



STAFF REPORT ACTION REQUIRED

Toronto-York Spadina Subway Extension Procurement Authorization Amendment – Contract A29-1 York University Station

Date:	March 23, 2016
To:	TTC Board
From:	Chief Executive Officer

Summary

On July 25, 2012, EllisDon Civil Ltd. (EllisDon) was awarded the contract A29-1 – York University Station for the Toronto-York Spadina Subway Extension in the amount of \$117,983,679.00. York University Station was the last station contract to be awarded for the TYSSE project and is the least complete of the six stations.

This report requests the Board's approval for additional funds to implement acceleration and incentives for the construction of the York University Station under TTC contract A29-1.

Recommendations

It is recommended that the Board authorize:

1. A contract change in the amount of \$5,400,000 to implement acceleration and incentives to achieve substantial completion of the York University Station under TTC contract A29-1 to meet the reset schedule substantial performance date of May 31, 2017. Terms will include:
 - Future contract milestone dates, which remain subject to liquidated damages, will be revised to the dates defined in the Reset schedule.
 - The contractor, EllisDon, will indemnify TTC against delays to achieving the substantial performance date, save for significant changes or events that are not yet known.

Financial Summary

TTC's 2016-2025 Capital Budget for the TYSSE Project is \$3.184 billion as approved by the TTC Board on January 21, 2016, City Council on February 3, 2016, and the Regional Municipality of York on February 18, 2016.

Sufficient funds for the expenditure outlined in this report are available within the project budget.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

The TYSSE Executive Task Force approved allocation of funding for these recommendations on February 29, 2016.

Accessibility/Equity Matters

There are no accessibility or equity issues.

Decision History

The TTC is constructing an 8.6 km subway extension from the existing Downsview Station located in the City of Toronto, to the proposed Vaughan Corporate Centre located in the City of Vaughan, Region of York. The Toronto-York Spadina Subway Extension will be an important part of both the TTC network and regional transit, improving transit in Toronto and the GTA.

In March 2015, the Board authorized retaining a third party project management firm to deliver the project by the end of 2017 through a project reset. The project reset included re-establishing the baseline schedule to support the end of 2017 line opening, re-establishing cost, including the estimate on claims and reporting back to the Board by the end of 2015 and re-establishing contractor relationships by resolving some claims early and advancing the payment.

At its meeting on January 21, 2016, the Board received the report entitled “Toronto-York Spadina Subway Extension – Schedule and Budget Reset” and approved the recommended TYSSE schedule and budget changes, allowing funds to be made available to continue with support services required to complete the project.

<http://www.toronto.ca/legdocs/mmis/2016/cc/bgrd/backgroundfile-88638.pdf>

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2016/January 21/Reports/Board Report TYSSE Schedule and Budget Reset_2016-01-21_fina.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2016/January%2021/Reports/Board%20Report%20TYSSE%20Schedule%20and%20Budget%20Reset_2016-01-21_fina.pdf)

Issue Background

The TYSSE project is currently 80 percent complete. The Board has endorsed the recommendations outlined in the project reset, extending the project schedule to the end of 2017 and increasing the project budget.

Included among the project reset recommendations was a commercial strategy to work with the contractors to address financial issues and the impact on continued effective performance of the work. That commercial strategy included the use of acceleration payments and incentives for achievement of specific milestones to support achievement of the project schedule

This recommendation will yield improvements to the current forecast completion for the York University Station schedule by four months and support the turnover of critical rooms to follow-on systems contractors that support the testing and commissioning of the overall project. As part of this change, the future contract milestone dates, which are subject to liquidated damages, will be revised to the dates defined in the reset schedule. See Appendix A.

In addition, EllisDon will indemnify TTC against delays to achieving the May 31, 2017 date, save for significant changes or events that are not yet known. In the event that significant changes or events occur, TYSSE and the contractor will work in good faith to identify and mitigate impacts to the schedule.

Comments

Consistent with the actions presented to the TTC Board in the January 21, 2016 meeting, TYSSE recommends implementation of acceleration payments to EllisDon to increase overall progress in support of achieving York University Station substantial performance by May 31, 2017.

TYSSE will pay the contractor \$4,320,000 as an acceleration payment. The acceleration payment will provide funds for the contractor such that it can be utilized to incentivize subcontractors to achieve the to-go contract milestones as established in the reset schedule. Acceleration measures include shift premiums to add multiple work shifts in selected critical areas, overtime premiums to work extended hours and an offset to account for loss of productivity related to the extended working hours and/or congestion.

The payment will be made in 25% increments of \$1,080,000 in the first four months following approval of the authorization.

TYSSE commits to pay an additional \$1,080,000 as an at-risk completion incentive at the time of substantial performance. The completion incentive is at risk based on contractor performance. The contractor will forfeit 25% of the incentive if the substantial performance is not achieved within one week of the May 31, 2017 date and will continue to forfeit in increments of 25% for up to four total weeks beyond May 31, 2017 until substantial performance is achieved.

The implementation of this change will revise the future contract milestone dates to align with the project reset schedule (see attachment). The value of the liquidated damages that corresponds to each milestone remains unchanged. TYSSE and the contractor will work in good faith to define the terms of completion of each milestone. Waiver of prior liquidated damages related to earlier failure to complete prior contract milestones will be considered in conjunction with the resolution of existing contractor claims.

Conclusion

TYSSE recommends the implementation of the acceleration and incentive at-risk approach for the benefit of the York University Station and for the overall TYSSE project.

Contact

Keith Sibley
Project Director – TYSSE
Phone: 416-590-6762
Email: keith.sibley@ttc.ca

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Attachment: Appendix A – A29-1 Reset Milestone Dates

Appendix A

A29-1 Reset Milestone Dates

Milestone Name	Milestone Reset Dates
YU - Elevators & Escalators	31-Oct-15
YU - Tie Breaker Room Complete & Available to Others	16-Feb-16
YU - AC Switchgear Room Complete & Available to Others	21-Feb-16
YU - Cable Risers for High Voltage Cables (4.16kV)	21-Feb-16
YU - Battery Room Complete & Available to Others	29-Feb-16
YU - Unit Substation ready for power feed and energization	12-Mar-16
YU - AC Switchboard Room Complete & Available to Others	21-Feb-16
YU - Communications Room Complete & Available to Others	26-Apr-16
YU - Trainway (Platform) Complete	3-May-16
YU - Local Panels complete and energized (temporary power via switchboard)	12-May-16
YU - Permanent Power	2-Jul-16
YU - Intercom Stations, PA, Wiring & Speakers	5-Jul-16
YU - Collectors Booth	7-Jul-16
YU - CACF Panel	30-Aug-16
YU - Fare Screen	2-Dec-16
YU - Fare Line ready for installation of turnstiles, etc.	2-Dec-16
YU - Building [Station Box + Entrance] Construction Complete (EllisDon Testing Only)	7-Dec-16
YU - Stn. Substantial Performance	31-May-17
YU - Stn. Contract Completion	29-Aug-17