

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: January 23, 2008

SUBJECT: PROCUREMENT AUTHORIZATION
PROJECT MANAGEMENT
CONTRACT G85-211

RECOMMENDATION

It is recommended that the Commission authorize the release of \$4,700,000 for the period of March 1, 2008 to February 28, 2009, bringing the total released amount to \$14,767,000 for Contract G85-211, Project Management with Delcan Corporation, Hatch Mott MacDonald Ltd., UMA Engineering Ltd. (DHU) Joint Venture.

FUNDING

Sufficient funds for this expenditure are included in the TTC 2008-2012 Capital Program, which was approved by City Council on December 11, 2007.

Payment will be made on an actual time expended basis and will be charged to approved projects for which the work is required, in accordance with the approved annual Work Plan. Work will not be initiated on any project unless the funds have been approved.

BACKGROUND

Over the last few years the Commission has seen an increase in the amount of project work that has occurred, largely as a result of increased capital requirements based on asset condition and new project commitments. This has resulted in a significant increase in the project work that will be undertaken by the Construction Department. The historical trend of the Engineering and Construction (E&C) Capital budget, and the approved 2008-2012 E&C Capital Program, are shown on the following tables. (All monetary figures are in millions of dollars.)

Historical E&C Capital Program Budgets

2002	2003	2004	2005	2006	2007
\$75.1	\$82.4	\$91.1	\$106.1	\$131.6	\$196.0

2008-2012 E&C Capital Program*

2008	2009	2010	2011	2012
\$200.8	\$340.9	\$322.0	\$295.8	\$289.0

* Figures shown are only for the core Capital Program and do not include the Spadina Subway Extension and Transit City Program.

During the period 1999-2005, the Construction Department had a TTC staff level of 51 to 55 individuals. In the 2006 budget cycle, the Commission approved an increase to TTC Construction Department staff by 23 for a total of 78, along with Project and Construction Management Consultants to complement TTC staff in providing the necessary resources to carry out project work.

To this end, at its meeting of January 25, 2006, the Commission authorized the award of Contract G85-211 to the DHU Joint Venture in the upset limit amount of \$35,000,000 for a period of five years for Project Management Services.

The contract status and determination of the required 2008 authorization are as follows:

Contract Upset Limit Amount	\$35,000,000
Total Released To Date	\$10,067,000
Less: 2006 Fee	\$ 3,079,000
Projected 2007 Fee	\$ 4,700,000
Remaining Authority	\$ 2,288,000
2008 Work Plan Projected Fee	\$ 7,000,000
Additional Release Required	\$ 4,712,000
 Rounded	 \$ 4,700,000

DISCUSSION

Each year a Work Plan and staffing budget are developed for the management of the Capital Program. These are based on the anticipated level of approved projects within the Capital Program and the Project Management efforts required to meet the project implementation Goals and Objectives.

A 2008 Work Plan has been prepared for the continued participation of DHU staff within the integrated project management division. It is consistent with the 2008-2012 Capital Program and the level of effort required to support it.

The Work Plan contains a resource plan that is reflective of the continued needs for DHU project management staff to deliver the Capital Program. The 2008 Work Plan projects a consultant staffing level of up to 32 positions, which is the same as in the 2007 DHU Work Plan, plus an allowance for task order support. The increase in Project Management resource requirements in 2008 and future years will be addressed through direct hire of new TTC staff. The DHU staff rates are subject to TTC approval in accordance with the contract provision.

The performance of the DHU Joint Venture to date has been satisfactory. They have fulfilled their commitments to deploy appropriately experienced and qualified project management staff to the Construction Department's project management team on an as-needed basis. The deployment of DHU staff has been implemented within time constraints that are supportive of the needs of the project delivery goals for the E&C Capital Program.

JUSTIFICATION

The level of staffing included in the 2008 DHU Work Plan is consistent with the expected level of activities required to meet the overall objectives in the efficient delivery of projects included in the 2008-2012 Capital Program.

The authorization of the requested release would ensure that sufficient consultant staff resources are available for project management to carry out approved project work.

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