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EXTENSION OF AGREEMENTS WITH YORK CONSORTIUM 2002 FOR RAPID TRANSIT PROJECTS

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated May 31, 2011, from the Chief Administrative Officer.

1. RECOMMENDATION

It is recommended that:

1. Council authorize the extension of the following agreements for a further term of one year, expiring on June 30, 2012:

   (i) the Going Forward Business Arrangements Framework Agreement, among the Region, YRRTC and York Consortium 2002, dated June 30, 2006; and

   (ii) the Master Agreement, among the Region, YRRTC, and York Consortium 2002, dated June 30, 2006;

2. PURPOSE

This report seeks approval from Regional Council for the extension of two agreements among the Region, York Region Rapid Transit Corporation ("YRRTC"), and York Consortium 2002 ("YC2002"), in respect of the delivery of certain rapid transit projects.

3. BACKGROUND

Under the 2006 Going Forward Business Arrangements Framework Agreement, YC2002 has the right of first opportunity, to deliver the project work for certain segments of the York Rapid Transit System

In 2006, the Region, YRRTC and YC2002 entered into a Going Forward Business Arrangements Framework Agreement (the "Going Forward Agreement") that gave YC2002 the right of first opportunity, subject to various terms and conditions, to undertake project work relating to the delivery of new segments of the rapid transit project. Contemporaneously with the entering into of the Going Forward Agreement, the Region, YRRTC and YC2002 entered into a "Master Agreement" that set out the project goals and guiding principles that would apply if YC2002 undertook certain project work.

The Going Forward Agreement together with the Master Agreement set out both a cost confidence process as well as a shadow bid process. These processes ensure that fair and acceptable pricing methods are used by YC2002 to price the design and construction costs of various elements of project work.

Unless the parties agree to an extension, both the Going Forward Agreement and the Master Agreement expire on June 30, 2011.

In addition, certain revisions to the business arrangements were incorporated into the VivaNext Procurement Agreement. The extension of this agreement is the subject of a concurrent report to Council.

4. ANALYSIS AND OPTIONS

A one year extension of the Going Forward Agreement and the Master Agreement will provide an opportunity for both parties to analyze the merit of continuing these business arrangements

Preliminary discussions between YRRTC and YC2002 indicate that both parties need to consider whether it is advisable to renew and extend the business arrangements contained in the Going Forward Agreement. The parties need to examine if there are future work programs that would benefit from the more streamlined approach under the shadow bid process under the Going Forward Agreement. The existing agreement was amended to include also an evaluation process using a cost opinion from the Owner's Engineer. It may be advisable in future to preserve these expedited processes to reduce schedule impacts for work that was neither foreseeable nor anticipated.

If the business arrangements under the Going Forward Agreement are not renewed, the Region's options respecting procurement of project work are narrowed. Future work segments, if they are not contemplated under the VivaNext Procurement Agreement, would have to be procured by way of RFP or a tender, and these public processes may have schedule implications in addition to such processes being generally more time intensive in terms of staff resources.

It is recommended that the agreements be extended for a further term of one year to enable the parties to determine whether those business arrangements should be continued for a further term. Any work extended to YC2002 under these business arrangements would be in the sole discretion of the Region and YRRTC. Staff will report to Council with recommendations when the analysis is completed.

Metrolinx's consent to the renewal and extension of the Going Forward Agreement is not required.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications associated with this report.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this report.

7. CONCLUSION

It is recommended that the Going Forward Business Arrangements Framework Agreement and the companion Master Agreement with YC2002 be extended for a one year period to June 30, 2012 in order to enable staff and YC2002 to determine whether or not to renew and extend these business arrangements.