

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:

TABLE 1 : ADDITIONAL CONSULTING COSTS RFP14-071					
	Part A			Part B	TOTAL
	Subtotal (Part A)			Subtotal (Part B)	(Part A+B)
Account	CO-0074-14	CO-0054-09		CO-0054-09	
Time Based Additional Consulting Costs				\$512,000.00	\$512,000.00
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
ROUNDED					\$537,000.00
Previously Approved Time Based Additional Consulting Costs	\$78,000.00	\$40,000.00	\$118,000.00	-	\$118,000.00

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RFP14-071 Cole Engineering Group Ltd. Original Assignment	-	\$253,558.00	\$253,558.00	\$277,557.00	\$531,115.00
Contingency Allowance (approximately 15%)	-	\$40,000.00	\$40,000.00	\$40,000.00	\$80,000.00
Subtotal Original Assignment					\$ 611,115.00
Subtotal Original Assignment + Additional Consulting Costs					\$1,241,115.00
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
Revised Net Total Assignment Costs ROUNDED					\$1,300,000.00

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 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:

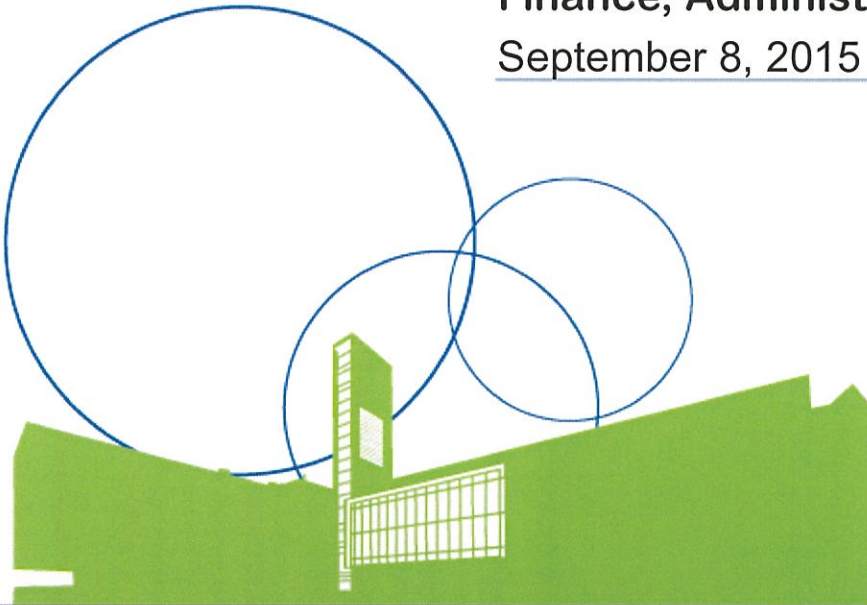
Paolo Masaro, Manager, Design and Construction, ext. 8446

Vaughan Healthcare Centre Precinct

“moving forward with the site of our new hospital”

Finance, Administration and Audit Committee

September 8, 2015



Where We Are Today

- Awarding the final City servicing contract to support the construction of the Mackenzie Vaughan Hospital
 - new intersection on Jane Street to be opened in June 2016
 - City streets to be opened to traffic by October 2016
 - watermains, sanitary and storm sewers
 - streetscaping and landscaping
- Amend related projects and reconcile budget allocations



2015 Project Success

DATE	ACHIEVEMENT
May	City and Mackenzie Health sign 99-year lease for land
June 29	The Province announces release of requests for proposals for the three teams shortlisted to design, build, finance and maintain new hospital
July 2	City and Mackenzie Health sign Municipal Infrastructure and Cost Sharing Agreement
July 9	City issues contract for phase 2 of early works
September	Phase 1 of early works are complete



Funding Sources

All City works are being funded from multiple sources:

- **Municipal Infrastructure and Cost-sharing Agreement with Mackenzie Health**
 - For eligible municipal infrastructure
- **Tax levy (\$80 million)**
 - Land purchase = \$60.8 million
 - Remainder allocated to site preparation, servicing and “place making” within the healthcare precinct
- **Sewer reserve**
 - For stormwater sewer improvements near site
- **City-wide development charges**
 - For new roads and related works

**No additional tax
impact**



Funding Breakdown

Figures in \$millions

	Tax levy	Sewer reserve	DCs	Total
Land purchase	60.8			60.8
Site preparation and servicing	32.1	4.6	5.0	41.7
TOTAL	92.9	4.6	5.0	102.5
Eligible for cost sharing	-15.9			-15.9
Remaining	77.0	4.6	5.0	86.6

Capital projects to fund City's share	Tax levy	Sewer reserve	DCs	Total
CO-0054-09*	80.0		5.0	85.0
CO-0074-14*		4.6		4.6
TOTAL	80.0	4.6	5.0	89.6

Residual funds	3.0	0.0	0.0	3.0
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*If agenda items nos. 7, 8, 9 and 10 are approved.

Notes: Some numbers may not add due to rounding. Numbers are based on estimates and subject to completion of work.

Decision Requested – Item No. 10

- Final contract for municipal early works on the health precinct lands
- Lowest compliant bidder is Con Drain Co. Ltd.
- Budget = \$25.5 million
 - Includes award of \$21.1 million, plus 15% contingency and taxes and administration
- Budget amendment requested to include previously identified development charge funding for road works



Decision Requested – Item No. 9

- Original budget = \$9.7 million
- Award amendment = \$1.6 million plus taxes and administration (includes a budget amendment for additional storm sewer)
 - This will cover additional storm-sewer improvements, streetlights on Amusement Drive and Coaster Way, earthworks and signalized intersection at Major Mackenzie Drive completed by Con Drain Co. Ltd. under contract 1



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Additional details on pages 9.5 and 9.7

Decision Requested – Item No. 7

- Current approved award value = \$729,000
- Award amendment = \$512,000 plus taxes and administration
 - This will cover additional time required to manage the early works contracts
 - Contract management and administration are being performed by Cole Engineering Group Ltd.

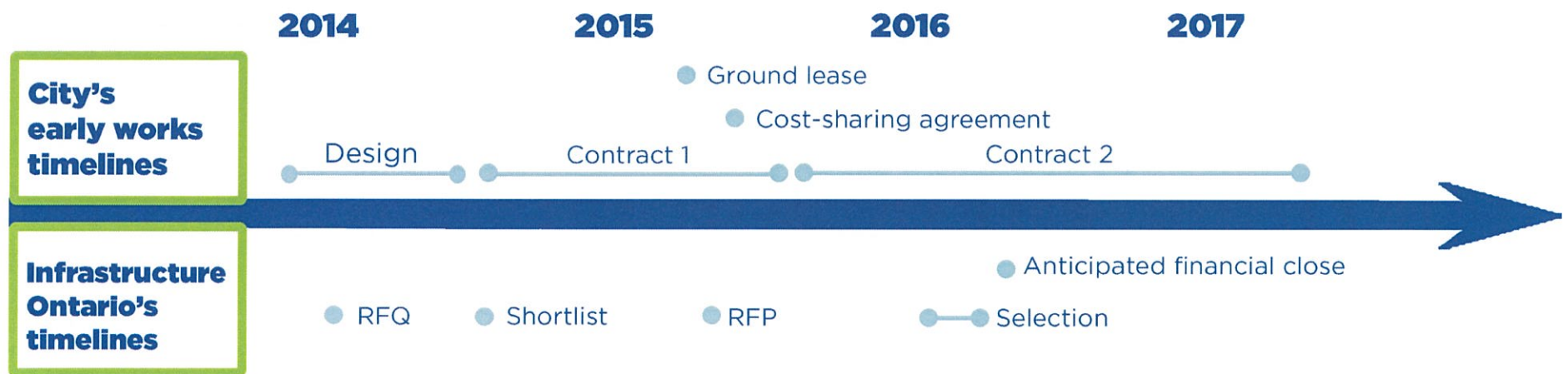


Decision Requested – Item No. 8

- Original budget = \$166,000
- Award amendment = \$309,720 plus taxes and administration
 - This will cover both additional time and services to reflect the increased complexity of co-ordinating with Infrastructure Ontario, cost sharing with Mackenzie Health, and the timelines for contract 2
 - Project controls and risk management are being performed by p2i Strategies Ltd.



Overlap of Timelines



Summary

- City has worked hard to accelerate municipal early works – an integral part in the Mackenzie Vaughan Hospital project
- Lays the groundwork to move forward with our new hospital
- Landscaping that promotes “place making” to improve health and wellness
- Budget amendments allocate costs to appropriate funds with no additional tax impacts
- Completion of phase 2 ensures hospital site is “unencumbered” – a requirement of Infrastructure Ontario – and aligns with project timelines



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

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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:

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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 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

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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.

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Not Applicable.

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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).

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Attachments

Not Applicable.

Report Prepared by:

Paolo Masaro, Manager, Design and Construction, ext. 8446

Paul Jankowski
Commissioner of Public Works

Jack Graziosi
Director of Capital Delivery and Asset
Management