



Gateway Project Update

Deputation to the Town of The Blue Mountains

Jennifer Bisley, Executive Director

Council Meeting, March 6, 2023

Purpose

The Blue Mountains Attainable Housing Corporation (BMAHC) requested to speak to Council to:

1. Provide an update on the Gateway Project Design-Build RFP and costs.
2. Provide an opportunity for Council to ask questions about the Gateway Project.

Background

- The BMAHC was seeking a Design-Builder to undertake the design and construction of the Gateway Project, a mixed-use and mixed-income attainable housing proposed at 171 King Street E. in Thornbury
- The Design-Build process consisted of three phases: 1) The RFP Phase; 2) Preliminary Design Development Phase; and 3) Detailed Design and Construction Phase
- The RFP Phase included the RFPQ and selection of 4 prequalified proponents in April 2021 and the RFP issued to prequalified proponents in June 2022 with the intent to enter an agreement for the Preliminary Design Development Phase of work.
- One submission was received from Buttcon Limited. The submission met the mandatory and technical requirements of the RFP, but the funding proposal exceeded the stated budget.
- Negotiations did not yield adequate cost savings to make the project viable resulting in the decision to conclude the RFP without an award of contract at the February 24, 2023, special Board meeting.

Background

- On February 27, 2023, BMAHC issued a news release and published the staff report 'Gateway Project Update' for the March 2, 2023 Board meeting to inform the public of the news and of this deputation to Council. These documents are attached to the this presentation.
- The public can submit questions to BMAHC by email at info@thebluemountainshousing.ca and request to make a public comment at a Board meeting. The next Board meeting is scheduled for April 6, 2023 at 1:30PM.
- The Board of Directors and Executive Director will engage in planning sessions in April to consider options to proceed with the Gateway Project, including potential partnerships and alternative delivery methods, in view of the current political, market and funding conditions.

Financial Considerations

\$449,655 has been invested by BMAHC to date for the planning and development of the Gateway Project. This does not include general administration expenses including wages, office expenses, professional fees, and marketing that are not capitalized in financial reports.

BMAHC Gateway Project Costs (2019 to date)		
Planning & Development	\$ 236,739	53%
Site Studies	\$ 94,813	21%
Taskforce Design Guidelines	\$ 43,633	10%
Design-Build RFP	\$ 43,321	10%
Legal	\$ 31,150	7%
TOTAL	\$ 449,655	100%

Financial Considerations

BMAHC Gateway Project Funding Sources (2019 to date)		
CMHC + FCM Grants (note 1)	\$ 196,953	44%
Town Operating Loan (note 2)	\$ 252,702	56%
TOTAL	\$ 449,655	100%

1. CMHC approved \$135,500 of grant funding and a loan of \$99,000, and FCM approved a grant of \$152,620 for Gateway pre-construction activities.
2. The BMAHC Operating Loan Agreement with the Town of The Blue Mountains is for purposes of working capital to ensure that the corporation can reasonably continue operations and satisfy short-term commitments. It is not only for the Gateway Project.

The Loan bears interest at the rate of the Lender's Cost of Funds plus 200 basis points at the time the draw is made, with rates on draws ranging from 2.9% to 5.41%. It is repayable at the end of the Loan Term of November 30, 2023.

The total amount of funds available is \$1,200,000. \$715,000 has been drawn since October 2020, of which \$252,712 has been accessed to finance Gateway Project costs, \$8,940 to finance Napier Street costs, and \$453,358 to finance general administration expenses.

Financial Considerations

The Town approved the transfer of 171 King St. E to the BMAHC for a nominal fee at the July 4, 2022 Council meeting, which has not been completed.

The resolution included provisions that the transfer be conditional on a right of reversion triggered if Building Permits have not been issued within 3 years of the date of completion of sale or if a minimum yield of 'attainable' units is not proposed prior to the issuance of Building Permit(s).

BMAHC has not received a draft transfer or grant agreement for its consideration to date.

Investment in 171 King St. E.		
Town Funds	\$ 608,647	35%
Grey County Funds	\$ 1,139,845	65%
TOTAL	\$ 1,748,492	100%
Appraised Value April 2022	\$ 3,975,000	
Appraised Value less cost	\$ 2,226,508	



THE BLUE MOUNTAINS
Attainable Housing Corporation

www.thebluemountainshousing.ca

QUESTIONS?



Gateway Project Request for Proposals concludes without an award of contract

February 27, 2023

The Blue Mountains Attainable Housing Corporation (BMAHC) has concluded the Request for Proposals (RFP) to select a Design-Builder for the Gateway Project without awarding a contract.

“The high cost of borrowing, labour and construction materials combined with reduced government funding have had a profound impact on the financial viability of housing projects across Canada, including the Gateway Project,” said Jennifer Bisley, Executive Director.

The BMAHC was seeking a Design-Builder to undertake the design and construction of the Gateway Project, a mixed-use attainable housing development proposed at 171 King Street E. in Thornbury. The plan was for construction to be primarily funded through capital grants and financing from the Canada Mortgage and Housing Corporation with the Town contributing land, relief from development fees and charges, and a loan for working capital.

The RFP was issued to four prequalified proponents in June 2022 with the intent to enter an agreement for preliminary design development work based on the proposed design concept. One proposal was received from Buttcon Limited by the revised submission deadline of December 2, 2022. The proposal met all mandatory and technical requirements, but the funding proposal exceeded the stated budget. In accordance with the RFP, Buttcon Limited was invited to commence negotiations to determine options to reduce costs.

“We are disappointed with the outcome,” said Gavin Leitch, BMAHC Chair. “I want to thank Buttcon Limited for their efforts to work with us on a solution, but ultimately, we were unable to make the financial model work.”

The Blue Mountains Attainable Housing Corporation will be considering its options to proceed with the Gateway Project given the ongoing urgent need for attainable housing in the community.

LEARN MORE

For more information on the Gateway Project, please visit:

<https://www.thebluemountainshousing.ca/developments/gateway-attainable-housing-project>.

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<https://www.thebluemountainshousing.ca/about/board-meetings>.

The BMAHC is scheduled to make a deputation at the March 6, 2023, Town of The Blue Mountains Council meeting to provide an update and respond to questions from Council.

CONTACT Jennifer Bisley, Executive Director, The Blue Mountains Attainable Housing Corporation
info@thebluemountainshousing.ca
(519) 599-3131 ext. 314



STAFF REPORT

Board Meeting

MEETING DATE: March 2, 2023
REPORT: B.3.1 Gateway Project Update
SUBMITTED BY: Jennifer Bisley, Executive Director

A. Recommendation

THAT The Blue Mountains Attainable Housing Corporation receive Item B.3.1 Gateway Project Update for information.

B. Background

The Gateway Project is the Blue Mountains Attainable Housing Corporation's (BMAHC) first housing development at 171 King Street East and is currently in the pre-construction phase. Project information and prior updates can be found on the project webpage at <https://www.thebluemountainshousing.ca/developments/gateway-attainable-housing-project>.

C. Analysis

At the February 24, 2023, special Board meeting, the decision was made to conclude the Request for Proposals (RFP) process to select a Design-Builder for the design and construction of the Gateway Project without the award of a contract.

The procurement process was initiated with the release of the Request for Prequalification (RFPQ) on December 16, 2020, resulting in the selection of four (4) respondents in April 2021 to be invited to proceed to the Request for Proposal (RFP) stage. The RFP was issued to four prequalified proponents in June 2022 with the intent to enter an agreement for preliminary design development work based on the proposed design concept. One proposal was received from Buttcon Limited by the revised submission deadline of December 2, 2022.

The proposal met all mandatory and technical requirements, but the funding proposal exceeded the stated budget. In accordance with the RFP, Buttcon Limited was invited to commence negotiations to determine options to reduce costs. Although there was room for savings from value engineering and downgrading energy efficiency measures, it was not to the extent required for the project to be financially viable.

P1 Consulting, retained to provide Fairness Advisory Services and an independent attestation on the procurement process, confirmed in their report dated February 17, 2023, (attached) that they are satisfied that, from a fairness perspective, the processes undertaken related to the RFP have been conducted in a fair, open, and transparent manner.

The conclusion of the Design-Build RFP without award concludes contracts with the development consultant (SHS Consulting), Advocate Architect (Salter Pilon) and Fairness Advisor (P1 Consulting) related to the Design-Build process.

The Board of Directors and the Executive Director will engage in planning sessions in April to consider options to proceed with the Gateway Project, along with other opportunities, in view of current political, market and funding conditions and the continuing urgent need for attainable housing in the community.

Financial Considerations

From 2019 to date, BMAHC invested \$449,655 in direct costs for the planning and development of the Gateway Project, of which \$196,953 is funded by grants from CMHC and FCM and \$252,702 financed by an Operating Loan from the Town.

According to Town staff reports, the Town of The Blue Mountains invested \$1,139,845 of County of Grey funds and \$608,647 of its own funds, for a total of \$1,748,492, to purchase the land and demolish existing structures at 171 King St. E. The last appraised value of the land reported by the Town was \$3,975,000 as of April 2022.

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Funding Source Notes:

1. CMHC approved \$135,500 of grant funding and a loan of \$99,000, and FCM approved a grant of \$152,620 for Gateway pre-construction activities.
2. The BMAHC has an Operating Loan (Loan) Agreement with the Town of The Blue Mountains for purposes of working capital to ensure that the corporation can reasonably continue operations and satisfy short-term. The Loan bears interest at the rate of the Lender's Cost of Funds plus 200 basis points at the time the draw is made, with rates to date ranging from 2.9% to 5.41%, and is repayable at the end of the Loan Term of November 30, 2023. The total amount of funds available is \$1,200,000, with \$715,000 drawn since October 2020, of which \$252,712 has been accessed to finance Gateway Project costs above, \$8,940 to finance Napier Street costs, and \$453,358 to finance general administration expenses.

Communications

A [news release](#) was issued on February 27, 2023, to inform the public of the decision. The public can submit questions by email to info@thebluemountainshousing.ca or make a public comment at a Board meeting.

The BMAHC is scheduled to make a deputation to Town Council at the March 6, 2023, Council meeting, where Council will be given an update on the Design-Build RFP process and will have an opportunity to ask questions.

D. Financial Impact

None.

Attachments:

1. P1 Consulting, 'Request for Proposals (RFP) for A Design-Builder for The Blue Mountains Attainable Housing Gateway Project, Fairness Advisor's Report,' February 17, 2023
2. The Blue Mountains Attainable Housing Corporation, News Release, February 27, 2023

The Blue Mountains Attainable Housing Corporation
**Request For Proposals (RFP) for
A Design-Builder for
The Blue Mountains Attainable Housing Gateway Project**

**Fairness Advisor's Report
February 17, 2023**



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1 Project Highlights

1.1 Project Background and Objectives

The Blue Mountains Attainable Housing Corporation (“BMAHC”) released a Request for Prequalification # 2020-02-PQ-BMAHC (“RFPQ”) on December 16, 2020 in order to identify and select by means of qualification, experienced design-build firms who will then be invited to submit a Proposal for the proposed development at 171 King St. E. in Thornbury, the ‘Gateway’ Project (the “Project”).

The Request for Proposals (“RFP”) was released on June 17, 2022. The RFP sought upon the review of the Submissions, to identify a Successful Proponent to enter into an Agreement for the Preliminary Design Development phase of the Project.

Overview of Intent

The vision for the Project is an attractive and attainable development featuring sustainable and quality construction and design excellence that relates, responds, and contributes to the local context. The mixed-use and mixed-income development will incorporate attainable and market rental housing with ground-floor commercial space and open space opportunities to create an inclusive, and socially and physically connected community. There is strong community interest in the Project due to its prominent and visible location as a ‘gateway’ to the Thornbury community in addition to the Project being the first development by BMAHC.

The Project consists of a mixed-income purpose-built rental building with approximately 84 market and attainable units in a mix of studios, one-, two-, and three-bedroom units. All units will be designed to the same standard regardless of target income with a focus on quality and value. The Project will provide approximately 12,500 sq.ft. of non-residential space at grade for small-scale commercial or institutional uses which may include office, retail, café, community services, or other uses. Indoor and outdoor amenity space and connections to existing trails and community amenities will support a vibrant and connected community. The site is municipally known as 171 King Street East in Thornbury within the Town of The Blue Mountains, Ontario.

The site is approximately 1.11 ha (2.74 acres) in size. The intent is to design and develop the Project as closely as possible to the existing provisions of the Official Plan and Zoning Bylaw.

1.2 Fairness Engagement Scope of Work

P1 Consulting was retained to perform Fairness Advisory services and provide an independent attestation on the procurement process. Our mandate is to review and monitor the bid documents and communications, provide advice on best practices, review and monitor the evaluation and decision-making processes to ensure fairness, equity, objectivity, transparency and adequate documentation throughout the evaluation process. As Fairness Advisors we are also to attend, observe and provide guidance at meetings. In particular, in

our role as Fairness Advisor, we ascertained that the following steps were taken to ensure an open, fair and transparent process related to the Project:

- **Industry One-on-One Meetings**

P1 Consulting reviewed the approach to the one-on-one, pre-procurement market sounding meetings and attended each meeting to confirm that they were conducted in a fair and consistent manner.

- **Review of the RFPQ, RFP and Addenda:**

P1 Consulting reviewed the RFPQ, RFP, and addenda and all other relevant documents related to the procurement process to ensure that the requirements were met.

- **Review of Requests for Clarification (RFCs), Questions and Answers (Q&As):**

P1 Consulting reviewed all Q&As and the responses submitted to the Proponents. P1 Consulting also reviewed any RFCs submitted by BMAHC along with their responses.

- **RFPQ and RFP Submission Deadline:**

P1 Consulting reviewed the closing process for the RFPQ and RFP submission deadlines, as well as provided input, where relevant, into the subsequent completeness review.

- **Review of Evaluation Criteria and Procedures:**

P1 Consulting reviewed the evaluation criteria and procedures for the RFPQ and RFP to ensure that the requirements were met.

- **Advice on Best Practices:**

P1 Consulting attended training sessions to ensure that all project team members were provided with briefings on best practices including the principles and duties of fairness, care and protection of confidential information, avoidance and disclosure of conflict of interest, bias and undue influence, scoring procedures and sign-off on individual scoring sheets, preparation, treatment and retention of evaluation documents.

- **Evaluation Meetings:**

P1 Consulting observed and documented evaluation meetings of the submissions, including the consensus sessions of the technical and financial evaluation teams. Additionally, during the evaluation process, we provided verbal and written advice with respect to fairness, objectivity, consistency of process, conflict of interest and confidentiality to ensure strict accordance with the specifications and criteria set out in the RFPQ and RFP documents.

- **Proponent Interaction:**

P1 Consulting attended and monitored all briefing sessions and commercially confidential meetings with Proponents.

All of the tasks above were completed in a manner that was fair, open and transparent.

2 Request for Qualifications

2.1 Development of the Request for Qualifications

P1 Consulting reviewed the RFPQ our comments related to fairness were satisfactorily addressed by BMAHC, prior to issuance. We confirm that, from a fairness perspective, the requirements were clear and the RFPQ provided the Respondents a fair process.

2.2 RFPQ Open Period Process

Throughout the RFPQ open period, BMAHC responded to the questions from the Respondents and issued addenda to provide greater clarity on the requirements and process. P1 Consulting reviewed all documents prior to posting to confirm that they were acceptable from a fairness perspective.

2.3 RFPQ Evaluation Preparation

The evaluation process and roles and responsibilities of all participants in the RFPQ evaluation process was documented within BMAHC's internal evaluation procedure. The procedures were finalized prior to any RFPQ evaluation activity being undertaken. P1 Consulting reviewed the procedures and confirmed that all our fairness comments were satisfactorily addressed prior to the evaluation procedures being distributed to the evaluators.

The evaluation team was established in advance of any evaluation activity. All participants in the evaluation process were required to participate in a training session in preparation for their role in the process. Each participant was required to sign a conflict of interest declaration, which included a continued commitment to the avoidance of conflicts and respect of confidentiality commitments. Project participants were notified of the appointment of a Fairness Advisor. Any matters related to actual, potential or perceived conflicts of interests were reviewed and cleared prior to the individual's participation in the evaluation. There were no conflicts identified which prevented a party from participating in the RFPQ evaluation.

2.4 RFPQ Submission Receipt and Completeness

The RFPQ Response Submission Deadline was 2:00 pm, February 2, 2021. Responses were submitted at BMAHC of Town's Electronic Bidding System <https://thebluemountains.bidsandtenders.ca> (Bidding System). Ten (10) submissions were received in advance of the Submission Deadline from the following Respondents:

- Tambro
- Dineen Construction
- Prime Design Build
- W.S. Morgan Construction Limited
- JR Certus Construction Co. Ltd.
- EllisDon Corporation
- Buttcon Limited

- Matheson Constructors Limited
- Percon Construction Inc
- R-Hauz Housing Solutions

The procurement team undertook a review to confirm that the submissions were substantially complete.

All Submissions met the mandatory requirements in accordance with the RFPQ and therefore all evaluation participants were granted access to the Submissions.

2.5 Evaluation of the Technical and Financial RFPQ Responses

Each member of the evaluation team undertook an individual evaluation and scoring of RFPQ Submissions against the rated criteria included in the RFPQ. Subsequent to completion of the individual evaluations, a consensus evaluation process was used to evaluate the Submissions, using the established evaluation criteria and evaluation rating scales. The participants engaged in a fulsome exchange of views leading to evaluation results, which were agreed to by the evaluators for each Respondent team. All participants performed their roles diligently throughout the evaluation process.

P1 Consulting attended all of the consensus meetings and observed that the proceedings were in accordance with the RFPQ and Evaluation Framework. P1 Consulting confirms that the process was fair, transparent and unbiased.

The following eight (8) Respondents met the minimum required score of 70/100 and proceeded to the ranking of the Respondents:

- Tambro
- Prime Design Build
- W.S. Morgan Construction Limited
- EllisDon Corporation
- Buttcon Limited
- Matheson Constructors Limited
- Percon Construction Inc
- R-Hauz Housing Solutions

Based on the final scores from the consensus discussions, BMAHC undertook reference checks for the top four (4) ranked Respondents. Following the reference checks, all four Respondents were invited to proceed to the RFP stage.

2.6 RFPQ Evaluation Outcome

The outcome of the RFPQ evaluation was the shortlisting of the following Respondent teams to proceed to the subsequent RFP stage:

- Matheson Constructors Limited
- Percon Construction Inc
- R-Hauz Housing Solutions
- EllisDon Corporation

2.7 Debriefing

In accordance with the RFPQ, BMAHC offered the unsuccessful Respondents a debriefing session following the conclusion of the RFPQ evaluation process. P1 Consulting monitored the debriefing session and confirms that it was conducted in an open and fair manner.

3 Request for Proposals

3.1 Development of the Request for Proposals

P1 Consulting reviewed the RFP prior to it posting and our comments related to fairness were satisfactorily addressed by BMAHC, prior to issuance. We confirm that, from a fairness perspective, the requirements were clear and the RFP provided the Proponents a fair process.

Prior to the release of the RFP, a shortlisted Respondent, EllisDon, informed BMAHC that they would no longer participate in the process. In accordance with the RFPQ, BMAHC exercised their right to invite the fifth ranked Respondent, Buttcon Limited, to participate in the RFP process. As a result, the RFP was released to the following Proponents:

- Buttcon Limited,
- Matheson Constructors Limited
- Percon Construction Inc
- R-Hauz Housing Solutions

3.2 RFP Open Period Process

Throughout the RFP open period, BMAHC responded to Q&As from the Proponents and issued addenda to provide greater clarity on the requirements and process. P1 Consulting reviewed all documents that were posted to confirm that they were acceptable from a fairness perspective. A P1 Consulting representative attended the Information Meeting, as well as all Commercially Confidential Meetings held during the RFP open period. P1 Consulting confirms that the proceedings were consistent and in accordance with the RFP.

During the RFP open period, the following three (3) Proponents informed BMAHC that they were withdrawing from the RFP process: Matheson Constructors Limited, Percon Construction Inc, and R-Hauz Housing Solutions.

3.3 RFP Evaluation Preparation

The evaluation process and roles and responsibilities of all participants in the RFP evaluation process was documented by BMAHC. The evaluation procedures were finalized prior to any RFP evaluation activity being undertaken. P1 Consulting reviewed the evaluation process documents and confirmed that all our fairness comments were satisfactorily addressed prior to the documents being distributed to the evaluators.

All participants in the evaluation process, including evaluators and subject matter experts were required to participate in a training session in preparation for their role in the process. Each participant was required to sign a conflict of interest declaration, which included a continued commitment to the avoidance of conflicts and respect of confidentiality commitments. Project participants were notified of the appointment of a Fairness Advisor. Any matters related to actual, potential or perceived conflicts of interests were reviewed and cleared prior to the individual's participation in the evaluation. There were no conflicts identified which prevented a party from participating in the RFP evaluation.

3.4 RFP Submission Receipt and Completeness

The RFP Submission Deadline was December 2, 2022 at 2:00 pm EST. Submissions were submitted electronic Submissions via wetransfer link (<https://wetransfer.com/>) to the RFP Coordinator. One Submission was received in advance of the Submission Deadline from the following Proponent:

- Buttcon Limited

The Submission met the substantial completeness requirement in accordance with the RFP and evaluation procedure documents, and so all evaluation participants were granted access to the Submission.

3.5 Evaluation of the Technical and Financial RFP Submissions

The evaluation team undertook an individual evaluation and scoring of RFP Submissions against the rated criteria, which were based on the Evaluation Criteria included in the RFP and BMAHC's supplementary evaluation documentation. Subsequent to completion of the individual evaluations, a consensus evaluation process was used to evaluate the Submission using the established evaluation criteria and evaluation rating scales. The participants engaged in a fulsome exchange of views leading to evaluation result, which were agreed to by the evaluators for the Proponent. All participants performed their roles diligently throughout the evaluation process.

The evaluations were undertaken sequentially. The technical evaluation was undertaken first, followed by the financial evaluation. P1 Consulting attended all of the consensus meetings and observed that the proceedings were in accordance with the RFP and Evaluation Framework. P1 Consulting confirms that the process was fair, transparent and unbiased.

3.6 RFP Evaluation Outcome

As a result of the evaluation process and in accordance with the RFP, BMAHC invited Buttcon Limited to commence negotiations, with the ultimate aim of entering into an Agreement for the Preliminary Design Development phase of the Project.

4 Conclusion

Our fairness review was conducted without influence and as of the date of this report, we confirm that we are satisfied that, from a fairness perspective, the processes undertaken related to the Blue Mountains Attainable Housing Gateway Project RFP have been conducted in a fair, open and transparent manner. As Fairness Advisor for this Project, we are satisfied that BMAHC have followed the procedures in accordance with the applicable RFP, and policy documentation and that the participants followed the procedures and fairly applied the evaluation criteria.



Jill Newsome
Lead Fairness Advisor
P1 Consulting Inc.



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