

MEETING DATE: November 28, 2001

SUBJECT: Procurement Authorization Sheppard Subway Department Consultant Services Contract - Delcan-Hatch

RECOMMENDATION

It is recommended that the Commission authorize additional funding in the amount of \$4,602,000 for the contract with Delcan-Hatch for the continuation of consultant services for the Sheppard Subway Project for the period from January 1, through to December 31, 2002, bringing the total authorized amount to \$143,334,471.

FUNDING

Sufficient funds to accommodate these expenditures are included in RTEP Projects under Sheppard Subway, Yonge to Don Mills, as set out on pages 695-714 in the Sheppard category of the 2001-2005 Capital Program approved by the City Council on April 30, 2001.

BACKGROUND

After an international selection process in 1991, TTC hired the joint venture of Delcan-Hatch to provide program management services for the Rapid Transit Expansion Program in association with TTC staff that would be assigned to this department.

The initial consultant contract was for a two-year period, subject to renewal based on satisfactory consultant performance and the future approvals for design and construction of the projects. After approval of the Rapid Transit Expansion Program in 1993 and 1994 by Metro Council and the Province, the Delcan-Hatch contract was extended, subject to the submission of an annual budget request.

For 2001, the request approved by the Commission was \$7.8M, and it is forecast that the expenditure to December 2001 will not exceed the total authorized.

The Sheppard Subway Department is organized within the Engineering and Construction Branch and is managed by TTC staff with support from consultant staff from Delcan-Hatch.

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DISCUSSION

Each year a work plan and staffing budget are developed for the management of the capital projects assigned to the Sheppard Subway Department. These are based on the anticipated engineering and construction activity approved for the projects. The 2002 work plan and staffing budget are consistent with the 2001-2005 Capital Program approved by the Commission on December 13, 2000.

The 2002 staffing plan is based on design, construction and commissioning activities required to achieve the project's planned completion during 2002. Staff will continue to provide project management services to this project until hand-over to Operations Branch in Q3, 2002. Thereafter, a small contingent will continue through to year-end to address close-out issues.

The approved 2001 Sheppard Subway staffing budget indicated 58 positions (15 TTC, 43 Delcan-Hatch) at the end of the year. The 2002 staffing budget requests the approval of 51 positions (11 TTC, 40 Delcan-Hatch) as of Q3. There will be a gradual decrease in staffing levels through Q1, Q2 and Q3.

At Q3, 2002, when the Sheppard Subway is completed and conveyed to the Operations Branch for operation and maintenance, there will be a significant drop in the staffing level. From that point to the end of 2002, the staffing level will drop to 23 (7 TTC, 16 Delcan-Hatch) with some of the consultant staff being required only part-time. This minimum team will be required for project close-out and to resolve outstanding technical and commercial matters.

It is contemplated that some skeleton staffing will also be required in 2003 to resolve some contract and commercial issues that will be beyond the staff's ability to conclude earlier.

The distribution of TTC and consultant staff within the project at the start of Q1-Q3 is shown in the following table. As the staffing plan is implemented over the course of the year, the planned mix may be adjusted.

2002 Project Management – Sheppard Subway Q1-Q3 Positions

<u>Function</u>	<u>TTC</u>	<u>Consultant</u>	<u>Total</u>
Project Management	2	0	2
Project Services (Estimating, Scheduling, etc.)	1	6	7

Facilities Construction	6	8	14
Facilities Design	1	3	4
Systems Design & Installation	<u>4</u>	<u>24</u>	<u>28</u>
TOTAL	<u>14</u>	<u>41</u>	<u>55</u>

In addition to the staff assigned directly to the Sheppard Subway Department, there are consultant positions in other departments in the Commission who provide services to the project. There are currently two Delcan-Hatch positions in the Engineering Department and four positions in the Information Technology Services Department which, by year-end 2002, will be eliminated.

Given the expertise and technical knowledge used on the Sheppard Subway, Delcan-Hatch staff may also be assigned specific discreet tasks, elsewhere in the system, during this period. These will be approved in accordance with Commission policy.

It is estimated that the required Delcan-Hatch expenditure for 2002 is \$4,602,000 including GST. With the existing authority expected to run out in December 2001, a net increase to the contract of \$4,602,000 is now required.

JUSTIFICATION

The funding required is for the minimum level of staffing necessary to achieve the Department's 2002 objectives and overall cost, schedule, technical and quality requirements. The use of Delcan-Hatch staff as part of an integrated team with TTC staff is cost-effective and the Delcan-Hatch staff continue to perform their duties in a satisfactory manner.

November 16, 2001

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