

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 10, 2013

Item 10, Report No. 17, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on December 10, 2013.

**10 SINGLE SOURCE AWARD OF CONTRACT FOR PROFESSIONAL ENGINEERING SERVICES
DETAILED DESIGN OF MUNICIPAL ROADS AND SERVICING
VAUGHAN HEALTHCARE PRECINCT
WARD 1**

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Commissioner of Engineering and Public Works, dated December 2, 2013:

Recommendation

The Commissioner of Engineering and Public Works, in consultation with the Interim City Manager, the Commissioner of Legal and Administrative Services/City Solicitor, the Acting Commissioner of Finance, and the Director of Purchasing Services recommend:

1. That in conformance with Section 9 of the City's Consolidated Purchasing Policy and to satisfy the Province's timelines for the development of the Mackenzie Vaughan Hospital, the firm of Cole Engineering Incorporated be retained at an estimated cost of \$993,000, plus applicable taxes to provide engineering services to carry out all detailed design engineering for the preparation of tender(s) to construct the roads, the stormwater works, including channel realignment, new culverts and stormwater ponds, and the municipal water and wastewater servicing to allow for the servicing of the Vaughan Healthcare Precinct lands.
2. That a 15% contingency allowance of \$150,000 be approved within which the Commissioner of Engineering and Public Works or his designate is authorized to approve amendments to the Contract; and
3. That the amounts of the above recommendation, illustrated within this report, be funded by Capital Budget Project No. CO-0054-09, including all contingency allowances, applicable taxes and administration recovery.
4. That staff be directed to report back on the status of cost-sharing and funding discussions with Mackenzie Health prior to the issuance of any tender(s) for the construction of the Vaughan Healthcare Precinct works.
5. That the Mayor and the Clerk be authorized to sign the appropriate documents.

Contribution to Sustainability

This is not applicable to this report.

Economic Impact

Funding for this project in the amount of \$1, 200,000 is available within the previously approved Capital Project CO-0054-09 – Vaughan Hospital Precinct Development. A contingency amount of \$150,000 is requested to address unforeseen work in completing the scope of this project.

Discussions are ongoing with Mackenzie Health (MH) regarding the apportionment of capital costs for the development of the land to form the basis of a Cost-Sharing Agreement to be executed in parallel with the proposed Ground Lease Agreement. At this point, the need to proceed with the detailed design of the required infrastructure now, in order to meet the Hospital

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development timeline requirements, necessitates that the City commit to funding this detailed design engineering with potential of future proportionate cost-recovery from MH. Such action, while subjecting the City to potentially all of the detailed design engineering costs, would not jeopardize the Provincial timing.

Communications Plan

The City's decision to undertake this work will be communicated following Council's consideration and direction.

Purpose

To obtain Council approval to retain Cole Engineering Incorporated (Cole) to proceed with the detailed design engineering work for road and water, wastewater and storm water servicing works. Detailed design engineering needs to be undertaken immediately to meet MH's and Provincial projected timelines for development of the Mackenzie Vaughan Hospital (MVH) within the Vaughan Healthcare Precinct.

Background - Analysis and Options

City Council approved the Vaughan Healthcare Precinct Plan, identifying all road and water, wastewater and stormwater servicing requirements in November 2013

On November 19, 2013, Vaughan City Council approved the final Vaughan Healthcare Precinct Plan. Among other things, this plan (attachment 1) identified the site of the new MVH, and a coordinated integrated network of road, stormwater, water and wastewater servicing needs which will serve both the MVH site and the remaining developable lands in the City's Precinct.

Development of the Healthcare Precinct and of the Mackenzie Vaughan Hospital site is dependent on municipal road connections and municipal servicing solutions

The lands within the Vaughan Healthcare Precinct are 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, a new municipal road network to connect the developable blocks with the Regional Road network and to provide alternate access to Canada's Wonderland must be constructed. Furthermore, a new stormwater management strategy, including watercourse realignments and new municipal stormwater management ponds serving all development blocks, must also be implemented. Lastly, new municipal water servicing mains and sanitary sewers, including a pumping station, are required.

Mackenzie Health has confirmed the Province's intention to issue a Request for Proposals for development of Mackenzie Vaughan Hospital in Fall 2014

Mackenzie Health continues to work with the Province, both the Ministry of Health and Long Term Care and Infrastructure Ontario (IO), to develop the hospital. The Province has committed to undertaking the MVH development on a very aggressive timeline. Most recently, MH has indicated that IO is preparing to issue a Request for Proposals in the fall of 2014, to seek a Design/Build/Finance/Maintain development partner (attachment 2). City representatives have been notified that IO desires an "unencumbered" MVH land site by fall 2014 to minimize land risk. For an unencumbered site, all existing easements must be lifted or disposed of, by this date. In other words, the existing easements in favour of Cedar Fair over the MVH site would have to be eliminated.

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The new stormwater works and roads (including underground services), must be largely constructed in 2014 to remove the existing road connections across the Hospital site

Throughout the development of the Vaughan Healthcare Precinct Plan, City representatives were able to secure Cedar Fair's agreement regarding the alternate road network proposed in the Precinct Plan. Cedar Fair is prepared to lift the current easements across the MVH site when alternate access is assured. Such assurance would require that the alternate municipal road network identified in the Precinct Plan be largely constructed by fall 2014.

It is most cost-effective to construct all required subsurface municipal services (water, wastewater and drainage of the road network) when the roads are constructed. Furthermore, the layout of much of the Precinct road network is predicated on the proposed stormwater solutions and watercourse realignment. Much of the municipal infrastructure identified in the Precinct Plan should also be constructed concurrently to achieve the greatest cost-efficiencies. Because of the co-dependencies of all of these works, the detailed design engineering needs to be carried out concurrently to ensure proper integration and functionality.

A City contract for the construction of the works must be tendered by April 2014 to achieve Mackenzie Health's aggressive timeline

In order for the construction identified above to be carried out by fall 2014, utility relocations must commence in the spring of 2014, and the first construction contractor must be hired by the City by May-June 2014 at the latest. A project of this size and complexity would normally benefit from a tender period of at least 3 weeks to allow for the contracting industry to properly estimate and bid, and in consideration of the City's contract, approval and award processes, the first tender ready package will be required by the City by April 2014.

City representatives have reviewed the option of a competitive acquisition process for the engineering services

The City's normal procurement approach for detailed design professional engineering services would be to prepare a detailed Request for Proposals (RFP) document, go out to the market with the RFP, allow time for the market to respond with Proposals, evaluate these proposals, and submit recommendations to Council for approval for the retention of the Firm submitting the highest rated proposal. For a project of this complexity and scale, the City's typical procurement process would take approximately five to six months to complete. The timeline requirements of Mackenzie Health and the Province cannot be achieved using the City's normal procurement approach.

The only way that the spring 2014 tender date could be achieved is by awarding the engineering services contract to Cole Engineering Incorporated

Cole was retained originally by the City in 2012 to assist the City in the completion of the Vaughan Healthcare Precinct Plan. Cole has been involved in much of the earlier planning work for the Precinct lands, and throughout the work has gained significant and valuable familiarity with all of the issues affecting the planning, and ultimately design and implementation of the municipal infrastructure necessary to service the City's lands and deliver an unencumbered MVH site. Throughout the earlier work, Cole has also developed and nurtured relationships with all of the significant stakeholders and regulators who will be involved in the detailed design and infrastructure approvals processes required through implementation.

As a result of this past experience Cole would have no start-up or familiarization requirements, and is ready to undertake the detailed design engineering work immediately. Other potential engineering service providers would require significant familiarization and start-up time and would need to establish new stakeholder relationships, thus delaying completion of the detailed design engineering, and ultimately of the site readiness.

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Given Cole's specialized and intimate knowledge of the project details and established relationships, Cole is the only entity capable of fulfilling the contract for the detailed design engineering in order to meet this aggressive timeline.

In reflection of the City's need for an immediate start of detailed design engineering work in order to meet Mackenzie Health's aggressive timeline, Cole has provided the City with a Proposal to carry out this work.

Cole's proposal is reflective of the familiarity that the firm has with the project and the issues. Cole is committed to dedicate a large quantity of professional resources and staff to this project to assist the City in meeting the very ambitious timeline.

All municipalities are bound by the provisions of the Agreement on Internal Trade (AIT) pertaining to the procurement of goods and services by a municipality. The AIT rules require a public tender for the acquisition of services by a municipality above \$250,000, with the exception of specific services set out in the AIT annex. Engineering services are one of the licensed professional services exempt from application of the AIT.

The City could award the contract to Cole in conformance with the provisions spelled out in the AIT and Section 9 of the City's Consolidated Purchasing Policy, without issuing a call for bids where compatibility of the service is a paramount consideration. This policy is appropriate to the situation, as Cole Engineering Inc. is the only entity capable of fulfilling the contract timing requirements.

The estimated cost is reflective of industry rates for this type of engineering work

The City's project representatives have reviewed the Proposal submitted by Cole. A letter from PRISM Partners Inc. (PRISM) (attachment 3) identifies that the estimated costs submitted by Cole reflects appropriate value for the fee requested. PRISM evaluated this fee as a percentage of the estimated capital value of the works to be constructed, and also considered this fee proposal in the context of PRISM's significant experience with other hospital site servicing projects in Ontario.

City staff has also reviewed the fee proposal. Given the need for the professional service provider to dedicate a large volume of resources to meet the extremely aggressive timeline to prepare the City's construction contract(s), as well as the quantity and complexity of the work to be undertaken, the fee appears reflective of industry rates.

To meet the Mackenzie Health and the Provincial Hospital Development timelines the City would have to fund the detailed design engineering now

City staff and MH representatives continue to negotiate the Ground Lease terms for the use of the City's lands for the MVH, as well as the cost share and funding agreements for site development. A significant component of these ongoing discussions is the attribution and timing of all costs required to service the hospital lands, expansion lands and remainder lands as well as the funding sources.

A portion of the funding needed for site development of the hospital lands will come from the Ministry of Health and Long-Term Care, based on application of its capital cost share policy.

The City could delay the start of the detailed design engineering until such discussions are concluded, which would in turn delay construction and the provision of an "unencumbered" site for the MVH. Such a City position could jeopardize the Province's planned fall 2014 issuance of the RFP for MVH development.

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The other option available to the City at this time is to take on the responsibility for the estimated detailed design engineering costs. Such action, while subjecting the City to potentially all of the detailed design engineering costs, would not jeopardize the Provincial timing.

Staff proposes to continue to work with MH in negotiating the attribution for all costs, including the detailed design engineering costs, through the Cost-Sharing Agreement being developed in parallel with the Ground Lease Agreement discussions.

City staff will report to Council on the status of the cost-sharing discussions and funding sources prior to any tender for the construction of the works

The estimated total cost for the professional engineering services, including all applicable taxes is \$ 1,200,000.00, and is calculated as follows:

Cole Engineering Inc. (excluding HST)	\$993,000.00
Contingence allowance (approx. 15%)	\$150,000.00
Sub – Total	\$1,143,000.00
H.S.T (1.76%) Not recoverable	\$20,116.80
Total	\$1,163,116.80
Administration Recovery (3%)	\$34,893.50
Net Total Cost	\$1,198,010.30

ROUNDED \$ 1,200,000.00

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

Regional Implications

The detailed design engineering to be undertaken on this accelerated timeline will require the ongoing cooperation and commitment of the Regional Transportation and Community Services department to ensure that the road and servicing connections can be implemented.

Conclusion

The City continues to work with Mackenzie Health to meet the extremely aggressive timelines for the development of the new Mackenzie Vaughan Hospital.

In order to provide for the Mackenzie Vaughan Hospital site in time to meet Provincial timing requirements, the City must now award a contract for the detailed design engineering services to Cole Engineering Incorporated, at an estimated cost of \$993,000 plus applicable taxes, reflecting typical industry rates for the design of road, water, wastewater and stormwater servicing works.

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The funding for this engineering work, a further evolution of the development of the overall Vaughan Healthcare Precinct, plus contingency allowance and administration recovery, will be drawn from Capital Project CO-0054-09 - Vaughan Hospital Precinct Development. Cost-sharing discussions in parallel with the concurrent Ground Lease Agreement negotiations, and the results will be reported on to Council prior to any tender for the construction of the identified works being issued by the City.

Attachments

Attachments (3)

Report prepared by:

Paul Jankowski, P. Eng.

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)