

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: March 27, 2013

SUBJECT: PROCUREMENT AUTHORIZATION
LESLIE STREET CONNECTION TRACK
CONTRACT ABYS1-1

ACTION ITEM

RECOMMENDATION

It is recommended that the Board authorize the award of Contract ABYS1-1, Leslie Street Connection Track to Pomerleau Inc. (Pomerleau) in the amount of \$104,727,250.54 for the installation of track along Leslie Street between the Leslie Barns Streetcar Maintenance and Storage Facility (Leslie Barns) and the existing streetcar network on Queen Street, associated utility and streetscaping work, and additional City infrastructure.

FUNDING

The negotiated price for the Leslie Street Connection Track is higher than the budgeted amount largely due to expanded utility infrastructure work and landscape/streetscape improvements required to satisfy various stakeholders. However, sufficient funds exist within the current project funding amount of \$437M to award this contract. An increase in funding between \$50M to \$60M, up to \$497M, will be required to complete this project.

The additional funding requirement has been discussed with City Finance and accommodations will be considered as part of the 2014 capital budget approval process. Staff will not make contractual commitments for this project beyond the existing approvals until such time as that increased funding has been secured.

BACKGROUND

The Leslie Barns is required for the maintenance and storage of new low floor light rail vehicles. This project is being delivered through four elements: soil removal and capping, hydro cable relocation, the maintenance and storage facility and the Leslie Street Connection Track. The first three elements of the project were awarded as follows:

- Contract WM60-1, Ashbridges Bay Site Soil Removal and Capping was awarded in February 2011 and was completed in January 2012.
- A Purchase Order Amendment was issued to Hydro One Networks Inc. for the relocation of a high voltage transmission cable to accommodate the construction of

the Leslie Barns and the Leslie Street Connection Track. This work is scheduled for completion in the spring of 2013.

- Contract WM1-1, Ashbridges Bay Maintenance and Storage Facility, later renamed Leslie Barns, was awarded in April 2012. This work is scheduled for completion in 2014.

Contract ABYS1-1 is the last element of the project. It includes the construction of the connection track on Leslie Street from the facility entrance to the existing streetcar network on Queen Street, and the associated relocation/upgrading/replacement of utilities, road restoration and associated streetscaping as shown in Appendix A.

DISCUSSION

The work on Contract ABYS1-1 requires a contractor experienced in the construction of roads, utilities and streetcar/light rail infrastructure in a busy mixed residential/commercial environment, with complex staging and schedule constraints. Due to this complexity, a Request for Pre-Qualifications was publicly advertised on MERX on August 2, 2012. Pomerleau was the only firm that was pre-qualified.

At its November 21, 2012 Board Meeting, TTC staff reported on the bidding strategy to be used to negotiate an acceptable contract with the only pre-qualified firm, Pomerleau, for the construction of the Leslie Street Connection Track and associated utility work (Appendix B). The bidding strategy for Contract ABYS1-1 consisted of obtaining independent estimates that would be used to establish a baseline for comparison and to negotiate a price within an acceptable range.

Design for Contract ABYS1-1 was finalized and issued to Pomerleau on December 17, 2012 for pricing. The initial bid price was received on February 5, 2013.

The bid submitted by Pomerleau by the closing date was significantly higher than the original baseline established. As outlined on the bidding strategy report, staff commenced negotiations with Pomerleau, reviewing the bid breakdown and conducting a value engineering exercise to assess alternative proposals of work and construction staging to reduce the price and still meet the project requirements.

The final negotiated price of \$104,727,250.54 meets the criteria established in the bidding strategy to assess the fairness of the price and it is in line with the independent estimates obtained. Hence, it is considered acceptable and recommended for award.

The Agreement to Bond submitted by Pomerleau covers both a Labour and Material Payment Bond and a Performance Bond and was submitted by the Guarantee Company of North

America, who have been verified as a Surety Company licensed to transact business under the Insurance Act of Ontario. As such they are considered financially capable of performing the work.

Pomerleau will be required to execute a Performance Bond and Labour and Material Payment Bond in the amount of 50% of the contract value.






JUSTIFICATION

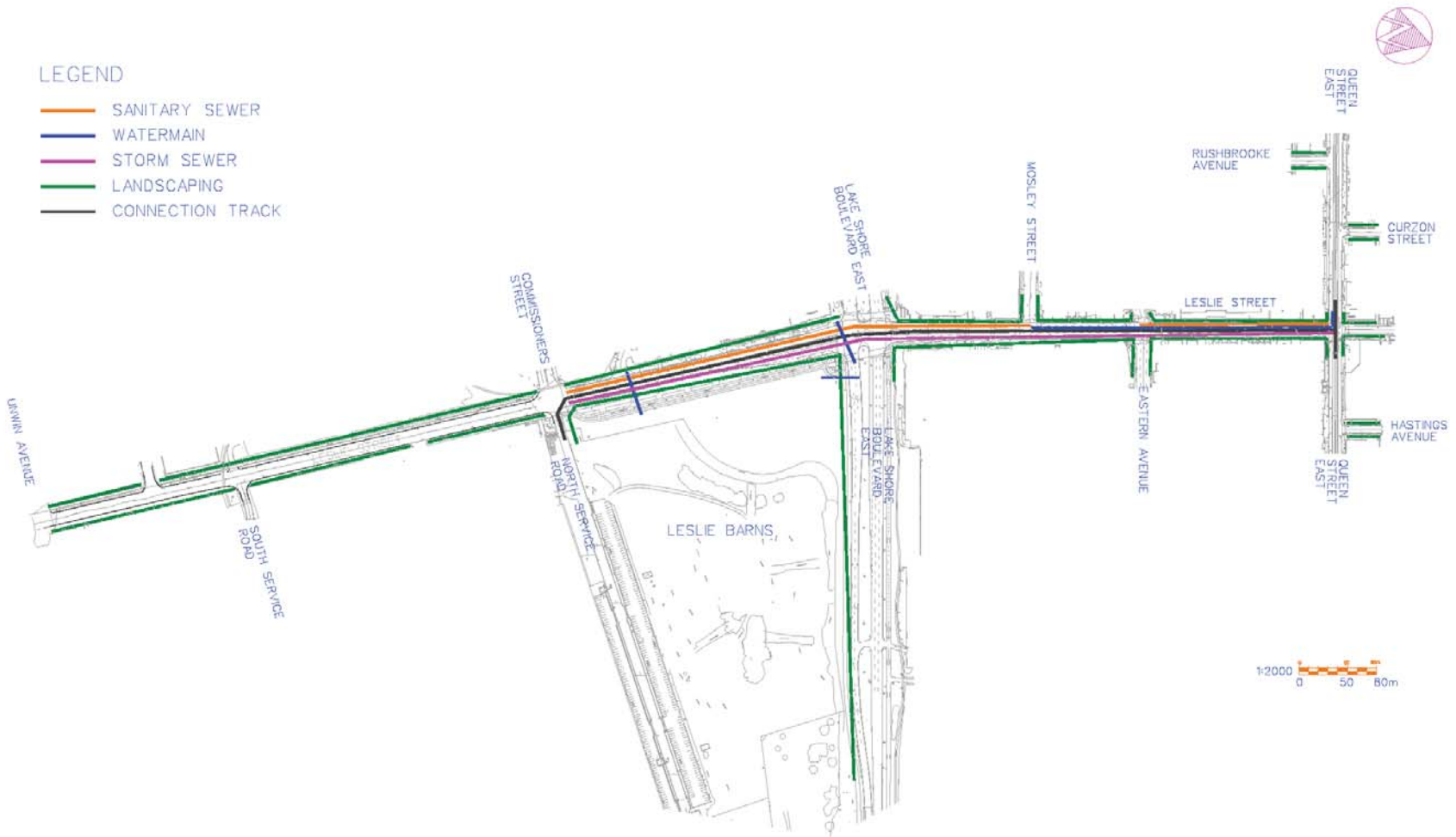
The price submitted by Pomerleau Inc. after negotiations is within the acceptable range of the independent estimates and is considered a fair price for the work of Contract ABYS1-1

March 6, 2013
50-8-23
03-06-000101657

Attachments: Appendix A
Appendix B

LEGEND

-  SANITARY SEWER
-  WATERMAIN
-  STORM SEWER
-  LANDSCAPING
-  CONNECTION TRACK



**TORONTO TRANSIT COMMISSION
REPORT NO. 14**

APPENDIX B

MEETING DATE: November 21, 2012**SUBJECT:** ASHBRIDGES BAY MAINTENANCE AND STORAGE
FACILITY CONTRACT ABYS1-1
BIDDING STRATEGY**INFORMATION ITEM:**

RECOMMENDATION

It is recommended that the Commission receive this report for information, noting that staff intend to negotiate an acceptable contract with the only pre-qualified firm, Pomorlaau Inc., for the construction of the Leslie Street Connection Track and associated utility work (Contract ABYS1-1).

FUNDING

Funds for this contract are included in the 2012-2016 Capital Program, as outlined on pages 765-768 of the 2011-2015 Capital Program books. Staff will enter into discussions with Toronto Water to fund the premium for the extensive utility work that is included in the contract scope.

BACKGROUND

Construction work on the Ashbridges Bay Streetcar Maintenance and Storage Facility began in April 2012, with the award of Contract WM1-1 for the construction of the facility. Contract WM1-1 is scheduled for completion in 2014.

The Ashbridges Bay project also includes the construction of the connection track on Leslie Street from the facility entrance to the existing streetcar network at Queen Street, and the associated relocation/upgrading/replacement of utilities, road restoration and implementation of streetscaping under Contract ABYS1-1. Contract ABYS1-1 was scheduled to be issued for bids in November 2012 and awarded in January 2013. Delays in awarding Contract ABYS1-1 will delay completion of the connection track past December 2014, which will impact the ability to accommodate the new streetcars.

DISCUSSION

The work on Contract ABYS1-1 requires a contractor experienced in the construction of roads, utilities and streetcar/light rail infrastructure in a busy mixed residential/commercial

environment, with complex staging and schedule constraints. Due to this complexity, a Request for Pre-Qualifications (RFPO) was publicly advertised on MERX on August 2, 2012. Fifteen firms downloaded the RFPO document, out of which four responses were submitted by the closing date of September 6, 2012.

This RFPO used a revised process that included additional evaluation criteria such as safety, local experience, methodology, presentation of the work plan and a pre-qualification hold-period (addressing validity).

A Fairness Monitor was retained to provide an independent third party observation to ensure that the process adhered to the requirements established in the RFPO, and to ensure fairness and transparency during this process. The Fairness Monitor also reviewed the evaluation criteria before the RFPO was issued and they were deemed acceptable.

Firms were required to achieve a minimum score of 70 out of 100, in order to be considered pre-qualified. Of the four submissions, Pomerleau Inc. (Pomerleau) was the only firm that was pre-qualified. Staff intend to negotiate an acceptable contract with Pomerleau for the following reasons:

- As confirmed by the Fairness Monitor, the RFPO process was fair,
- This will offer the best opportunity to maintain the project schedule,
- It will enable staff to work with Pomerleau on a value engineering exercise, which will potentially identify cost effective alternatives, or changes in construction staging that may improve the project schedule and/or reduce the impact to the community, and
- Pomerleau is the contractor for the construction of the facility (Contract WM1-1). Their work to date is acceptable and further, having one contractor perform both contracts will eliminate the potential of any conflicts.

Staff will obtain independent estimates that will be used for comparison and to negotiate a price that is within an acceptable range. If staff are unable to negotiate a fair price with Pomerleau, the contract will have to be publicly tendered, which will impact the project schedule by a minimum of six months.

JUSTIFICATION

Through an RFPO process that was deemed fair, one firm was identified as having the required experience to perform the work. Negotiating Contract ABYS1-1 with the one pre-qualified firm offers the best opportunity to maintain the Ashbridges Bay Maintenance and Storage facility project schedule.

November 16, 2012
50-8-9
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COMMISSION REPORT: ASHBRIDGES BAY MAINTENANCE AND STORAGE FACILITY CONTRACT ABYS1-1 BIDDING STRATEGY

#	ROUTING	CONCUR	NON-CONCUR	DATE	ATTACHMENT(S)
	CHIEF OPERATING OFFICER				Commission Report
3	CHIEF CAPITAL OFFICER	<input checked="" type="checkbox"/>		Nov 14/12	
	CHIEF CUSTOMER OFFICER				
6	CHIEF FINANCIAL & ADMIN OFFICER	<input checked="" type="checkbox"/>		Nov 16/12	ACTION REQUIRED BY CHIEF EXECUTIVE OFFICER <input type="checkbox"/> SIGN AGREEMENT <input type="checkbox"/> RECEIVE FOR INFORMATION <input type="checkbox"/> APPROVE <input checked="" type="checkbox"/> APPROVE FOR SUBMISSION TO COMMISSION <input type="checkbox"/> APPROVE FOR SUBMISSION TO CHAIR
	DEPUTY CHIEF OPERATING OFFICER				
4	HEAD OF FINANCE	<input checked="" type="checkbox"/>		Nov 16/12	
	HEAD OF HUMAN RESOURCES				
2	HEAD OF M&P	<input checked="" type="checkbox"/>		Nov 16/12	
5	HEAD OF LEGAL	<input checked="" type="checkbox"/>		Nov 16/12	
7	EXEC DIR CORP COMMUNICATIONS	<input checked="" type="checkbox"/>		Nov 16/12	
	CPM - CONSTRUCTION	<input checked="" type="checkbox"/>		Nov 16/12	SIGNATURE:  DATE: 16/11/12