

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 16, 2015**

Item 7, Report No. 11, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on September 16, 2015.

#### **7 AWARD AMENDMENT RFP14-071- CONTRACT ADMINISTRATION AND INSPECTION SERVICES FOR THE VAUGHAN HEALTHCARE CENTRE PRECINCT WARD 1**

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Public Works and the Director of Capital Delivery and Asset Management, dated September 8, 2015, be approved; and
- 2) That the presentation by the Director of Capital Delivery and Asset Management and C5, presentation material titled “*Vaughan Healthcare Centre Precinct – moving forward with the site of our new hospital*” dated September 8, 2015, be received.

#### **Recommendation**

The Commissioner of Public Works and the Director of Capital Delivery and Asset Management, in consultation with the Director of Purchasing Services and the Director of Financial Planning and Analytics, recommend:

1. That the award amount for Part B of RFP14-071 to Cole Engineering Group Ltd., to provide Contract Administration and Inspection Services for Contract 2 of the Vaughan Healthcare Centre Precinct, be increased by \$512,000.00 funded from Capital Project CO-0054-09 – Vaughan Hospital Precinct Development, plus administration recovery and applicable taxes.

#### **Contribution to Sustainability**

The development of the Vaughan Healthcare Centre Precinct will support environmental sustainability and fulfill a number of goals and objectives outlined by the plan, specifically:

Goal 2: To ensure sustainable development and redevelopment.

Goal 3: To ensure that Vaughan is a city that is easy to get around with low environmental impact.

The needs of pedestrians, redevelopment and public transit will be supported by the strengthening and improvement of the public realm. The Vaughan Healthcare Centre Precinct (VHCP) will be instrumental in establishing and enhancing a strong sense of place and community image, while integrating the area's contemporary and heritage elements. Environmentally sustainable materials and features will facilitate pedestrian movement throughout the area; create street character, social spaces, streetscape quality and environmental sustainability.

#### **Economic Impact**

**An increase in funding was previously approved for Contract Administration and Inspection resulting from extended timelines to complete Part A (Contract 1) of the assignment**

Part A of the assignment (RFP14-071) represented the Contract Administration and Inspection Services associated with Tender T14-072, (Contract 1) that was comprised of three distinct components; Major Mackenzie Drive signalized intersection and associated road works, the

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Precinct earthworks and grading, and the Major Mackenzie Drive culvert works. Earlier this year, an award increase of \$118,000.00, plus applicable taxes and administration recovery, was approved for Part A of the assignment and was funded from CO-0054-09 – Vaughan Hospital Precinct Development and CO-0074-14 – VHPD Culvert Work on Major Mackenzie Drive. This increase accounted for the additional time spent obtaining approvals from regulatory agencies and managing unforeseen circumstances with the Major Mackenzie Drive culvert tunneling operation.

#### **Based on the updated project timelines an increase in funding will be required to complete the Part B (Contract 2) of the assignment**

Part B of the assignment represents the Contract Administration and Inspection Services for the site servicing (Contract 2) of the early works for the VHCP. As indicated in the Communication for Report 30, Item 33 at the Committee of the Whole Meeting held on June 17, 2014,

2. *That the following project cost, plus applicable taxes, be approved:*

- c. *That Part B in the amount of \$253,558.00 and fifty percent of the contingency plus applicable taxes and administration recovery of this assignment only be carried out on condition that the servicing associated with the Vaughan Healthcare Centre Precinct proceeds to construction.*

In addition, as indicated in the Vaughan Healthcare Precinct Cost Sharing Agreement and Site Servicing Tender Update report to Council in September 2014, staff identified that any delays in the execution of the Cost Sharing and Ground Lease with Mackenzie Health would affect the release of the servicing contract.

Since the time of issuance of RFP14-071, the timelines identified within the Terms of Reference for commencement and completion of the early works have been revised, and consequently increased to reflect the recent execution of these agreements. An original completion date of September 2015 was identified that has since been revised to June 2017, in co-ordination with the updated schedule for the Mackenzie Vaughan Hospital construction. The City has been working collaboratively with Mackenzie Health and Infrastructure Ontario to determine these updated timelines.

The requested amount of \$512,000.00 plus applicable taxes and administration recovery is available within CO-0054-09 Vaughan Hospital Precinct Development account which is funded from the annual tax levy established by Council on June 15, 2009.

#### **Communications Plan**

Not Applicable.

#### **Purpose**

To obtain Council approval for additional funds for Part B of RFP14-071, Contract Administration and Inspection Services for the Vaughan Healthcare Centre Precinct.

#### **Background – Analysis and Options**

**The early works infrastructure required to provide an unencumbered site for the VHCP was separated into two contracts in order to meet the Mackenzie Vaughan Hospital (MVH) development timeline requirements**

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There are various components being carried out concurrently as part of the development of the Vaughan Healthcare Centre Precinct. The lands within the Vaughan Healthcare Centre Precinct were encumbered with historic road infrastructure currently serving Cedar Fair (Canada's Wonderland) and drainage channels crossing the Precinct. For orderly development of the Precinct, and of the MVH site specifically to proceed in an orderly fashion, new municipal infrastructure must be constructed. These infrastructure requirements are intended to be constructed in stages through two separate contracts. The first stage of infrastructure tendered under T14-072 (Contract 1), was awarded by Council in June 2014 and primarily includes site grading, construction of new road network to modify access/egress to Canada's Wonderland, and new traffic Signals and new culvert installation on Major Mackenzie Drive.

The second stage of works for the Vaughan Healthcare Centre Precinct Plan consists primarily of the internal road network, sewers, water and storm water servicing. Shortly after the Municipal Infrastructure Plan and Cost Sharing Agreement were executed with Mackenzie Health on July 2, 2015, Tender T15-230 (Contract 2) for these works was issued and closed August 17, 2015.

#### **RFP14-071 Contract Administration and Inspection Services for the VHCP was also separated in two parts consistent with the staging of the infrastructure contracts**

The Contract Administration and Inspection assignment, awarded to Cole Engineering Group Ltd. in June 2014, is separated into two parts to reflect the staging of the infrastructure contracts 1 and 2; namely, Part A for the first stage of infrastructure work (as part of Tender T14-072 - Site Pre-grading/Major Mackenzie Drive Improvements), and Part B for the servicing associated with the Vaughan Healthcare Centre Precinct (as part of Tender T15-230 – Site Servicing).

#### **Contract Administration and Inspection are time based services required throughout the duration of construction activities**

In order to determine the fees associated with providing contract administration and inspection services, it is typical for engineering service providers to estimate the time required to undertake construction work first, then apportion the staff time required to inspect the work and administer the contract. As a result, the industry standard to estimate fees for contract administration and inspection services is directly proportional to the time required to undertake and complete the construction work.

#### **Updates to the project schedule have resulted in increased duration for construction activities**

In consideration of the compressed schedule to complete the detailed design and the aggressive timelines to provide an unencumbered MVH land site, as established by IO, Contract 1 was tendered in June 2014 with projected duration of nine months. It was also intended that Contract 2 would be tendered in late 2014, subject to execution of a cost sharing agreement with Mackenzie Health.

As a result of the original proposed timelines, RFP14-071 was issued identifying a work schedule aligned with IO's original timeline. A work schedule for 15 months (61 weeks) was identified within the RFP, apportioned as 26 weeks for Part A, and 35 weeks for Part B.

In view of the above and based on the updated project schedule undertaken in collaboration with IO for the MVH, there has been an overall increase in the duration for the proposed construction activities to be undertaken by the City in Contracts 1 and 2. To ensure contract administration and inspection on these projects, the overall assignment has been increased to 36 months (155 weeks), reflecting the June 2017 completion of the early works.

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**In order to complete the work associated with Part B of the assignment, a time based extension will be required**

The construction schedule for Contract 2 has been revised to reflect the recent execution of the Municipal Infrastructure Plan and Cost Sharing Agreement with Mackenzie Health. Construction for Contract 2 is scheduled to commence in October 2015 with a completion date of June 2017. The original assignment included a 35 week construction schedule for Contract 2, and the revised timelines include an additional 50 weeks.

As a result, additional time for contract administration and inspection by Cole Engineering Group Ltd. beyond the original assignment is required. There is no change in scope and the funds required are solely based on the extension of time to complete construction.

**The projected additional funding required for Part B of RFP14-071 is \$512,000.00 (plus applicable taxes and administrative recovery)**

The additional contract administration and inspection services required as a result of the revised schedule will require additional funding of approximately \$512,000. All costs and estimates have been reviewed by staff and verified by the City's Cost Control and Risk Mitigation Consultants, p2i Strategies Ltd., and finds this amount to be fair and reasonable.

The apportionment of the consulting costs is summarized as follows:

<b>TABLE 1 : ADDITIONAL CONSULTING COSTS RFP14-071</b>					
	<b>Part A</b>			<b>Part B</b>	<b>TOTAL</b>
	<b>Subtotal (Part A)</b>			<b>Subtotal (Part B)</b>	<b>(Part A+B)</b>
Account	CO-0074-14	CO-0054-09		CO-0054-09	
Time Based Additional Consulting Costs				<b>\$512,000.00</b>	<b>\$512,000.00</b>
H.S.T. (1.76%) Not Recoverable					\$9,011.20
Sub-Total					\$521,011.20
Administration Recovery (3%)*					\$15,630.34
Total					\$536,641.54
<b>ROUNDED</b>					<b>\$537,000.00</b>
Previously Approved Time Based Additional Consulting Costs	\$78,000.00	\$40,000.00	\$118,000.00	-	<b>\$118,000.00</b>

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RFP14-071 Cole Engineering Group Ltd. Original Assignment	-	\$253,558.00	<b>\$253,558.00</b>	<b>\$277,557.00</b>	<b>\$531,115.00</b>
Contingency Allowance (approximately 15%)	-	\$40,000.00	<b>\$40,000.00</b>	<b>\$40,000.00</b>	<b>\$80,000.00</b>
Subtotal Original Assignment					<b>\$ 611,115.00</b>
Subtotal Original Assignment + Additional Consulting Costs					<b>\$1,241,115.00</b>
H.S.T. (1.76%) Not Recoverable					\$21,843.62
Sub-Total					\$1,262,958.62
Administration Recovery (3%)*					\$37,888.76
Sub-Total					\$1,300,847.38
<b>Revised Net Total Assignment Costs ROUNDED</b>					<b>\$1,300,000.00</b>

### Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and ties into the following Vaughan Vision 20/20 Goals and Objectives:

Goal: Service Excellence

Objective: Promote Community Safety, Health, & Wellness

Continuing with the Vaughan Healthcare Precinct Development, and completing the servicing of the lands for the new Mackenzie Vaughan Hospital, in partnership with Mackenzie Health, will ultimately provide a much-awaited hospital and healthcare facility for Vaughan, thus contributing to fulfilment of this vital Strategic Objective.

### Regional Implications

The Regional Municipality of York continues to be a participating stakeholder during construction of the infrastructure related to the development of the Vaughan Healthcare Centre Precinct.

### Conclusion

Additional funding will be required to complete the work associated with Part B of RFP14-071, to provide Contract Administration and Inspection Services for the Vaughan Healthcare Centre Precinct. The costs have been reviewed by staff, and verified by the City's Cost Control and Risk Mitigation Consultant, P2i Strategies Inc. It is therefore appropriate to approve an increase in the Purchase Order for consulting services to Cole Engineering Group Ltd. for RFP14-071.

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**Attachments**

Not Applicable.

**Report Prepared by:**

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