



A great place to call home  
A vibrant downtown

A progressive diversified economy  
An appealing attractive city

## AGENDA

### GUELPH CITY COUNCIL

**June 26, 2006 - 6:00 p.m.**

*Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.*

- O Canada
- Silent Prayer
- Disclosure of Pecuniary Interest

**SPECIAL MEETING  
TO AWARD CONTRACT 06-043 FOR THE CONSTRUCTION  
OF THE GUELPH CIVIC ADMINISTRATION CENTRE/POA  
COURTHOUSE CONSTRUCTION**

**PRESENTATION:-**

- Director of Finance with respect to project financing summary

**DELEGATIONS**

Resolution (Councillor Baily)

*“THAT persons desiring to address Council be permitted to do so at this time.”*

Delegations are limited to a maximum of five (5) minutes.

There have been no requests to appear as a delegation at the time of printing.

**CITY OF GUELPH CONTRACT NO. 06-043 – GUELPH CIVIC ADMINISTRATION  
CENTRE/POA COURTHOUSE CONSTRUCTION**

THAT Contract 06-043 for the construction of the Guelph Civic Administration Centre Complex (including POA Courthouse renovations) be awarded to Urbacon Buildings Group Corp. (Toronto), in the total tendered amount of \$42,000,000.00, exclusive of GST, inclusive of PST:

AND THAT the Mayor and Clerk be authorized to sign the necessary construction and contract agreements;

AND THAT the Board of Guelph Hydro Inc. be requested to proceed with the partial monetization of the Notes Receivable presently held by the City of Guelph in the amount of

\$7,690,000;

AND THAT the City Treasurer be authorized to proceed with the marketing through the City's fiscal agent, a debenture issue in the aggregate amount not exceeding \$25 million for a term up to 25 years.

**ADJOURNMENT**



# City of Guelph

## CORPORATE SERVICES

Report:

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**TO:** Mayor and Members of Council

**DATE:** June 26, 2006

**SUBJECT: CITY OF GUELPH CONTRACT NO. 06-043 - GUELPH CIVIC ADMINISTRATION CENTRE/POA COURTHOUSE CONSTRUCTION**

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**RECOMMENDATION:**

That Contract 06-043 for the construction of the Guelph Civic Administration Centre Complex (including POA Courthouse renovations) be awarded to Urbacon Buildings Group Corp. (Toronto), in the total tendered amount of \$42,000,000.00, exclusive of GST, inclusive of PST;

That the Mayor and Clerk be authorized to sign the necessary construction and contract agreements;

That the Board of Guelph Hydro Inc. be requested to proceed with the partial monetization of the Notes Receivable presently held by the City of Guelph in the amount of \$ 7,690,000 and;

That the City Treasurer be authorized to proceed with the marketing through the City's fiscal agent, a debenture issue in the aggregate amount not exceeding \$25 million for a term up to 25 years.

**BACKGROUND:**

Five (5) tenders for the City of Guelph Contract No. 06-043 for the construction of the Civic Administration Centre Complex were received from pre-qualified bidders on Tuesday, June 20, 2006 at 2:30 p.m. with the following results:

- Urbacon Buildings Group Corp. (Toronto) \$42,000,000.00
  - Vanbots Construction Corporation (Markham) \$42,898,000.00
  - Ellis Don Corporation (London) \$42,975,000.00
  - Aecon Buildings (Toronto) \$44,647,000.00
  - Graham Construction & Engineering Inc. (Mississauga) \$44,795,000.00
- (Prices shown exclusive of GST at 6% and inclusive of PST at 8%.)

City staff together with the City's project manager and the City's architects have reviewed the submissions and recommend acceptance of the low bid submitted by Urbacon Buildings Group Corp., of Toronto.

**REPORT:**

The bid received from Urbacon Buildings Group Corp. (Toronto) of \$42,000,000 was broken down as follows:

Civic Administration Centre	\$32,498,000
POA Courthouse	<u>\$ 9,502,000</u>
Total Bid	<u>\$42,000,000</u>

Project Component Costs:

- Civic Admin – Appendix 3
- Demolition of Memorial Gardens – Appendix 2
- Total Civic Admin – Appendix 1
- POA Court House – Appendix 4

**CORPORATE STRATEGIC PLAN:**

This initiative supports all six strategic directions contained in Council's Strategic Plan.

**FINANCIAL IMPLICATIONS:**

At the November 7, 2005 Council meeting, the following resolutions were passed:

*That the Director of Finance be directed to discuss with the Guelph Hydro Board the monetization of the Promissory Notes that have been issued by Guelph Hydro Electric Systems Inc. (GHESI) and Wellington Electric Distribution Company (WEDCO) in favour of the City of Guelph in the minimum amount of \$7 million or maximum amount of \$10 million;*

*And that these funds be allocated to the Capital Reserve and used specifically for the financing of the Civic Administration Centre.*

Discussions have been held with senior staff and the Chair of the Board of Guelph Hydro Inc. concerning the City's desire to monetize a portion of the Notes Receivable. Guelph Hydro Inc. is receptive to the proposal of partial monetization and is awaiting a direction from City Council to proceed.

Previously, Finance staff recommended a financing scenario to Council which was subsequently approved at the November 7, 2005 Council meeting. Staff were also requested to report back with recommendations for final approval. It is recommended that financing for these two structures be provided in the following manner:

Financing Scenario:

Civic Administration Centre (including Demolition & Underground Parking)  
Refer to Appendix 1

Financing Provided From:

Federal Gas Tax Funding Green Initiatives	\$ 3,000,000
Development Charges	\$ 5,092,000
Capital Reserves – GHESI Dividends	\$ 3,346,000
Capital Reserves – GHESI Note Monetization	\$ 7,690,000
Debt Issue (25 year debenture)	\$19,409,650
Investment Income – interest on debenture proceeds	<u>\$ 1,247,950</u>
Total Financing	<u>\$39,785,600</u>

Provincial Offences Court

Refer to Appendix 1

Financing Provided From:

County of Wellington	\$ 5,482,050
Debt Issue (25 year debenture)	<u>\$ 5,482,050</u>
Total Financing	<u>\$10,964,100</u>

Debenture Issue

Staff are recommending that the debt issues for the various components of the project be combined into a single debenture issue and that the issue be marketed as soon as possible. There are several advantages to this method of financing:

- a) A single large debt issue is more appealing to the investment community than several smaller issues. This will attract larger investors to the market and the City should expect to achieve more attractive rates.
- b) Discussions with the City's fiscal agents have indicated that they expect market rates to begin to rise over the next several months. By going to the market immediately, the City will be able to provide a hedge against these increased rates.

- c) The City of Guelph will be able to invest the surplus funds in a series of term deposits whose maturities will match the projected future cash flow requirements.

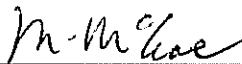
The downside to this proposal is that the full impact of the debt issue will commence in the first year of the project. However, this will be mitigated for the most part by the interest earnings generated by the investment of the surplus funds.

**DEPARTMENTAL CONSULTATION/CONCURRENCE:**

The Steering Committee and Senior Management Team has been involved throughout the process.

**ATTACHMENTS:**

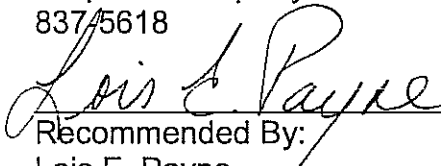
Funding Report  
Revised Budget Summary (MHPM Document # 81378-3234)  
Civic Administration Centre Complex conceptual rendering



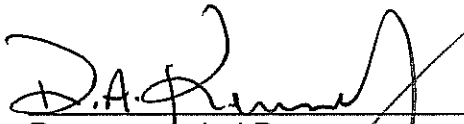
Prepared By:  
Murray McCrae  
Corporate Property & Finance  
837-5618



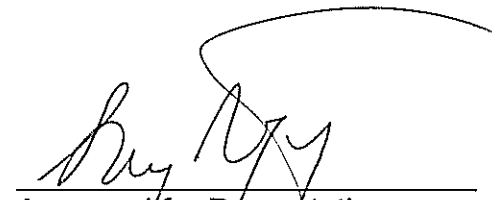
Prepared By:  
Sue Aram CGA  
Finance  
837-5610



Recommended By:  
Lois E. Payne  
Director of Corporate Services/City Solicitor  
837-5637 ext. 2288



Recommended By:  
David A. Kennedy, C.A.  
Director of Finance  
837-5610 ext. 5606



Approved for Presentation:  
Larry Kotseff  
Chief Administrative Officer

## Civic Administration Centre Complex Summary

### Appendix 1

	October 2005 Budget	June 2006 Tender Bid	Variance
Demolition	\$ 2,800,000	\$ 2,063,700	\$ 736,300
Civic Administration Centre	\$ 37,112,000	\$ 37,721,900	(609,900)
<b>TOTAL</b>	<b>\$ 39,912,000</b>	<b>\$ 39,785,600</b>	<b>\$ 126,400</b>
POA Courthouse	\$ 8,748,000	\$ 10,964,100	(\$2,216,100)



## I. Demolition of Memorial Gardens

### Appendix 2

	October 2005 Budget	June 2006 Tender Bid	Variance
Demolition Expenses	2,000,000.00	1,273,800.00	
Expenses to Date	800,000.00	789,900.00	
<b>Total</b>	<b>2,800,000.00</b>	<b>2,063,700.00</b>	<b>736,300.00</b>





## II. Civic Administration Centre

### Appendix 3

	October 2005 Budget	June 2006 Tender Bid	Variance
Construction	30,373,000.00	32,498,000.00	
Escalation	1,840,000.00	incl. above	
Architect fees	1,963,000.00	1,963,000.00	
Other (fees, permits, fixtures)	1,636,000.00	1,636,000.00	
Construction Contingency	incl. in const.	1,624,900.00	
<b>Total</b>	<b>35,812,000.00</b>	<b>37,721,900.00</b>	
Underground Parking	1,300,000.00	incl. above	
	<b>37,112,000.00</b>	<b>37,721,900.00</b>	<b>(609,900.00)</b>



### III. POA Courthouse

#### Appendix 4

	October 2005 Budget	June 2006 Tender Bid	Variance
Construction	\$ 7,301,000.00	9,502,000.00	
Architect fees	703,000.00	703,000.00	
Escalation	460,000.00	incl. above	
Other	284,000.00	284,000.00	
Construction Contingency	incl. above	475,100.00	
<b>Total</b>	<b>8,748,000.00</b>	<b>10,964,100.00</b>	<b>(2,216,100.00)</b>

