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FINAL QUICK START ADMINISTRATION, TECHNICAL AND OPERATIONS AND MAINTENANCE WORK PROGRAM

The Rapid Transit Public/Private Partnership Steering Committee recommends the adoption of the recommendations contained in the following report, November 5, 2004, from the Vice President of the York Region Rapid Transit Corporation:

1. RECOMMENDATIONS

It is recommended that:

1. The York Region purchasing bylaw A-0304-2002-031 be waived with respect to the retention of York Consortium 2002.
2. York Consortium 2002 be retained to complete the balance of the work program needed to implement *Quick Start* at an upset limit of \$5,190,248.
3. The cost to complete the work program be exclusive of the communications and branding program.
4. The work plan for complete *Quick Start* implementation be finalized to the satisfaction of York Region and York Region Rapid Transit Corporation staff.
5. The work program be conducted under the current legal framework of the Amended and Restated Stage One Agreement.

2. PURPOSE

The purpose of this report is to seek funding support to complete the remaining activities required to implement *Quick Start*, including project management and office administration, final design support and operations and maintenance (O&M) activities. These activities cover the period December 2004 to December 2005 at which time *Quick Start* will be fully operational.

3. BACKGROUND

Following a competitive procurement in June 2002 York Region entered into a business arrangement with York Consortium 2002 (YC2002) to implement the rapid transit plan identified in York Region's 2002 Transportation Master Plan. Their selection was the result of a global competitive procurement process. Since that time YC2002, in partnership with the Region, has defined the foundation documents for the go-forward rapid transit network and business plan; is delivering the first phase of the project, ie.

Quick Start; significantly progressed all major environmental assessments across the corridors; undertaken government relations and funding activities which have led to the securing of \$100 million dollars of senior government funding; and has established a solid reputation as a partnership that delivers. The project is now entering the final months preceding *Quick Start* going live in September 2005.

In March 2004, a Regional Negotiation Team led by the Commissioner of Finance including Mary-Frances Turner- York Region Rapid Transit Corporation (Rapidco), Dan Ferguson and Brad McLellan-WeirFoulds, Ed Hankins-Regional Finance, and Jason Ducharme-Mercer Delta began a series of meetings with YC2002 to establish a framework for go-forward business relations with the Consortium for future phases of work. In September 2004, YC2002 provided staff with a business proposal and work program related to the remainder of work necessary to implement *Quick Start*, as well as preparatory work for the next stage of the rapid transit project. A number of meetings have been held with YC2002 with regard to these draft documents since September and this report deals with the recommended approach to dealing with the balance of the work program necessary to implement *Quick Start*.

4. ANALYSIS AND OPTIONS

The York Region negotiation team is recommending that the work to complete *Quick Start* be done under current Stage One business arrangements.

The go-forward business proposal presented by YC2002 has evolved significantly since September as a result of considerable dialogue between YC2002 and the Regional Negotiation Team. The team recommends that the business proposal, which blended both *Quick Start* and the Full Build system, be dealt with as two distinct pieces of work and separate business arrangements. Furthermore, we recommend that the existing legal and funding framework (ie. items are to be cost shared with the province and federal government where applicable) for *Quick Start* continue to be applied to the balance of work required to complete *Quick Start*.

This report deals with the outstanding work required to complete all technical and design work associated with scope changes since the Region entered into the Design-Build Contract and all activities necessary to complete the O&M activities for *Quick Start*.

YC2002 was initially retained based on a business proposal (Stage One, Year One) structured on a specific work program in which a guaranteed maximum price (GMP) was established. YC2002 billed the Region for time expended at hourly rates up to the GMP. The second year of work was approved on this approach as well.

The work to complete *Quick Start* is based on current hourly rates discounted by 10 %.

The September 2004 business proposal options presented by YC2002 are based on continuing to approach go-forward work based on the original hourly rates, which have not been adjusted for inflation since the commencement of the work in 2002, and

discounting them by an additional 10%. The work program, which is expected to be completed by the end of December 2005, is based on a defined work plan and a GMP that covers all anticipated activities that are necessary for *Quick Start* to go-live.

Given the fact that the initial scope of work was competitively tendered and costs to date have been based on the rates established and accepted at that time, it is recommended that the balance of the work program be approved as outlined in the approach described above.

A detailed work plan to complete all work for *Quick Start* to go-live has been reviewed.

A detailed work program has been prepared by YC2002 (*see Attachment 1*), and has been generally agreed to by the Vice President of Rapidco, the Director of Transportation, and with regard to the O&M activities, by the General Manager of York Region Transit who will be responsible for the day to day management and administration of the operations contract for *Quick Start*. A final work program reflecting final comments and dialogue between the parties will be carried out under the protections afforded by the existing legal framework established through the Stage One Agreement as amended.

A sole source award to YC2002 is recommended based on a number of careful considerations.

The Regional Negotiation Team considered three different procurement approaches to undertaking the balance of the above noted work program:

- Sole source with YC2002 under the current business framework.
- Tender.
- A cost confidence process.

In the absence of a framework to undertake a cost confidence process for this type of work and the time frame to a tender call, the Regional Negotiation Team is recommending that this work be approached on a sole source basis in accordance with the existing business framework. In addition, the team was mindful of important considerations in making this recommendation particularly, best value, timeliness and innovation, risk and participation, and good governance. The following provides the reasons for making this recommendation to Committee:

- Cost avoidance associated with delaying *Quick Start* activities in the rapid transit office while an open procurement or competitive tender is pursued. In addition, on the issue of cost competitiveness, we have been able to verify the rates proposed are competitive within the Professional Engineers of Ontario schedule of engineering rates. Although the team has not undertaken to justify the number of hours used to arrive at the quote fees, we are satisfied that they appear reasonable given the amount of work that needs to be accomplished between now and December 2005. Furthermore, the costs for the delivery of the program will continue to be tracked based on time sheets and monthly invoices. The work program will continue to be overseen by Rapidco staff to ensure outcomes, that there are no redundancies, and

that all opportunities to perform the work as efficiently and cost-effectively as possible are pursued. *Quick Start* is going live in September 2005 and all of these activities have been deemed necessary to meet that schedule.

- The costs allow for risk transfer should the described project deliverables run over budget since all work will be conducted under the existing Stage One framework GMP.
- The current approved schedule of rates attached to the Stage One Agreement will continue to apply but have been discounted by 10%. This discount provides for some additional risk transfer and participation in the project by YC2002 per the terms of the Stage One Agreement. In addition, the hourly rates have not been inflated by cost of living since 2002 and will continue to be held at that rate although the Stage One Agreement provides for such inflation.
- The current business arrangement allows for the office team, who is very familiar with the work program, to continue to deliver the program in a timely way and acquire staff resources as needed to get the job done. In addition, this team is able to respond to and fast-track the ongoing changes to the final *Quick Start* program, such as those at York University associated with the stadium and redesign of the university's central transit hub, Markham Stouffville Hospital and final design details with GO Transit, which need to be coordinated and in some cases constructed by the design builder Kiewit-Ellis Don. The history of the work undertaken to date illustrates that the current business arrangement provides flexibility to address changing work requirements within the timeframes that are necessary for timely project delivery.
- The Stage One Agreement provides for additional protections and benefits to the Region as follows:
 1. There is a defined cost of work consisting of defined hourly billing rates and other specifically identified direct costs.
 2. The work is provided at the lesser of (a) the cost of work and (b) a GMP, so that the Region obtains the benefit of any reductions in the cost of work and YC2002 bears the risks of work costing in excess of the agreed to GMP.
 3. The parties will be able to agree on a full scope of work for the complete implementation of *Quick Start* together with appropriate milestone dates to be achieved and deliverables to be produced through the work plan. The work can be divided into separate payment items for payment purposes.
 4. Payments can be made either upon (a) a percentage complete basis with respect to payment items or (b) at the lesser of: (i) the cost of work, and (ii) percentage complete of the payment items, as finally negotiated.

5. There are detailed invoicing and open book policy procedures with respect to bills and verification of the cost of work.

Accordingly, the current framework allows for the application of effective project management and cost disclosure and review.

4.2 Quick Start Design-Build Activities

The major tasks and activities needed to complete the *Quick Start* project are as follows:

4.2.1 Design-Build Support

There are four major areas of work covered in design-build support:

Quick Start design-build support includes activities related to communications, engineering planning leading up to 30% design, planning support and detailed service planning.

Currently, the majority of *Quick Start* support is covered under the Design-Build Contract negotiated with YC2002 based on a scope of work defined at the time of the execution of the contract. The design work covered under the Design-Build Contract starts at the 30% design stage. Since the execution of the *Quick Start* Design-Build Contract certain elements have been substantially redesigned and new elements have been added to the project. Some examples of new project elements include the pedestrian overpass and two new bus bays at Langstaff, enhancements to the Finch Terminal, including a new canopy from the terminal to the rapid transit stops, as well as new terminal and facility arrangements at York University and Markham Stouffville Hospital.

The work program cost associated with undertaking the pre 30% design coordination and implementation of these revised project elements is \$1.3 million. This budget also includes the cost for carrying on with day to day communications including the following types of activities:

- Report and presentation support to municipalities and conferences.
- Timely fact sheets and newsletter updates.
- Updating and maintenance of the York-in-Motion website.
- Timely responses to public requests for information and materials.

In addition, the \$1.0 million budget also covers costs to coordinate on development applications in the corridor. Currently, the corporation provides comments on all development applications in the corridors and interfaces on an as need basis with property owners.

The balance of the monies is for the preliminary design work needed to resolve the final site plans for the above noted properties and allow them to move to the 30% design stage. The actual capital costs of the final design changes will be handled as change directives and change orders to Kiewit-EllisDon under the Design-Build Contract and will be reflected in the monthly progress report. The anticipated capital cost of the facilities, based on the best information we have to date as to how these items will be resolved, is as follows:

Table 1
Quick Start Support
Conceptual Design/Capital Costs
(\$)

Conceptual Design Activity	Estimated Capital Cost
Workplan	
Langstaff pedestrian bridge	2,000,000
Additional busbays at Langstaff	500,000
York University	500,000
Finch canopy	1,500,000
Markham Stouffville Hospital	500,000

4.2.2 Operations and Maintenance

Over the next several months the private sector operator will be selected and the Newmarket Maintenance Facility and South Satellite Facility must be commissioned prior to *Quick Start* going live in September 2005. Rapidco is tasked with the delivery of a fully operational system for September 2005 that will be administered by York Region Transit. In this respect, over the next several months hundreds of tasks relating to the operations and maintenance contract, budgeted at a cost of approximately \$2.0 million dollars, must be closely coordinated with York Region Transit.

A comprehensive budget of \$2.5 million for the undertaking of all O&M activities from July 2004 to December 2005 has been prepared. The following major tasks are covered under this budget figure:

- O&M Service Provider Contract including day to day leadership, support, development of RFP issued by the Region.
- O&M Facility support including business analysis of alternative property scenarios and construction, modifications to sites; concept level and full site plan approval drawings. Detailed architectural drawings and capital costs to improve these facilities are not included in this budget.
- O&M Field Facilities including definition of and daily requirements for road maintenance, snow and garbage removal.
- O&M IT-O&M interface between the design-build contractor responsible for implementation of IT design and fit-up, and the incoming operator to work through go-live issues.
- O&M detailed service implementation and planning support including preparation of detailed service planning schedules; ongoing service and planning input to O&M contract; fare and other integration issues between rapid transit and local service and other transit agencies.

- *Quick Start* post-implementation planning support to deal with monitoring, evaluation and adjustments to services where necessary in the corridors.
- O&M fare distribution model implementation.
- O&M outside agency service support including implementing agreements with GO Transit on MOU arrangements and TTC.

4.2.3 Project Management, Controls and Administration

All YC2002 costs to project manage all work program activities budgeted at \$1.3 million, as well as the cost of administrative and controls staff to man the rapid transit office, are included in the go-forward work program.

5. FINANCIAL IMPLICATIONS

Table 2
Quick Start Costs to Complete Project Management,
Operations and Maintenance and Design-Build Support Activities
(\$)

<i>Quick Start</i>	Proposed Budget To December, 2005	Approved in June and September, 2004	Requested Approval
Project Management, Controls and Administration	2,269,547	937,601	1,331,946
Operations and Maintenance	3,124,473	561,851	2,562,622
Design-Build Support Activities	1,903,492	607,812	1,295,680
Sub-Total	7,297,512	2,107,264	5,190,248
Branding and Service Launch	3,000,000	1,151,299	
Total	10,297,512	3,258,563	5,190,248

Council also approved an amount of \$423,377 for EA work and work related to the Full Build in June and September 2004.

The remaining budget for the branding and service launch will be brought forward for approval at a later date.

Funding for the outstanding design-build support and project management in the amount of \$2,627,626 can be covered by the York Region contingency amount set up outside of the Design-Build Contract. In addition, this amount will be part of the funding submission for two-third cost recovery from the Federal and Provincial governments

Funding for O&M activities are not eligible for Federal and Provincial funding and therefore will be funded from the Rapid Transit Capital Budget.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this Report.

7. CONCLUSION

In order to complete the balance of the work program needed implement *Quick Start* it is recommended that YC2002 be retained at an upset limit of \$5,190,248.

(The attachment referred to in this clause was included in the Agenda for the November 11, 2004 Committee meeting.)