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ASSIGNMENT OF CONTRACT FOR OWNER'S ENGINEER TO YORK REGION RAPID TRANSIT CORPORATION

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated January 10, 2011, from the Regional Solicitor.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize the assignment of the contract with McCormick Rankin Corporation, as Owner's Engineer, to the York Region Rapid Transit Corporation.
2. Regional Council ratify the one year extension of the contract exercised by YRRTC in 2010.

2. PURPOSE

The purpose of this report is to recommend that the contract between the Region and McCormick Rankin Corporation, as Owner's Engineer for the rapid transit project, be assigned to the York Region Rapid Transit Corporation, as the appropriate entity to manage the contract.

3. BACKGROUND

The Region issued an RFP and awarded a contract to McCormick Rankin Corporation as Owner's Engineer for rapid transit projects

In November 2006, the Region issued a Request for Proposals to retain an Owner's Engineer to assist the York Region Rapid Transit Corporation ("YRRTC") with engineering services for the preliminary engineering and implementation stages of the rapid transit projects. The contract was for a three year term, with the option to renew for two (2) further terms of one (1) year.

McCormick Rankin Corporation ("MRC") was the successful proponent and was awarded the contract by the Region. MRC has been providing services since late 2006. As contemplated in the Request for Proposals, MRC's responsibilities have evolved from the preliminary engineering stage and now support the implementation phase of the projects, including program management, planning and design co-ordination and acting as the independent cost estimator in the cost confidence process.

The contract was extended by YRRTC for the 2010 calendar year and YRRTC has now indicated that it wishes to extend the contract for a further one year term. Regional staff recommend that the contract be assigned to YRRTC in order for YRRTC to assume management of the contract and to seek approval of the YRRTC Board for the extension.

4. ANALYSIS AND OPTIONS

The Rapid Transit Agreement sets out the respective responsibilities of the Region and YRRTC for delivery of rapid transit projects

In September 2009, the Region and YRRTC entered into the Rapid Transit Agreement which sets out their respective roles and responsibilities for the design and implementation of the rapid transit system. The agreement provides that YRRTC has the power to retain, on its own account, consulting services required for rapid transit projects. The agreement does not, however, operate as an automatic assignment of existing contracts to YRRTC. Where contracts are identified that fall within the scope of YRRTC's powers, individual approval will be required to assign such contracts from the Region to YRRTC.

The agreement with MRC is most effectively managed by YRRTC and should be assigned by the Region

The agreement between the Region and MRC for the consulting engineering services falls clearly within the realm of YRRTC as contemplated in the Rapid Transit Agreement. It is recommended that the agreement be assigned to YRRTC and that YRRTC assume all obligations of the Region under the agreement. This will also permit YRRTC to seek direction from the Board on the proposed extension. It is also recommended that Council ratify the initial extension granted by YRRTC.

5. FINANCIAL IMPLICATIONS

The recommendation in this report would result in the assumption by YRRTC of the financial obligations under the contract with MRC, the Owner's Engineer. All costs associated with the contract will be recovered from the project budget.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal impacts directly associated with this report.

7. CONCLUSION

In 2006, the Region entered into an agreement with McCormick Rankin Corporation to provide engineering services to YRRTC. Following execution of the Rapid Transit Agreement, YRRTC was empowered to enter in such agreements directly with third party consultants. It is recommended that the agreement be assigned from the Region to YRRTC and that YRRTC assume all obligations under the contract, including exercising the right of renewal.

For more information on this report, please contact Janis Vanderburgh at Ext. 1045.

The Senior Management Group has reviewed this report.