021. The tender closed on April 1, 2021.

Thirty companies registered interest in the tender. Nine companies submitted bids. These were reviewed for compliance with the tender documents, clarified and equalized, and checked for mathematical errors. The summarized bids in Appendix A have been found to be complete. If awarded by the Board on April 14, 2021, coordination work will commence immediately with work expected to be completed within eight months. The contract for this work would follow the standard Canadian Construction Documents Committee (CCDC) form of agreement.

Nine proposals were received. The top four lowest priced proposals were scored and evaluated based on price, recycling disposal strategy, and schedule. Demolition and abatement expertise was evaluated based on references, local expertise, and staffing levels. The scoring matrix is attached as Appendix A. Based on this evaluation QM Environmental had the highest score and it is recommended we proceed with this contractor.

Approval of a capital expenditure and borrowing bylaw by the Board is required to expend and borrow these funds (Appendix B). Approval for \$4.3 million is requested to cover the successful bid fee, construction management fees, general requirements and CRHD project management costs. General requirements and other project costs include testing and inspection services, barriers and fencing, temporary site office, site housekeeping, temporary toilets, tree removal, dewatering, surface protection, water, and arborist costs, communications, engagement, legal and insurance costs. The 2021-2030 CRHD 10 Year Capital Plan approved up to \$10 million in spending for this project. The project budget is summarized in the table below:

C-001 HAZMAT Abatement and Demolition	\$3,543,090
CM Services, Site Supervisor and Disbursements	\$210,250
General Requirements and other project costs	\$271,661
Overall Project Contingency (6%)	\$241,500
Total	\$4,266,501

ALTERNATIVES

Alternative 1

1. That tender C-001 HAZMAT Abatement and Building Demolition for the Oak Bay Lodge property be awarded to QM Environmental in the amount of \$3,543,090 plus GST, and a 6% contingency be approved;
2. That the overall project budget of \$4,266,501 be approved;
3. That Capital Bylaw No. 404, “Capital Regional Hospital District Capital Expenditure and Borrowing Bylaw No. 178, 2021” be introduced and read a first, second and third time; and
4. That Bylaw No. 404 be adopted.

Alternative 2

That the Oak Bay Lodge Property - Award of C-001 HAZMAT Abatement and Building Demolition Contract and Approval of Capital Expenditure and Borrowing Bylaw report be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

The 2021-2030 CRHD 10 Year Capital Plan authorized up to \$10 million in spending for the demolition project at the Oak Bay Lodge property - \$5 million in 2021 and another \$5 million earmarked in 2022. Based on the tender process the budget allocated in 2022 may no longer be required, however, any costs expended to prepare the site in 2022 will require capital expenditure authority. According to the project proforma, the project budget of \$4.3 million will be spent in 2021 over a period of 10 months and costs financed through the Municipal Finance Authority of BC. The term of debt service amortization for this project would be five years, in accordance with CRHD borrowing guidelines. The proposed debt servicing costs for this project have been included in the 2021-2025 CRHD Budget, approved on March 24, 2021.

In order to proceed with any capital spending on the project, a Capital Borrowing and Expenditure Bylaw must be enacted and approved by the Board. The appropriate Capital Borrowing and Expenditure Bylaw for Alternative 1 is represented in Appendix B.

CONCLUSION

The Oak Bay Lodge property is a high priority project identified in the CRHD’s 10 Year Capital Plan and demolition of the existing facility is necessary to realize the future value of the site for the capital region.

RECOMMENDATION

1. That tender C-001 HAZMAT Abatement and Building Demolition for the Oak Bay Lodge property be awarded to QM Environmental in the amount of \$3,543,090 plus GST, and a 6% contingency be approved;
2. That the overall project budget of \$4,266,501 be approved;
3. That Capital Bylaw No. 404, “Capital Regional Hospital District Capital Expenditure and Borrowing Bylaw No. 178, 2021” be introduced and read a first, second and third time; and
4. That Bylaw No. 404 be adopted.

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Contract and Approval of Capital Expenditure and Borrowing Bylaw **3**

Submitted by:	Michael Barnes, MPP, Senior Manager, Health & Capital Planning Strategies
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENTS

Appendix A: Tender Summaries with Construction Manager's Recommendation
Appendix B: Bylaw No. 404, Capital Regional Hospital District Capital Bylaw No. 178, 2021