



STAFF REPORT ACTION REQUIRED

Procurement Authorization Amendment Construction Management Services Contract G85-313

Date:	September 28, 2015
To:	TTC Board
From:	Chief Executive Officer

Summary

The purpose of this report is to gain Board approval for an amendment to Contract G85-313, Construction Management Services with MMM Group Limited (MMM) in the amount of \$7,500,000 (incl. HST).

This amendment will allow the existing services firm MMM to continue to provide the TTC with supplemental Construction Management staff until a new Construction Management Services Contract is awarded and a deployment plan is in place later this fall.

Recommendations

It is recommended that:

1. The Board authorize an Amendment to Contract G85-313 Construction Management Services to MMM Group Limited in the amount of \$7,500,000 (incl. HST), increasing the upset limit amount from \$30,000,000 to \$37,500,000.

Financial Summary

Sufficient funds for this expenditure are included in the TTC's 2015-2024 Capital Budget and Plan, which was approved by City Council on March 10/11, 2015. The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

Decision History

At its meeting of July 24, 2013, The Board approved award of Contract G85-313 for Construction Management Services.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2013/July_24/Reports/Procurement_Authoriz1.pdf

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2013/July_24/Reports/Decisions/P.A._Construction_Management_Services_Contract_G85-313.pdf

Issue Background

The Construction Management Services Contract was awarded to MMM in July of 2013 with an original duration of 5 years, in the upset amount of \$30,000,000.

The Construction Department organizational structure has consultants supplement TTC staff in key positions including Construction Management Services (CMS). This allows the department to rapidly staff up when required due to increases in the capital program and transfers the liability risks of displaced staff to consultants when capital program funding is not available at the same levels.

Currently, the CMS Section of the Construction Department has 68 budgeted consultant positions and 71 TTC staff positions.

The services provided by the consultant for CMS include technical, analytical inspection and administrative support, including but not limited to the following tasks:

- Inspect, monitor and report on the contractor's daily activities,
- Certify requests for contractor payments,
- Certify substantial performance and contract completion,
- Perform quality assurance audits,
- Provide survey services,
- Perform review, analysis and evaluation of contractor and third party claims,
- Perform construction reviews of design documents and construction documents,
- Monitor and assist in monitoring construction safety to protect the public, construction personnel and property,
- Provide construction management expertise, and
- Provide construction methods expertise.

Contract G85-313 was intended for the deployment of various construction management staff on EC&E Capital Projects. As such, the upset amount was estimated based on the

historical expenditures of the previous Construction Management Services Contract, approximately \$500,000 per month, while the Capital Budget managed by the Construction Department averaged \$160,000,000 per year, for the period between 2010-2012.

The original estimates could not have reasonably anticipated the increase in the number of budgeted consultant positions in the CMS section from 39 in 2013 to 59 in 2014 and eventually 68 in 2015.

Following the award of the CMS Contract in 2013, there were urgent identified needs for specialized construction management team resources on other projects, consultant staff including for; TYSSE (claims support), Automatic Train Control (ATC), Presto Fare Card Implementation, Wireless Implementation and Next Vehicle Arrival System (NVAS) Implementation projects, all of which was not anticipated in the original upset limit. In addition, specialized resources have been utilized to review a claim on the Leslie Barns Facility as well as field resources to assist in the field management and administering this project.

When needed, additional consultant resources have been utilized to temporarily backfill vacant TTC staff positions, pending recruitments to these permanent positions.

The following Table contains a breakdown of expenditures beyond what was originally anticipated and estimated to be required under this contract.

Table 1: Added resource requirements which were not anticipated in original CMS Estimate Prepared in early 2013.

		July 2013 to July 2015	Estimated to end of 2015
ATC	inspection staff	\$ 445,878.94	\$ 62,246.04
Presto / Wireless	inspection staff	\$ 1,133,756.34	\$ 325,485.44
OneStop / NVAS	inspection staff	\$ 256,586.90	\$ 7,984.56
Leslie Barns	claim support	\$ 847,873.15	\$ 134,392.27
	general claim support	\$ 293,765.25	\$ 57,531.25
TYSSE	claim support	\$ 467,531.87	\$ 18,051.08
vacant TTC Positions	various	\$ 2,280,407.96	\$ 1,095,998.86
Additional budgeted consultants	various	\$ 5,307,692.31	\$ 2,230,769.23
	Subtotal:	\$ 11,033,492.71	\$ 3,932,458.73
		Total:	\$ 14,965,951.44

A new Construction Management Services Request For Proposal (RFP) was issued on August 24, 2015 and is expected to be awarded by the end of November, 2015. The new

RFP will include the higher resource requirements that are required for the next, up to five year period, estimated to be \$60M.

Based upon previous experience and to minimize gaps in construction management support for ongoing projects, a transition period is required between the existing and newly awarded contracts, to allow for handover and orientation of any replacement staff.

The proposed increase is required to ensure there are adequate funds, to the end of February 2016, which includes the transition period. The following table is a projected estimate of the required funds.

Table 2: Estimate of required funds for this Amendment.

Original Contract Amount	\$ 30,000,000
Amount Paid to July 4, 2015:	\$ 25,210,143
Amount Remaining:	\$ 4,789,857
Funds required for July 4, 2015 – Sept. 30, 2015:	\$4,500,000
Monthly Average, last 6 months, \$ 1.5M	
Funds expected to Remain at end of September:	\$289,857
Funds Required:	\$ 7,500,000
October 1, 2015 to February 28, 2016, \$1.5M per month	

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