

To: York Region Rapid Transit Corporation Board of Directors
From: Mary-Frances Turner, President
Subject: **Extension of Owner's Engineer Services and Contract**

Recommendations

It is recommended that:

1. The contract with McCormick Rankin Corporation for Owner's Engineer services be extended for one year as per the provisions in the initial contract for services procured under RFP P-06-63, for an incremental amount of \$7,915,478, exclusive of applicable taxes, to be paid on a fees and materials basis.
2. The Chief Executive Officer and President of York Region Rapid Transit Corporation be authorized to enter into all necessary agreements to effect the contract extension to December 31, 2011.
3. Staff be authorized to commence a request for proposals process to secure an owner's engineer for the calendar year 2012 and onwards in respect of the rapid transit projects.

Purpose

- The purpose of this report is to obtain approval to extend the Owner's Engineer services contract with McCormick Rankin Corporation (MRC) for one year.

Background

In November 2006, the Region awarded a three year contract for Owner's Engineer services commencing January 1, 2007, with provisions for two, one-year extensions

- MRC has been providing Owner's Engineer services to the Rapid Transit program since late 2006.

- A three-year contract was awarded to MRC in November 2006 for an estimated total, including taxes of \$3,916,000, through a competitive Request for Proposal process. MRC obtained the highest technical score, as well as the lowest blended rates for fees. The contract expired on December 31, 2009.
- The contract provided for the extension of the contract for two, one-year periods.
- The contract was extended for a one-year period for the year 2010, in the amount of \$3,700,000.

Analysis

In 2011, it is expected that the Owner's Engineer will have direct oversight over Rapid Transit Office activities of \$200 million

- As the project enters the significant design-build phase, additional resources are required to provide project oversight, management and control during construction.
- During 2010, the total MRC staff complement was estimated at 11.5 persons.
- In 2011, based on the current projected work program, that number is expected to increase to 16 by year-end. Additional part-time specialist requirements within MRC have been estimated at \$867,033.
- MRC will transition from providing expert support for preliminary engineering activities to those of design-build, including
 - Design engineering – Review and approval of detailed design.
 - Cost Confidence Process and independent cost estimation.
 - Design-build construction management.
 - Operations Maintenance and Storage Facility – engineering review and request for proposals preparation.
 - Special Projects (eg. Park & Ride).
- Sub-contracted services will account for an additional \$2,773,365 of the total budget, including but not limited to:
 - URS Canada Limited – design review, cost confidence, construction phase support and assistance with planning, preliminary design and procurement of the Operations, Maintenance and Storage Facility.
 - Revay and Associates – office controls for H3 and D1 Design/Build, cost confidence, schedule analysis for H3, D1 Early Works and D1 Main Works.

- Hanscomb Limited – cost estimation, including quantities and unit costs.
- Ecoplans Limited – analysis of compliance documentation and preparation of annual compliance reports, cost confidence/shadow bid, permit/approval advice, construction phase support.
- Thurber Engineering Limited – design review of geotechnical/foundations and pavement design, cost confidence, quality assurance validation testing.

The services MRC has provided support work program development, procurement and management

- MRC services have had to keep pace with the significant increase in YRRTC's activities. Initially, the Owner's Engineer's role primarily focused on planning and preliminary engineering for the rapid transit corridors.
- With the Province's funding announcement, the Owner's Engineer's activities have shifted to support YRRTC's focus on implementation.
- During 2010, the Owner's Engineer mobilized additional resources to support the cost confidence processes, assist in setting up the systems to manage the major design-build contracts for H3 and D1 Early Works (\$250 million), support the conceptual design efforts on the Operations, Maintenance and Services Facility (\$90 million), as well as continue to support the ongoing land acquisition and completion of the preliminary engineering activities.
- The additional resources required to support YRRTC's activities and shift to a final design and construction focus are reflected in the increased fees for 2011.
- MRC provides an array of services for the Rapid Transit office such as:
 - General Program Management – participating in project oversight meetings; providing ongoing technical, management and administrative advice, including design review; providing detailed invoice review of York Consortium 2002 work programs and contingency tasks; performing schedule/progress review on all active work programs and advising schedule process improvements; budget review; coordinating, documenting and tracking issues for Project Leaders Meetings; benchmarking.
 - Work Program specific work – chairing ongoing design and construction meetings; planning and design coordination and detailed review; utility relocation coordination; shadow bid development; change directive/change order management.
 - Cost Confidence – acting as the Independent Cost Estimator in the cost confidence process for scoping, pricing and procurement of a design-builder for the green bundle of rapid transit projects.

The original contract provided for increases in rates for years two and three, less than or equal to the year over year Consumer Price Index

- Over the initial three year period of the contract, MRC held their hourly rates constant.
- Hourly rates were adjusted in 2010, for the first one-year extension.
- Hourly rates for 2011 have been adjusted upward by 3.2% over those in 2010, which is consistent with the actual Toronto annual CPI.
- The cost build-up for Owner's Engineer services is as provided in the table below:

Service Provider	Budget Estimate
<i>MRC</i>	
Full-time Staff – 16	\$4,251,080
Part-time/Specialists	\$867,033
Disbursements	\$24,000
<i>Sub-Consultants</i>	\$2,773,365
Total	\$7,915,478

- Costs will be based upon actual hours worked.

Owner's Engineer services for 2012 and onward will be procured through a Request for Proposal (RFP) issued in 2011

- As this extension represents the last one-year extension, as defined in the original contract award, staff will issue an RFP in early 2011 for Owner's Engineer services for 2012, onward.

Finance

YRRTC Staff have thoroughly reviewed the fee proposal from MRC and are satisfied that the proposal represents good value for services to be provided

- The MRC's fee proposal took into consideration that they would have full-time staff working in YRRTC's offices and therefore they would not have the usual overhead charges or travel expenses for these employees. This amounted to a savings of approximately \$826,000 in the fee proposal.

- YRRTC staff has reviewed the work program and are in agreement that the fee proposal reflects the level of effort required for the 2011 work program.

Owner's Engineer services are allocated to capital projects under the umbrella of project management costs and are considered eligible costs for funding purposes

- Costs for Owner's Engineer services have been included in the cost build up preliminary engineering and design/build costs in the draft 2011 Capital Plan and Budget.

Conclusion

- MRC has been providing essential services as the Owner's Engineer for the project.
- As vivaNext proceeds to construction, additional Owner's Engineer resources are required to manage the multiple design-build contracts, engineering assignments, and strategic work on behalf of YRRTC.
- Fees are charged based on actual usage. The fee proposal of \$7,915,478, exclusive of taxes, reflects the 2011 budget for MRC services. The Chief Engineer will monitor actual charges as they are invoiced.
- An RFP will be issued in early 2011 for Owner's Engineer services for 2012 and onward.

For more information on this report, please contact Janis Vanderburgh, Senior Counsel, York Region Rapid Transit Corporation at 905-886-6767, Ext. 1045.

Mary-Frances Turner
President

February 17, 2011

YORK-#3131207-v1-RT__1__Extension_of_Owner_s_Engineer_Services_and_Contract