



## **Construction Management Services**

**Date:** June 12, 2019  
**To:** TTC Board  
**From:** Chief Capital Officer

### **Summary**

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The purpose of this report is to obtain authorization for the award of Contract G85-378 for Construction Management Services to WSP Canada Group Limited and Comtech Group Inc. (Joint Venture with Gannett Fleming Canada ULC) with an upset limit amount of \$35,000,000 each, in Canadian funds, with duration of three (3) years upon the Notification of Award, on the basis of highest total weighted score.

This contract will replace existing Contract G85-335, Construction Management Services and provide TTC with continued Construction Management resources to supplement TTC staff in key positions.

### **Recommendations**

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It is recommended that the Board authorize:

1. Award of Contract G85-378 - Construction Management Services to:
  - WSP Canada Group Limited; and
  - Comtech Group Inc. (Joint Venture with Gannett Fleming Canada ULC)

in the upset limit amount of \$35,000,000 each, in Canadian dollars, with a duration of three (3) years from Notification of Award.

### **Financial Summary**

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Once approved, Contract G85-378 - Construction Management Services will require \$70,000,000; funds for these services will be expended approximately from 2019 to 2021 and are included in the 2019-2028 TTC Capital Program under multiple projects, which were approved by City Council on March 7, 2019. A sample listing of these projects is contained in Attachment 1.

The contract work will be administered on an annual Work Assignment basis. The actual time spent will be charged to approved projects for which the work is required, up to the \$35,000,000 limit amount for each successful Proponent.

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

## **Equity/Accessibility Matters**

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A cornerstone of the TTC's Corporate Plan 2018-2022 is accessibility and as a proud leader in providing accessible public transit in the City of Toronto, we are committed to ensuring reliable, safe and inclusive transit services for all our customers.

This is supported through the continued work of the award of Contract G85-378 for Construction Management Services where the Proponents' equitable hiring and selection processes and diversity programs were part of the evaluation criteria. The TTC is working towards achieving a more inclusive and accessible transit system that meets the needs of all of its customers.

## **Decision History**

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At its meeting of November 23, 2015, the Board approved the award of Contract G85-335 for Construction Management Services:

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2015/November 23/Reports/Procurement Authorization Construction Management Services .pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2015/November%2023/Reports/Procurement%20Authorization%20Construction%20Management%20Services.pdf)

At its meeting on September 27, 2017, the TTC Audit and Risk Management Committee received a report which contained Audit Observations and Management Action Plans (MAPs) on the use of external consultant staff:

[http://www.ttc.ca/About the TTC/Commission reports and information/Committee meetings/Audit Risk Management/2017/September 27/Reports/2 Internal Audit Activities Q2 2017.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Committee%20meetings/Audit%20Risk%20Management/2017/September%2027/Reports/2%20Internal%20Audit%20Activities%20Q2%202017.pdf)

At its meeting on February 26, 2019, the TTC Audit and Risk Management Committee received a report which contained Audit Observations on the All-Inclusive Billing Rate Calculations for consultant contracts:

[http://www.ttc.ca/About the TTC/Commission reports and information/Committee meetings/Audit Risk Management/2019/Feb 26/Reports/6 Changes to Select Contract Terms and Conditions 2018 Flexi.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Committee%20meetings/Audit%20Risk%20Management/2019/Feb%2026/Reports/6%20Changes%20to%20Select%20Contract%20Terms%20and%20Conditions%202018%20Flexi.pdf)

## **Issue Background**

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The Construction Department organizational structure includes internal Consultants which supplement TTC staff in key positions including in the Construction Management Services (CMS) section. This CMS section manages assigned construction contracts from contract award to contract completion with minimal disruption to TTC customers and Operations, with the aim to deliver the work safely, on schedule, within budget, with requisite quality, and to minimize risk, claims and disputes.

The use of Consultants to supplement TTC staff provides for both specialist expertise and flexibility in managing workforce levels when dealing with changing workloads, and is dependent on funding levels from year to year for the ongoing TTC Capital Program.

Whenever a Contractor is on TTC premises, someone representing the TTC must be present at all times during safety and quality critical work, which includes but is not limited to: demolition; hoarding installation in public areas; piling and caisson drilling; excavation and removal of contaminated soils; structural concrete placement; hot mix asphalt paving placement; and work inside energized substations.

The Consultant services provided generally include 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.

## **Previous Planning Approach**

Since 2007, based on an American Public Transportation Association (APTA) peer review with a focus on an organizational structure to support an increased project delivery demand, the Construction Department has maintained a TTC staffing level to support long term capital funding of \$150M - \$300M per year by augmenting permanent staff with Consultant staff. Originally, the target mix was 50% of each.

## **Current Planning Approach**

As part of the annual budget cycle, and to ensure value for money, staff completed a review of the ratio of Consultants to TTC staff, as the costs for Consultant staff are normally higher. The TTC's CMS Section currently has 152 budgeted staff comprised of 64% TTC and 36% Consultants. The in-house Consultants generally perform the same tasks as TTC staff from the CMS section, in the same positions.

Based on the current 5-Year Capital Program, it was decided to increase the TTC staff ratio consistent with long term capital funding of \$300-350M per year, with a target mix of 80% TTC and 20% in-house Consultants. Recognizing the difficulty in achieving this change over a short period of time, it was decided to convert the Consultant positions over a three year period, subject to approvals through the annual budget cycle. As a result, approval was obtained to convert 16 existing Consultant positions to TTC full time staff in 2019. Once implemented, this will result in a staffing ratio of 74% TTC and 26% Consultants.

Staff will continue to complete an analysis of the costs of TTC staff and in-house Consultants on an annual basis and seek further approvals to continue the gradual reductions in 2020 and 2021. It is estimated that the proposed reduction of Consultant staff will result in an overall savings of approximately \$3M over three years and approximately \$1.5M per year thereafter.

### **Contract Improvements**

Prior to the issuance of this Request for Proposals (RFP), staff reviewed previous contract documents and where applicable, incorporated improvements and recommended changes from prior internal reviews.

Instead of using one service provider, multiple services providers will be used to reduce the risk associated with the previous single consulting services firm model. This ensures all-inclusive billing rates are competitive and provides the TTC with multiple candidates from two service providers for consideration when positions are being filled.

Pricing was used as the driving factor in evaluating this RFP as 60 of the available 100 points for the scoring was assigned to the proposed billing rates for the various positions to be filled under this contract. Since 95% of the anticipated positions under this contract will have firm pricing, there will be increased cost certainty over the term of these contracts.

Individual candidates were not considered and evaluated during the RFP evaluation to remove any perceived advantage for the current service provider. Following award of these contracts, each Consultant firm will be required to propose individuals for the required positions to be filled, and these individuals will be subject to a competitive interview process.

The evaluation criteria included a competitively bid maximum mark-up for additional positions, for both in-house and off-site positions. Staffing plans from the Proponents provided information on recruitment strategies including: disclosure of any referral awards program; employment standards; diversity programs; and hiring and selection processes. Evaluation of these staffing plans was also included in the evaluation criteria.

## Comments

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A RFP was publicly advertised on the Merx website and the TTC's website as of March 4, 2019, and 28 companies downloaded copies of the proposal documents, out of which four submitted a proposal through Bonfire by the closing date of April 4, 2019. During the proposal period, three addenda were issued.

Due to the use of Joint Ventures, over the four submissions, seven different companies submitted through this RFP.

Of the remaining 21 companies that did not submit a proposal, the following reasons were provided: they were too busy; the disciplines needed were not in their resource pool; they could not accept the risk of becoming a Constructor; they could not provide full time staff; and they were too small to compete with the larger participating firms.

Project Talent Acquisition Group Inc.'s (PTAG) submitted a Proposal that included an exception to the Suspension for Convenience clause. The TTC's Legal Department advised that the statement is an exception as defined in the Procurement Policy. Consequently, PTAG's Proposal was considered non-compliant.

### Evaluation of Bid Submissions

Submissions from the following companies were received:

- WSP Canada Group Limited (WSP);
- Comtech Group Inc. (Joint Venture with Gannett Fleming Canada ULC) (Comtech Joint Venture);
- TransConstruct<sup>3</sup> Joint Venture (Parsons / Hatch / Morrison Hershfield); and
- Project Talent Acquisition Group Inc. (non-compliant).

A team consisting of members from both the Construction and the Materials and Procurement Departments evaluated the qualitative portion of the proposals in accordance with the criteria set out in the RFP and attached as Attachment 2. It was predetermined and stated in the RFP that the TTC intended to award up to two contracts. The recommendation for award is based on the highest total weighted scores. The evaluation of proposals was based on a two envelope process and consisted of qualitative and pricing components with 40 points allocated to the qualitative merit and 60 points allocated to the pricing. Also, it was predetermined that any Proponent who scored a total qualitative rating of at least 70% would be considered qualified.

Proposals were first scored based on qualitative criteria at the associated weightings, as set out in the RFP documents. Final scores for the qualitative evaluation of proposal submissions were arrived at by consensus, whereby WSP, TransConstruct<sup>3</sup> Joint Venture and Comtech Joint Venture were considered qualified to perform the work.

Upon completion of the qualitative evaluation, the pricing component of the qualified proponents was evaluated by using a team rate to represent a simulated construction site office, which represents approximately 95% of the Consultant staffing recruitment. The evaluation also considered the proposed mark-up rates for any new in-house positions to be added and for any additional staff not working on TTC sites. The total weighted score was calculated as a sum of the weighted qualitative score and the three weighted pricing scores.

Upon completion of the evaluation process, the proposals submitted by WSP Canada Group Limited and Comtech Group Inc. (Joint Venture with Gannett Fleming Canada ULC) had the highest overall evaluated score based on the stated evaluation criteria.

WSP and Comtech have previously satisfactorily performed work of a similar size and nature for the TTC.

## Contact

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## Signature

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Susan Reed Tanaka  
Chief Capital Officer

## Attachments

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Attachment 1 – Sample of Projects  
Attachment 2 – Evaluation Criteria

03050-104-13

## **Attachment 1 – Sample of Projects**

McNicoll Bus Garage  
Wilson Carhouse Expansion for Toronto Rocket  
Surface Way Building Replacement  
Easier Access Program / Elevator Installations  
Elevator Overhaul and Escalator Replacement Program  
Subway Pump Replacement Program  
Fire Ventilation Upgrades  
Bus Garage Ventilation Upgrades  
Bus Hoist Replacement  
Bus Cleaning Equipment and Bus Washracks Program  
On-Grade Paving Rehabilitation Program  
Structural Paving Rehabilitation Program  
Bridges / Structures Maintenance Program  
Roofing Rehabilitation Program  
Masonry Structure Restoration  
Skylights Replacement Projects  
Replacement Lighting for Buildings/Garages/Shops/Carhouses /Substations/Subway  
Garage / Carhouse Public Address & Intercoms  
Building Fire Alarm Upgrades

## **Attachment 2 – Evaluation Criteria**

### **Evaluation Criteria**

#### A. Corporate Qualifications

- Background and Capabilities
- Number of Years in Business
- Depth of Available Resources by Discipline
- Relevant Corporate Experience by Project

#### B. Proposed Corporate Methodology

- Recruiting and Selection Process
- Training Programs and Knowledge Sharing
- Staff Performance and Evaluation Process

#### C. Key Consultant Unit Rates