

STAFF REPORT ACTION REQUIRED

Update – Improvements to TTC’s Procurement and Project Management Process for Construction Contracts

Date:	May 31, 2016
To:	TTC Board
From:	Chief Executive Officer

Summary

The purpose of this report is to update the Board on the progress and status of improvements to the TTC’s procurement and project management processes for construction contracts.

Recommendations

1. It is recommended that the Board receive this report for information.

Implementation Points

Specific improvement initiatives and the implementation status of those changes are set out in this report. The positive role and contributions to this effort from the various external stakeholders is also referenced in this report.

Financial Summary

There are no financial implications associated with this report however continuous improvement in the TTC’s procurement and project management processes for construction contracts is inherently important to achieving positive financial outcomes in this significant TTC business area.

Accessibility/Equity Matters

There are no accessibility or equity issues associated with this report.

Decision History

At its meeting of March 27, 2013 the Board requested staff to develop a process for engaging the local construction trades and contractor associations with a view to improving the TTC's procurement and project management processes.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2013/March_27/Reports/Open_Shop_Contractin.pdf

At its meeting of April 24, 2013 the Board approved a proposed strategy to engage members of the construction industry in this undertaking.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2013/April_24/Reports/Engaging_the_Local_C.pdf

At the May 28, 2014 Board meeting, staff reported to the Board that a working group known as the Tripartite Working Group was formed between the Toronto Transit Commission, the Central Ontario Building Trades and the General Contractors Section of the Toronto Construction Association.

https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/May_28/Reports/Improvements_to_TTC_s_Procurement_and_Project_Management_Pro.pdf

At the June 24, 2014 Board meeting, staff presented the terms of reference for the Ontario Construction Secretariat's Tripartite Working Group detailing the objectives of this initiative.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/June_24/Reports/Improvements_to_TTC_s_Procurement_and_Project_Management_Pro.pdf

Background

The first meeting of the Tripartite Work Group with representation from the TTC, the Central Ontario Building Trades and the General Contractors Section of the Toronto Construction Association was held on December 6, 2013. All meetings of the Tripartite Working Group are facilitated by the Ontario Construction Secretariat. The purpose of this committee is to work collaboratively and in a structured manner in order to identify opportunities for improvement with the TTC's procurement, management and delivery of TTC's construction projects.

Concurrent with the implementation of the Tripartite Working Group, the Ontario General Contractors Association (OGCA) undertook a detailed review of the TTC's construction standard terms and conditions and provided detailed feedback for review and consideration by staff.

Comments

The Tripartite Working Group consists of three working sub-groups to facilitate focused discussions on issues and to develop recommendations for implementation by the TTC.

Working Group No. 1 - Decision Making, Issue Analysis and Management Oversight

Development of subject/category focused meeting templates

Improvement to construction progress meeting procedures by developing subject oriented meeting minute templates as one of the tools (e.g. for resolving technical issues, schedule, submittals) with the objective of ensuring smaller more focused discussions, encouraging participation and action from the appropriate parties, resulting in a time efficient approach.

Improvements to the contract change approval process

In order to achieve an alignment of TTC's contract change authorization levels with contractor authorization levels, TTC staff's delegation of signing authority has been updated to increase the level of approval of contract changes and change directives by senior site staff and the project team members, resulting in shorter processing time periods.

Review and update of the contractor performance review process and form

The TTC's Contractor Performance Review (CPR) form and process (including new guidelines and procedure) have been extensively updated to follow a similar format used by the City of Toronto while ensuring the ability to evaluate a contractor's performance based on actual TTC contract requirements. The new form will be included in RFBs starting in Q3 of 2016, which is anticipated to result in better feedback to TTC's contractors in order to improve the management and the quality of work being provided.

Identify opportunities and assess viability of changes

For the duration of a construction phase of the contract, TTC has arranged for members of the project design team to be present 'on site' e.g. at particular designated site meetings. The design team members will contribute to discussions on specific technical matters e.g. drawing details and/ or specification requirements associated with Requests for Information (RFI) and/or Requests for Quotation (RFQ) thus enabling the contractor to ask direct questions of the project design team.

The RFI process during construction has also been further revisited with the objective of establishing appropriate timeliness for responsiveness by the project design team (e.g. 7 day turnarounds).

Internal TTC procedures in the Engineering, Construction and Expansion Group (which includes project management) continue to be updated to further address technical gaps and increased complexities as they relate to TTC capital delivery project work.

Other applicable procedural and policy updates

TTC staff will continue to review on an ongoing basis, items identified through the Tripartite Working Groups for areas of continuous improvement as it applies to capital project delivery.

Working Group No. 2 - Pre-qualification Process and Procurement

Number of bids received for construction contracts (excluding TYSSE projects)

The table below summarizes the number of bids received for Request for Bids (RFB) for construction projects over the last 4 years. There has been an increased level of interest in bids received for TTC construction work. In very few cases where only one bid was received, it was determined to be the result of specialized requirements and/ or market capacity. RFB responses for which 3 or more responses were received was at its highest level in 2015 with 82%.

Year	Number of Requests for Bids (construction)	Number of bids received					
		Three or more bids		Two bids		One bid	
2015	38	31	82%	6	16%	1	3%
2014	38	27	71%	9	24%	2	5%
2013	26	20	77%	5	19%	1	4%
2012	38	30	79%	5	13%	3	8%

In addition, over the last two years TTC has noted resurgence in bids from contractors that had previously stopped submitting bids for construction contracts and new interest from contractors that have not worked for TTC in the past.

Improvements to the Procurement Process

The following process improvements have also been implemented by the Materials and Procurement (M&P) Department to encourage ongoing competition for RFBs for construction projects:

- Issuance of advisory letters to contractors at the time the RFB is posted on MERX (publicly advertised)
- Ongoing monitoring of “plan takers” (RFB document downloads) list on MERX to gauge interest in the requirement and if there are 3 or less bidders on the plan takers list, staff will issue additional advisory letters and begin canvassing the industry to encourage additional interest in the RFB

- Two weeks prior to the closing date of the RFB, staff will contact all potential bidders on the plan takers list to inquire if a bid will or will not be submitted. If a bid will not be submitted, bidders are encouraged to provide TTC with the reasons why they are not bidding. Under certain circumstances, based on the rationale provided, consideration will be given to addressing the matter via addendum.
- A pilot project for the implementation of electronic bidding utilizing MERX is underway for the Subway Pump Replacement Multi-Year Program. Given the success of this pilot project, consideration is being given to implementing electronic bidding for all construction projects by Q4 of 2016.

Pre-qualification of bidders for various categories of work

The pre-qualification process of contractors for various categories of construction work has been implemented including the following:

- McNicoll Bus Garage – Design-Build project
- Subway Pump Replacement Multi-Year Program, currently in its 2nd year since the original pre-qualification process took place
- Miscellaneous Construction program which includes small size construction projects anticipated to be issued in Q2, 2016.
- Duncan Shop and Wilson Bus Garage Ventilation upgrades project

The Tripartite Working Group has encouraged and supported this prequalification approach which facilitates a positive outcome of a reasonable number of qualified contractors subsequently submitting bids vs. public tendering consistently to the broader industry.

COR™ (Certification of Recognition)

TTC is implementing the Certificate of Recognition (COR™) safety certification program for its construction projects. The COR™, as certified by the Infrastructure Health and Safety Association (IHSA) in Ontario, will supplement TTC's current safety requirements. This includes WSIB clearance certification, corporate and site specific safety plans, prior to commencement of any construction work on site. Construction contractors bidding on future TTC projects will be required to have COR™ certification in order to be considered for any award and further, must maintain certification in good standing for the duration of any awarded contract.

TTC has implemented the COR™ requirement for contracts estimated at greater than \$25M as of July 1, 2014.

TTC is implementing the COR™ certification requirement in a phased approach to ensure that the number of certified contractors is sufficient to allow for competitive bidding. Consequently, contractors interested in bidding TTC construction work are encouraged to familiarize themselves with COR™ and the respective requirements for certification.

The revised target implementation dates for mandatory COR™ for TTC construction contracts estimated at less than \$25M are as follows:

- July 1, 2016 for contracts estimated at greater than \$5M - Contractors must have registered with IHSA to begin the process for COR™ certification.
- January 1, 2017 for contracts estimated at greater than \$5M – Contractors must be COR™ certified.
- January 1, 2018 for all contracts, irrespective of value – Contractors must be COR™ certified.

Working Group No. 3 - Engineering and Standards

Alternative forms of project delivery and contracting methods

On February 29, 2016, a Request for Proposals (RFP) was issued for the design-build of the McNicoll Bus Garage. Although this is not the first TTC project to utilize a design-build project delivery method, it is the first of its size and complexity for TTC. This RFP also introduced the use of project specific performance specifications vs. the prescriptive specification approach utilized for design-bid-build project delivery. Other future capital projects at the TTC will be assessed utilizing this project delivery model.

Review of the contractual requirements for submittals and mobilization duration following notification of contract award

- There has been a reduction in quantities of Submittal requirements - 32% reduction in the Master Specifications between 2012 and 2014. There is an ongoing focus for coordination improvements among the various documents that make up the RFB and the construction contract documents including both the commercial and technical portions.
- Earlier mobilization timelines are being realized following notification of contract award –approximately 60 days on average with contract constraints requiring mobilization earlier where feasible (e.g. 45 days).

Annual solicitation of new product and material suppliers for subsequent Master Specification screening

- In Q3 of 2015 TTC solicited input from suppliers and manufacturers, through a Request for Information process through the MERX and TTC's website, on four products which had only one named supplier in the Master Specifications. This initiative yielded a very limited response from the market. As such it was determined that this initiative will not proceed further. Technical staff will continue to conduct product market searches during the project design or an as-required basis and will update Master Specifications as appropriate.
- A new procedure was developed in 2014 to manage the technical reviews of unsolicited requests to incorporate new products into the TTC's Master

Specifications. This procedure was implemented on a regular basis, for every unsolicited request received by the Engineering Department of the TTC, and has been successful in adding new products and potentially reducing single source items in the long term.

- During scheduled reviews of Master Specifications internally at the TTC, and on an as-required basis, updates are made to ensure that products remain current and relevant; this includes product market searches. When appropriate, Master Specifications are modified to include more generic or performance-based requirements, thus eliminating the need for named products/suppliers.
- An initiative to also reduce the requirements for extended warranties as stipulated in the specifications (exceeding the 2 year base requirement as stated in the TTC's General Conditions for construction contracts) was completed in 2015. This yielded a reduction of approximately 45% in the number of extended warranty requirements.

Other construction industry contact

TTC Executive and senior management have also met in 2015 with other industry associations including the OGCA (Ontario General Contractors Association) and CEO (Consulting Engineers of Ontario) now combined as the Construction Design Alliance of Ontario (CDAO) and will continue its outreach on various items of mutual interest to both entities.

Staff will continue to work collaboratively with the construction industry and obtain feedback for the ongoing improvements to processes related to the procurement and project management of construction contracts. The next Tripartite Working Group meeting is anticipated to take place in the summer of 2016. This meeting will allow each of the three Working Groups to provide a status update on each of the action items each Working Group is responsible for. In addition, staff will seek to obtain feedback from the construction industry members based on the improvements to the procurement and project management of construction contracts which have been implemented by TTC to date. In the event that new initiatives are identified at the next Tripartite Working Group meeting, each Working Group will develop an approach to facilitate focused discussions and identify a plan of action to implement the proposed initiative.

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