

Procurement Authorization Wilson Carhouse Expansion - Toronto Rocket Contract C1-34

Meeting Date: July 10, 2008

Subject: Procurement Authorization Wilson Carhouse Expansion - Toronto Rocket Contract C1-34

Recommendation

It is recommended that the Commission delegate authority to the Chief General Manager to authorize the award of a contract to Black & McDonald Limited (B&M) for a value of up to \$63,100,000 for Contract C1-34, Wilson Carhouse Expansion – Toronto Rocket.

Funding

Funds for this expenditure are available in the 2008-2012 TTC Capital Program, as approved by City Council on December 11, 2007 as part of:

1. Project 3.9, Wilson Complex – Modifications for the Toronto Rocket, as set out on pages 873-876;
2. Project 3.1, Roofing Rehabilitation Program, as set out on pages 549-555; and
3. Project 3.9, Subway Carhouse/Shop Facility Renewal Program, as set out on pages 991-996.

However the funds available are insufficient to complete the full scope of the Wilson Complex Modifications for the Toronto Rocket Project. Additional funds for the remaining scope are included in the proposed 2009-2013 TTC Capital Program.

Background

The Toronto Rocket being procured by TTC is of a different design from the existing subway fleets. The main difference is that it is a 6-car, semi-permanently coupled train, with open intercar gangways. The design of the train offers many benefits, including increased capacity, increased reliability, reduced downtime for maintenance, and reduced capital and operating costs.

The existing Wilson Carhouse is designed for maintenance of 2-car married pairs, and can only accommodate 6-car trains if they straddle the central walkway which is required for emergency access and egress. The building modification adds 2 new 6-car maintenance tracks to the east, and extends the south end of the carhouse by 2-car lengths to allow accommodation of the new trains for maintenance activities.

Discussion

The original contract, designated as Contract C1-29 (see Appendix "A"), included the following work:

1. Carhouse Expansion: consisting of a carhouse east expansion of approximately 2800 m², a carhouse south expansion of approximately 2000 m², a basement extension of approximately 850 m², the rehabilitation of the existing carhouse roof and the replacement of the subway exterior wash;
2. Two Storey Training Facility: approximately 1350 m² consisting of a subway cab simulator room and classrooms; and
3. Carhouse Equipment: consisting of a tandem wheel truing machine, a drop table with a turntable and three separate turntables.

Specifications and drawings were prepared for Contract C1-29 and a Request for Tenders was posted on the Commission's website as of February 7, 2008. As staff were aware of the difficulty of getting bids due to current market conditions, every effort was made to generate interest in this contract, including contacting potential bidders, extending the tender period significantly to 11 weeks in response to requests from potential bidders and adding a second site tour. As a result, 35 companies (9 general contractors; 26 subcontractors/suppliers) requested copies of the tender documents; however, only one company, B&M, submitted a tender.

B&M did not state exceptions or qualifications on its tender form for Contract C1-29 and their bid was considered acceptable; however, its tender price exceeded the Commission's Engineer's Estimate for this work as shown on Appendix "B".

The option of repackaging the work and re-tendering as three separate contracts was considered. However, this option would result in delaying the completion of the carhouse expansion work, which would delay the Toronto Rocket from going into revenue service in early 2010 as scheduled. These trains are urgently required to cover the current capacity and service shortfall. Staff also concluded that potential savings for re-tendering the carhouse expansion work would be offset by potential increased costs to the vehicle delivery project and additional maintenance costs for the existing subway fleet. Moreover, re-tendering of the carhouse expansion work may result in receiving no bids or higher priced bids, which would in turn delay the project even further.

As a result, the tender was cancelled and permission to negotiate with B&M as the only bidder was approved by the Chief General Manager.

It was evident to staff that B&M's price for the total scope could not be decreased to a reasonable level from the Commission's estimate. Since the Wilson Carhouse expansion to the east and south is the most critical portion of the work, as it provides for the provisions of commissioning and maintenance of the Toronto Rocket, it was decided to negotiate with B&M for only the expansion to the Wilson Carhouse and associated work outlined in (1) above. Other strategies are being pursued to complete the Training Facility and Carhouse Equipment work, including negotiating with B&M and re-tendering.

A price has been negotiated with B&M, subject to Commission approval and the formalization of a contract with B&M. This contract includes the revised work scope for the Wilson Carhouse Expansion only, as well as several agreed changes to the requirements and terms and conditions of the contract. This resulted in cost reductions, bringing the final price to \$63.1 M.

Staff have prepared a Request For Proposal (RFP) based on the agreed scope and price, designated as Contract C1-34, and issued it to B&M on July 4, 2008, for confirmation of pricing. Once confirmation of pricing has been received, staff are requesting that the Chief General Manager authorize the award rather than re-seeking Commission approval, as time is of the essence.

B&M has satisfactorily completed work of a similar size and nature within the past five years.

The Agreement to Bond that has been negotiated with B&M will cover both a Labour and Material Payment Bond and a Performance Bond, each for 25% of the contract value (in lieu of the typical 50%), as well as a Release of Holdback Bond for at least 10% of the contract value, which is to be revised as the contract value is revised throughout the duration of the contract (in lieu of the Commission retaining a 10% holdback). During the negotiations, Staff reviewed the revised bonding requirements and concluded that this is an acceptable risk to the Commission. Staff will ensure that the required bonds are submitted by a surety company that is licensed to transact business under the Insurance Act of Ontario.

Justification

Award of Contract C1-34 to Black & McDonald Limited will provide for the timely expansion to the Wilson Carhouse which is necessary for the commissioning and maintenance of the Toronto Rocket.

July 7, 2008

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Attachments