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CONSORTIUM SELECTION FOR UPPER YORK SEWAGE SERVICING INDIVIDUAL ENVIRONMENTAL ASSESSMENT

The Transportation and Works Committee recommends the adoption of the recommendations contained in the following report, May 30, 2008, from the Commissioner of Environmental Services:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize retaining the consulting Consortium of Conestoga-Rovers and Associates, Gartner Lee Limited and Black and Veatch Corporation to undertake an Individual Environmental Assessment for the Upper York Sewage Servicing project, at a cost not to exceed \$19,677,000 inclusive of GST.
2. The Regional Chair and Regional Clerk be authorized to execute the contract, subject to the approval of Legal Services as to form and content.

2. PURPOSE

This report seeks Council authorization to retain Conestoga-Rovers and Associates to undertake and successfully complete the Individual Environmental Assessment required by the Minister of the Environment for the Upper York Sewage Servicing Project. Based on previous experience, the time frame for this Individual Environmental Assessment is expected to be four to five years. Per section 7.12 of the Purchasing By-law, Council authorization is required for award of proposals in excess of \$500,000.

3. BACKGROUND

Qualified consortium engaged to undertake challenging Individual Environmental Assessment for one of the last major pieces of Regional Capital sewage infrastructure

The sewage servicing area, made up of parts of the Towns of Aurora and Newmarket and the communities of Holland Landing, Queensville and Sharon (*See Attachment 1*), covers much of the remaining land in York Region designated as available for growth, either through intensification or new development. York Region committed to prepare an Individual Environmental Assessment for the Upper York Sewage Servicing project. Determination of the preferred solution, through an Individual Environmental

Assessment (IEA), was ordered by the Minister of the Environment by October 2004. This is only the second IEA to be completed for a sewage project in Ontario, the first

being the Southeast Collector which is on track for filing with the Ministry of the Environment in October 2008. The challenge to complete this IEA resides in the lack of precedent, the scarcity of consulting experience and expertise at this level, the educated and vocal stakeholder and public groups in opposition to growth, as well as recent or pending as yet untested legislation.

This Upper York Sewage Servicing project was renamed from the Upper Leslie Trunk Sewer when it was determined that the project would be proceed as an IEA, whereby all feasible solutions will be sought, analysed and reviewed in terms of applicable criteria and merit through public, stakeholder and agency engagement and consultation. Building from current Federal, Provincial and Regional mandates such as: Places To Grow, Oak Ridges Moraine Act, Green Belt, Clean Water Act, Source Water Protection, Sewage and Water Master Planning, Sustainability Principles, Greening Strategy and The Great Lakes Charter, Annex and related Ontario Water Resources Act provisions, this project has taken unprecedented steps to provide:

- An extensive and unique program of public, agency and stakeholder engagement and consultation.
- A model Project Management and Control Program involving a web based communications hub with Primavera as the project tool for schedule, budget, scope, staff resourcing, project documentation and issues tracking.
- A commitment to environmental protection and sustainability including the reduction of the carbon footprint both in project execution and the legacy of the infrastructure lifecycle.
- Consideration of appropriate water resource and supply solutions for each feasible sewage solution.
- A commitment that the preferred solution will pass the tests of public participation, superior design and technology, agency approvals, environmental management, adherence to existing and pending legislation.
- A work plan and approach that builds on the lessons learned over the last four years through the Southeast Collector IEA.

Applying experience from Southeast Collector hugely benefits Upper York Project

In the spirit of continuous improvement staff have advanced appropriate “next time” processes and changes and incorporated these improvements in the Request for Prequalification and the Request for Proposals for this project.

Key features were:

- The Financial Proposal Form, based on the Southeast Collector experience, was a reflection of the time and effort spent on developing a comprehensive listing of major tasks and sub-activities for the IEA. This detailed, in-depth Financial Proposal Form, captures both unit prices for similar, repeated activities (such as meetings) and an upset limit cost for the IEA phase and for individual activities or group of activities. With this approach, all consortia were responding to a common baseline and the Region has a clear basis with competitive unit prices to accommodate future changes if required.
- An extensive, diversified and well defined Public, Stakeholder and Agency Communication protocol that serves the Region’s commitment to excellence in public engagement and consultation. This program recognizes and will actively seek and incorporate the interests, local knowledge and valuable information available from stakeholders, agencies, residents and engaged members of the public.
- Inclusion of both a Quality Management and Quality Control Program for all technical and engineering activities with a Peer Review process for all technical documents.
- A project office (featuring co-location of key project staff), available to the public, fully staffed by Regional and consulting staff to foster a high performance, committed and collaborative team. This office will reflect the Region’s commitment to sustainable green standards, reduction of the project’s carbon footprint and a web based communications hub with the goal of fostering a paperless office.
- Requirement for the consortium project manager to attain Project Manager Professional (PMP) certification. This ensures that the project will be planned, managed, and controlled with appropriate levels of scope, time, cost, quality and risk management.

Considerable project documentation was completed well in advance of the Request for Proposal stage through several half-day workshops with Planning, Operations staff and project managers working on similar or related projects. This enabled appropriate scope development for this project with opportunities for gathering information and input from relevant Regional staff and stakeholders with the following results:

- Advancement of a project plan, a high level schedule, estimated costs and financial planning both for the Individual Environmental Assessment and the project.
- Development of a Project Vision, Project Charter and a preliminary Work Breakdown Structure (WBS) which set out the tasks to be completed under headings such as Project Planning and Control, Project Communications, IEA Terms of Reference, Alternatives Design Concepts. This WBS, the backbone for the project execution, forms the basis for the Financial Proposal Form which the proponents were required to complete and submit as part of their proposal.

Prequalification and proposal process based on Region's Purchasing By-law

Maximum interest in this project was generated by using both the Request for Prequalification and the Request for Proposal processes. To move forward to the Request for Proposal phase the respondent had to be one of the top three in the four major areas of Project Management (following Project Management Body of Knowledge principles and practices), Consultation and Facilitation, Technical Speciality, and Environmental Management. At the prequalification stage, respondents were required to establish the best of depth, substantive demonstrated knowledge, experience and expertise through:

- Key personnel.
- Human resource plan.
- Risk management and control program.
- Stakeholder, public & media consultation and facilitation including First Nations consultation.
- Value added innovation.
- Technical editing.

The Request for Prequalification was issued on January 4, 2008, a bidders meeting was held on the 11th and the closing date was January 24, 2008. Four submissions seeking prequalification were received by the Region. Following a detailed evaluation, three proponents were shortlisted to the Request for Proposals stage.

Three consortia provided excellent credentials for their firms and proposed staff

Having provided the best in experience and expertise in Public Communication, the Environment, Technical Specialities, Legislation, Agency Permitting and regulations along with total commitment to this project over the next four to five years, CH2M HILL, Conestoga-Rovers and Associates and MMM Group were successfully shortlisted for the Request for Proposals stage.

Chronology of Key Dates during the Request for Proposal Process

RFP issued	March 28, 2008
Proponent's Meeting	April 3, 2008
RFP closed	May 1, 2008
Interviews	May 2, 2008
Technical Evaluation	May 7, 2008
Cost Proposals	May 7, 2008

The Request for Proposal phase comprised the submission of a twenty-five page proposal with accompanying schedules and work breakdown structure documentation, an extensive and detailed financial sheet and a rigorous and detailed interview with a presentation and questions. The consortium, headed by Conestoga-Rovers and Associates partnered with Gartner Lee and Black and Veatch, emerged as the preferred proponent, most capable of accomplishing the Upper York Sewage Servicing Individual Environmental Assessment.

Procurement fairness consultant adds credibility and ensures fair, open process

KPMG LLP was engaged as the Procurement Fairness Consultant for the Request for Proposals stage. Their mandate was to *“conduct the process, monitor based on direct observation of the conduct of the process; discussions with key personnel involved with the process; and review of the documentation related to the process”*.

In this role KPMG participated in evaluation team member briefing meetings where they communicated best practices in accordance with the KPMG-developed Fairness Principles. KPMG reviewed the Request for Proposals document, all evaluation documents, criteria and weightings, attended and monitored the proponents meeting, all interviews and the evaluation consensus meetings. To date KPMG's work has not surfaced any material fairness issue in the conduct of the procurement.

4. ANALYSIS AND OPTIONS

Evaluation team ranked three proposals on basis of their technical / management plan (60%), interview (20%) and financial proposal form (20%)

Request for Proposals P-07-55 for a consortium to undertake the Individual Environmental Assessment for the Upper York Sewage Servicing Project closed May 1, 2008 with the submission of three compliant bids recorded from MMM Group, CH2M HILL and Conestoga-Rovers & Associates. On May 2nd, interviews were completed for the three proponents. Interviews featured a twenty minute presentation and a sixty minute question period for responding to seven questions provided by the evaluation team.

The three proposals were evaluated using the two envelope system with the Financial Proposal weighted at 20%. Financial proposals were opened only after the technical evaluations were completed. Proponents had to attain a minimum technical score of 50%, or 30 out of 60, for their financial proposals to be opened. For the interview/presentation a 50% pass was a score of 10 out of 20.

The Technical/Management content was weighted at 60% with the Interview weighted at 20%. The Region's proposal evaluation team reviewed the technical/management proposal based on the following criteria:

Project Team

- Team members chosen to be the public face of the project.
- Commitment to collocation and dedication of key team leads including the project manager.
- Primavera expertise (Project Management Software Program).
- Commitment of consultant resources.

Consortium's Best Practices

- Commitment to continuous improvement, innovation and the integration of Value Management.
- Project Control processes for Schedule, Scope, Quality, Risk and Costs.
- Effective Change Management.
- Technical editing of all documents.
- Demonstrated ability to prioritize and work under tight deadlines.
- Minimization of the project Carbon Footprint.

Project Implementation

- Communication Plan – Internal to the Region and External to the Public.
- Issues Management.
- Project Risk Management Program.
- Public and Stakeholder Engagement including First Nations.
- Peer Review of technical documents.
- Detailed plan and schedule of activities and resources to complete the project.
- Understanding of an Individual Environmental Assessment, Provincial and Federal Legislation and processes, Canadian Environmental Assessment Act.
- Demonstrated knowledge of the relevance and importance of Intra-Basin Water Transfers, Oak Ridges Moraine Act and sustainability.
- Water Conservation, water resource management and supply.

The interview was evaluated by the same Regional team, also under the observation of KPMG and the Regional senior purchasing analyst. The team evaluated the content of the presentation, clarity of the PowerPoint slides, the style of the presenters and answers to seven prepared questions. This was of particular importance as these were the teams proposed to be supporting the Region as the public face of the project at meetings, public forums, and agency workshops.

CRA technical proposal raises the bar

Key to the success of Conestoga-Rovers and Associates proposal was their ability to provide documented examples with a well defined focus on the ‘how’ of any given activity. In comparison the other proposals were less detailed on the “how” with respect to the project activities. The scoring matrix for the technical proposals was based on a scale of 1 to 5 with a score of 4 to 5 given for exceeding requirements / expectations. Provided below are some examples of areas where Conestoga-Rovers proposal exceeded requirements.

One area where CRA excelled was their external communications strategy, which focused around education and awareness. Some examples are teen forums, themed conferences, workshops, public attitude surveys, media relations, tying into Regional or Municipal and/or community events like the Children’s Water Festival. Reaching stakeholders unable to attend public forums will be encouraged through a telephone survey to capture public attitudes on topics relevant to this project, web based participation techniques and community ‘lunch’n learns’.

In the area of Continuous Improvement and Innovation they led the way with commitments to a University research partnership on water quality and reclaimed water discharge on the Oak Ridges Moraine.

CRA is one of the few engineering/consulting firms in North America that have attained ISO 9001:2000 Quality System certification which addresses, among other topics, their Health and Safety procedures.

An in depth understanding of and commitment to best practices in Project Control will establish the success of the Upper York project. CRA proposes to ensure the team is progressing towards project goals and milestones through value-added peer review of all project controls by a specialty project management and controls firm carried as part of their team. CRA further proposes complete integration management of all key areas such as scope, time, cost, communications, quality, reporting and very importantly, risk.

Early identification and tracking of project issues is a basic tenet of communications management. As applied to stakeholder communication, the issue tracking protocol will be in place to manage and respond in a timely manner to concerns and questions including resolution and follow up. Keen insight into project issues was amply demonstrated by an issues management protocol with strong emphasis on process and

legislative recognition and compliance. In the CRA proposal creative thinking and understanding was evident in:

- The chronology of issues surrounding Intra-basin transfer.
- The importance of a compatible water supply and resource strategy with ideas such as recapture of 'lost' water.
- Key landform features such as the Oak Ridges Moraine and Lake Simcoe that are protected under Provincial legislation.
- The need for a separate but parallel consultation process for First Nations.

CRA demonstrated a prudent and knowledgeable approach to risk with a comprehensive Risk Management Plan. The Risk Register provides a base risk assessment and the ability to identify and clarify ownership of risks and how risks are to be allocated, controlled, mitigated and managed. The register also clearly defines critical dates for completion of actions – to be monitored alongside the project schedule to avoid/mitigate negative schedule impacts. Beyond the primary risks of schedule and cost, CRA addressed safety, regulatory risks, stakeholder opinion risks and public perception risks.

Relationship to Vision 2026

York Region: Creating Strong, Caring and Safe Communities; the eight goals reflecting this vision statement are embodied in the Upper York Sewage Servicing project. The nature of any environmental assessment for sewage infrastructure inherently addresses quality communities, an enhanced environment, a vibrant economy, housing choices, managed and balanced growth, engaged communities and a responsive Region in several ways:

- Well planned, designed and constructed infrastructure, respectful of the ecosystem we live in, will serve to keep existing and growing communities healthy and thriving.
- Adhering to Federal and Provincial legislation and the Region's Master Plans and commitment to sustainability will produce a sewage servicing system that meets the needs of our residents, supports growth of a vibrant economy and provides the basis for green housing and community development.
- The environmental assessment process requires reaching out to residents to engage them in discussions about their expectations and needs as individuals and communities; to involve them in the process of researching and evaluating all available alternatives so residents have ownership in the preferred solution.

York Region has set a very high standard in reaching out to its residents and providing excellence in infrastructure planning and design – the Upper York Sewage Servicing project will be no exception.

5. FINANCIAL IMPLICATIONS

Table 1 sets out the final results from the evaluation and scoring of the interviews, the Technical Proposal and the Financial Proposal.

Table 1
Consortia Evaluation and Cost Summary

Name of Company	Technical Score (80%)		Financial Score (20%)	Total Score (100%)	Total Price Inclusive of GST
	Interview Presentation (20%)	Technical Proposal (60%)			
Conestoga-Rovers & Associates	11.8	52.7	20.0	84.5	\$19,677,000.00
MMM Group Limited	10.3	38.7	14.4	63.4	\$27,291,075.59
CH2M Hill Canada Limited	11.5	34.0	13.4	58.9	\$29,389,291.05

The Conestoga-Rovers and Associates proposal featured the highest technical score, the lowest price and the highest overall score

Conestoga-Rovers and Associates offer considerable financial benefit in several major areas. Their co-location project office was carried as an overhead cost to CRA resulting in a cost benefit of \$1.3 M. Some of the efficiencies are likely applied from their direct experience, knowledge and understanding of the Southeast Collector Individual Environmental Assessment.

In several different areas, CRA recognized the need for greater effort including almost \$2.5 M in areas such as Public and Stakeholder engagement and detailed development of alternatives. CRA and other team members were able to leverage their extensive experience on Southeast Collector IEA and apply it directly to cost efficiencies to Upper York Sewage Servicing project.

There are sufficient funds in the 2008 Capital Budget for the six months of work to be completed on the Upper York project between July and December of 2008. The 2009 Ten-year Capital Plan will reflect the costs outlined in the financial proposal.

6. LOCAL MUNICIPAL IMPACT

The Upper York Sewage Service Individual Environmental Assessment will clearly define the need for and provide a rigorously evaluated and technically preferred alternative for infrastructure required to service parts of the Towns of Aurora and Newmarket as well as the communities of Holland Landing, Queensville and Sharon in East Gwillimbury - to service growth. Additionally, the requirement for a highly developed water resource and supply alternative for each feasible sewage alternative examined will address existing and pending legislation that protects our valuable water resources and addresses the issues of Intra-Basin transfer of water.

7. CONCLUSIONS

The proponent's proposals for this Individual Environmental Assessment were evaluated in accordance with Regional procedures and under the observation of KPMG LLP, the Fairness Consultant engaged by the Region to monitor fairness of the Request for Proposal process.

The proposal from Conestoga-Rovers and Associates represents the best value to York Region. It is recommended that Conestoga-Rovers and Associates be engaged to complete the Individual Environmental Assessment for the Upper York Sewage Servicing project at a total cost of \$19,677,000 inclusive of all applicable taxes.

For more information on this report, contact Bala Araniyasundaran, extension 5131, Director, Capital Delivery of the Water and Wastewater Branch in Environmental Services.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the June 11, 2008 Committee meeting.)