

May 5, 2021

**Email only (Terry.Leventos@tdsb.on.ca)**

Terry Leventos  
Senior Manager, Capital Project Management  
Toronto District School Board

**RE: Terry Fox Public School Addition Tender Review  
185 Wintermute Blvd., Toronto, Ontario  
OUR FILE No. 16058**

Dear Mr. Leventos:

It is our understanding that the low bid for the Terry Fox Public School Addition (\$11,550,500) exceeds the approved construction budget. The last solicited cost estimate, prepared by Altus Group in October 2018 at 85% construction documentation, had an estimated construction cost of \$9,457,164. We offer the following comments / considerations on this overage:

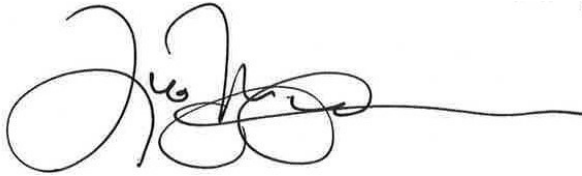
1. The October 2018 estimate did not include for construction cost escalation beyond 3Q 2018. Tender, however, closed in 2Q 2021 – ten quarters (two and a half years) beyond the estimate, during a prolonged period of volatility in the construction market.
2. Over the past couple of years, we have witnessed significant cost increases in all major building trades/materials (e.g. steel, concrete, gypsum, insulation, wood, copper, etc.), well above the typical rate of inflation. Cost consultants (as well as Statistics Canada) were giving us figures earlier this year of 6% per annum which today appears to be a low projection.
3. Contractors are reporting raw material costs escalating daily, resulting in difficulties locking in prices at tender and sub-trades “padding” their prices to protect against further cost increases. In the last two months we have heard unofficial increases of a 50% in steel and 40% in lumber.
4. Material shortages continue to be an issue, with suppliers/contractors paying premiums to secure materials, some as high as 50% compared to one year prior. Covid-19 has either closed factories or substantially reduced production.

If a detailed costing analysis is required, we recommend you retain the services of a professional quantity surveyor.

Should you require any additional information regarding the above, please do not hesitate to contact the undersigned.

Sincerely,

MC Architects Inc.

A handwritten signature in black ink, appearing to read 'Leo Makrimichalos', with a long horizontal line extending to the right.

Leo Makrimichalos, B.Arch., OAA, FRAIC, Int'l Assoc. AIA, LEED® AP  
Director, MC Architects Inc.  
LM:mc

N:\16058\08\_BIDDING & CONTRACT\18021\_2021-05-05\_LTR\_Tender Review.docx