

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: February 27, 2008

SUBJECT: PROCUREMENT AUTHORIZATION
PROJECT MANAGEMENT SERVICES
SPADINA SUBWAY EXTENSION
CONTRACT A85-69

RECOMMENDATION

It is recommended that the Commission:

1. Authorize the award of Contract A85-69 to Spadina Link Project Managers (a joint venture of Hatch Mott MacDonald Ltd., Delcan Corporation and MMM Group Limited) in the upset limit amount of \$100,000,000 for a period of seven years for Project Management Services.
2. Authorize the release of an initial \$4,800,000 for the period March 1, 2008 to December 31, 2008. Further authorization will be in accordance with an approved work plan prepared annually.
3. Forward this report to the Toronto-York Spadina Subway Extension Executive Task Force and to the Move Ontario Trust for information.

FUNDING

Sufficient funds for this expenditure are included in the Toronto-York Spadina Subway Extension Project, as set out on pages 1521 to 1526 of the TTC 2008-2012 Capital Program (category Expansion), which was approved by City Council on December 11, 2007.

Funds for this work, totalling \$5,350,000 for 2008, have been approved by the Toronto-York Spadina Subway Executive Task Force.

Payment will be on an actual time worked basis and will be charged directly to the Project in accordance with the defined scope of services. These external consultant costs are considered eligible for shared funding by all parties.

BACKGROUND

In early 2006, the Provincial Government approved the construction of the Toronto-York Spadina Subway Extension (TYSSE) Project. The Province placed a contribution in trust totalling \$670 million for this purpose.

The estimated cost of the Project is \$2.097 billion in 2006 dollars and the estimated final cost is \$2.633 billion when considering escalated expenditures at year of occurrence. The Project is expected to take seven to eight years to complete from commencement of Project activity, expected to be April 2008.

The TYSSE Project is 8.6 kilometres in length, comprised of six new stations running from the existing Downsview Station to Vaughan Corporate Centre in the Regional Municipality of York (Region).

In late 2006, City of Toronto Council (City) and York Region Council (Region) approved a total contribution of one-third of the final cost apportioned at 40.04% to the Region and 59.96% for the City. In March 2007, the Federal Government announced that it would contribute \$697 million to the Project. With an additional \$200 million contribution recently announced from the Province of Ontario, the Project is now considered fully funded.

A number of agreements, approvals, business case and other reports and documentation are either approved or sufficiently advanced to allow for the intensification of work on the Project.

There is agreement between the City and Region that the TTC will be responsible for designing, constructing, owning, operating and maintaining the subway and integral surface structures in both the City and the Region. It is expected that in York, the Region will be responsible for the passenger pick-up and drop-off facilities, bus platforms and parking lots.

For the purpose of managing the TYSSE Project, the TTC is organizing the Spadina Subway Extension Department. It is intended that this Department will have an organizational structure comprised of TTC staff integrated with consultant staff from three consulting firms or joint ventures for the services of Project Management, Project Controls and Construction Management. The RFP indicates that the contracts for these professional services will be awarded to three separately and corporately unrelated firms or joint ventures. Also, other consulting assignments for design and technical exercises will be developed in the near future and requests for proposals issued.

This organization is similar to the one that delivered the Sheppard Subway. This model is common for big transit project organizations. It allows for the timely deployment of TTC and consultant staff with the requisite skills, ability to manage technical work, and the versatility to make orderly and responsive adjustments to the TYSSE Project organization.

DISCUSSION

A Request for Proposals for Contract A85-69 for Project Management Services – Spadina Subway Extension was publicly advertised on the Commission's web site as of

December 12, 2007. Twenty-three companies requested copies of the proposal documents, out of which two joint ventures submitted a proposal, as summarized in Appendix A.

Both proposals were reviewed and rated by an evaluation team based on the criteria summarized in Appendix A. The recommendation award is based on the highest rated qualified proponent with reasonable pricing. In the event of equally rated companies, the difference in pricing of the proponents will govern.

The proposals submitted by Spadina Link Project Managers (a joint venture of Hatch Mott MacDonald Ltd., Delcan Corporation and MMM Group Limited) and Earth Tech Canada Inc. (a joint venture of Earth Tech Canada Inc., Giffels Associates Limited and Jacobs Associates) are both considered equally qualified to perform the work. Their submissions did not state any exceptions or qualifications and both submissions are considered commercially acceptable.

Following determination of the final ranking, the pricing envelopes of both proponents were opened and evaluated. It was determined that Spadina Link Project Managers had the lowest average billing rate and would provide the best value overall.

In the past, Spadina Link Project Managers has not provided services to the Commission as this joint venture. However, each of these firms has provided work in the past on individual contracts or in joint ventures with others. The performance of all firms forming this joint venture has been satisfactory in the past.

JUSTIFICATION

The award of a contract to Spadina Link Project Managers will ensure satisfactory Project Management consultant services are available to effectively manage the Toronto-York Spadina Subway Project. Their proposal is the best overall and prices are considered fair and reasonable.

February 4, 2008

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Attachment: Appendix A

APPENDIX A

PROCUREMENT AUTHORIZATION PROJECT MANAGEMENT SERVICES SPADINA SUBWAY EXTENSION CONTRACT A85-69

LIST OF PROPONENTS (Alphabetically)

- Earth Tech Canada Inc. (A joint venture of Earth Tech Canada Inc., Giffels Associates Limited and Jacobs Associates)
- Spadina Link Project Managers (A joint venture of Hatch Mott MacDonald Ltd., Delcan Corporation and MMM Group Limited (*))

() Indicates Recommended Proponent*

EVALUATION CRITERIA

- A. Corporate Qualifications/Experience
 - Number of Years in Business
 - Relevant Corporate Experience
 - Depth of Available Resources
- B. Project Staff Qualifications/Experience
 - Number of Years Direct Experience
 - Work of a Similar Size and Nature
 - Technical Qualifications