

**CITY OF VAUGHAN**

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

Item 8, 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.

**8 AWARD AMENDMENT RFP14-070- FOR PROJECT CONTROL AND RISK MITIGATION CONSULTING 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 RFP14-070 to p2i Strategies Ltd. to provide Project Control and Risk Mitigation Consulting Services for the Vaughan Healthcare Centre Precinct be increased by \$309,720.00 funded from Capital Project CO-0054-09 – Vaughan Hospital Precinct Development plus applicable taxes and administration recovery.

**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**

**RFP14-070 for Project Control and Risk Mitigation Consulting Services was awarded on May 6, 2014 in the amount of \$166,000.00**

Funding for RFP14-070 – Project Control and Risk Mitigation Consulting Services in the amount of \$166,000.00, which includes a contingency allowance, administration recovery and applicable taxes, for the Vaughan Healthcare Centre Precinct (VHCP) was approved by Council on May 6, 2014, funded from Capital Project CO-0054-09 – Vaughan Hospital Precinct Development.

## CITY OF VAUGHAN

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

Item 8, Finance Report No. 11 – Page 2

#### **Based on the updated project timelines for Contract 2 and additional consulting services needed, an increase in funding is required for Project Control and Risk Mitigation**

Since the time of issuance of RFP14-070, the timelines identified within the Terms of Reference for commencement and completion of both Phases 1 and 2 of the early works have increased. An original completion date of September 2015 was identified that has 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 (MH) and Infrastructure Ontario (IO) to determine these updated timelines.

To ensure effective delivery of the City's early works, as well as the Mackenzie Vaughan Hospital, regular co-ordination meetings between our organizations will be required. Additional consulting services associated with project control and risk mitigation will also be required to inform the co-ordination meetings.

The requested amount of \$309,720.00 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 associated with RFP14-070 for Project Control and Risk Mitigation Consulting 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**

The lands within the VHCP 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, 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 sewer, water and storm water servicing. Shortly after the Municipal Infrastructure Plan and Cost Sharing Agreement were executed with Mackenzie Health July 2, 2015, Tender T15-230 (Contract 2) for these works was issued and closed August 17, 2015.

There are various components being carried out concurrently as part of the development of the Vaughan Healthcare Centre Precinct which requires on-going coordination with all parties and agencies involved. Continuing to retain Project Control and Risk Mitigation Consulting Services for the VHCP is recommended in order to minimize risks, ensure proper management of resources and costs in adhering to the revised project timelines.

CITY OF VAUGHAN

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

Item 8, Finance Report No. 11 – Page 3

**Project Control and Risk Mitigation Consulting Services for the VHCP are time based services required throughout the duration of construction activities**

In order to determine the fees associated with the consulting services related to a construction project, it is typical for service providers to estimate the time required to carry out the work first then apportion the staff time and resources required to undertake their services. As a result, the industry standard to estimate fees for services is directly proportional to the time required to carry out 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 original timelines to provide an unencumbered MVH land site, as established by IO, Contract 1 was tendered in June 2014 with a project 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 these proposed timelines RFP14-070 was issued identifying a work schedule aligned with IO's original timeline. A work schedule for 17 months (74 weeks) was identified within the RFP, apportioned as 35 weeks for Contract 1, and 39 weeks for Contract 2.

In view of the above and based on the updated project schedule developed 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 project control and risk mitigation on these projects, the duration of the overall assignment has been increased by 87 weeks to a total of 36 months (155 weeks), reflecting the June 2017 completion of the early works.

**Additional consulting services are required in order to fulfil obligations and commitments with Mackenzie Health and Infrastructure Ontario during Contract 2**

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. As a result, construction for Contract 2 is scheduled to commence in October 2015 with a completion date of June 2017.

As a result, additional time for Project Control and Risk Mitigation Consulting Services beyond the original assignment is required to assist City Staff in fulfilling obligations and commitments to Mackenzie Health and Infrastructure Ontario. There is no change in scope and the funds required are solely based on the additional hours and extension of time required to complete construction of Tender T15-230 (Contract 2).

**The projected additional funding required for RFP14-070 is \$309,720.00 (plus applicable taxes and administrative recovery)**

The additional Project Control and Risk Mitigation Consulting Services required as a result of the revised schedule and additional hours will require additional funding of approximately \$309,720.00. All costs and estimates have been reviewed by staff and find this amount to be fair and reasonable.

**CITY OF VAUGHAN**

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

Item 8, Finance Report No. 11 – Page 4

The total cost for professional engineering services for this project, including contingency allowance, applicable taxes and administration recovery is calculated as follows:

<b>RFP14-070 - p2i Strategies Ltd. - Amendment</b>	
Additional Consulting Services Costs	\$182,874.00
Time Based Additional Consulting Costs	\$126,846.00
<b>Sub-Total</b>	<b>\$309,720.00</b>
H.S.T. (1.76%) (not recoverable)	\$5,451.00
Sub-Total	\$315,171.00
Administration Recovery (3%)	\$9,455.00
Total	\$324,626.00
<b>ROUNDED</b>	<b>\$325,000.00</b>
RFP14-070- p21 Strategies Ltd. – Original Assignment	\$166,000.00
Revised Assignment Total	\$491,000.00

**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 RFP14-070, to provide Project Control and Risk Mitigation Consulting Services for the Vaughan Healthcare Centre Precinct. The costs have been reviewed by staff and it is therefore appropriate to approve an increase in the Purchase Order for consulting services to p2i Strategies Ltd. for RFP14-070.

**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
<b>TOTAL</b>	<b>92.9</b>	<b>4.6</b>	<b>5.0</b>	<b>102.5</b>
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
<b>TOTAL</b>	<b>80.0</b>	<b>4.6</b>	<b>5.0</b>	<b>89.6</b>

<b>Residual funds</b>	<b>3.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.0</b>
-----------------------	------------	------------	------------	------------



5

\*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



7

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.



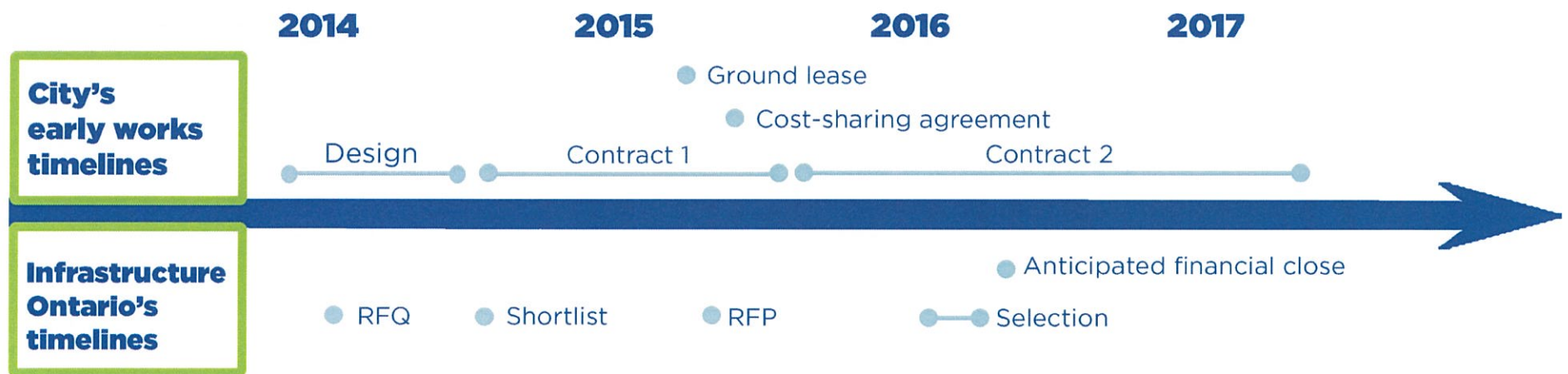


# Decision Requested – Item No. 8

- 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 RFP14-070- FOR PROJECT CONTROL AND RISK MITIGATION CONSULTING 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 RFP14-070 to p2i Strategies Ltd. to provide Project Control and Risk Mitigation Consulting Services for the Vaughan Healthcare Centre Precinct be increased by \$309,720.00 funded from Capital Project CO-0054-09 – Vaughan Hospital Precinct Development plus applicable taxes and administration recovery.

**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**

**RFP14-070 for Project Control and Risk Mitigation Consulting Services was awarded on May 6, 2014 in the amount of \$166,000.00**

Funding for RFP14-070 – Project Control and Risk Mitigation Consulting Services in the amount of \$166,000.00, which includes a contingency allowance, administration recovery and applicable taxes, for the Vaughan Healthcare Centre Precinct (VHCP) was approved by Council on May 6, 2014, funded from Capital Project CO-0054-09 – Vaughan Hospital Precinct Development.

**Based on the updated project timelines for Contract 2 and additional consulting services needed, an increase in funding is required for Project Control and Risk Mitigation**

Since the time of issuance of RFP14-070, the timelines identified within the Terms of Reference for commencement and completion of both Phases 1 and 2 of the early works have increased. An original completion date of September 2015 was identified that has 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 (MH) and Infrastructure Ontario (IO) to determine these updated timelines.



To ensure effective delivery of the City's early works, as well as the Mackenzie Vaughan Hospital, regular co-ordination meetings between our organizations will be required. Additional consulting services associated with project control and risk mitigation will also be required to inform the co-ordination meetings.

The requested amount of \$309,720.00 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 associated with RFP14-070 for Project Control and Risk Mitigation Consulting 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**

The lands within the VHCP 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, 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 sewer, water and storm water servicing. Shortly after the Municipal Infrastructure Plan and Cost Sharing Agreement were executed with Mackenzie Health July 2, 2015, Tender T15-230 (Contract 2) for these works was issued and closed August 17, 2015.

There are various components being carried out concurrently as part of the development of the Vaughan Healthcare Centre Precinct which requires on-going coordination with all parties and agencies involved. Continuing to retain Project Control and Risk Mitigation Consulting Services for the VHCP is recommended in order to minimize risks, ensure proper management of resources and costs in adhering to the revised project timelines.

**Project Control and Risk Mitigation Consulting Services for the VHCP are time based services required throughout the duration of construction activities**

In order to determine the fees associated with the consulting services related to a construction project, it is typical for service providers to estimate the time required to carry out the work first then apportion the staff time and resources required to undertake their services. As a result, the industry standard to estimate fees for services is directly proportional to the time required to carry out 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 original timelines to provide an unencumbered MVH land site, as established by IO, Contract 1 was tendered in June 2014 with a project 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 these proposed timelines RFP14-070 was issued identifying a work schedule aligned with IO's original timeline. A work schedule for 17 months (74 weeks) was identified within the RFP, apportioned as 35 weeks for Contract 1, and 39 weeks for Contract 2.

In view of the above and based on the updated project schedule developed 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 project control and risk mitigation on these projects, the duration of the overall assignment has been increased by 87 weeks to a total of 36 months (155 weeks), reflecting the June 2017 completion of the early works.

**Additional consulting services are required in order to fulfil obligations and commitments with Mackenzie Health and Infrastructure Ontario during Contract 2**

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. As a result, construction for Contract 2 is scheduled to commence in October 2015 with a completion date of June 2017.

As a result, additional time for Project Control and Risk Mitigation Consulting Services beyond the original assignment is required to assist City Staff in fulfilling obligations and commitments to Mackenzie Health and Infrastructure Ontario. There is no change in scope and the funds required are solely based on the additional hours and extension of time required to complete construction of Tender T15-230 (Contract 2).

**The projected additional funding required for RFP14-070 is \$309,720.00 (plus applicable taxes and administrative recovery)**

The additional Project Control and Risk Mitigation Consulting Services required as a result of the revised schedule and additional hours will require additional funding of approximately \$309,720.00. All costs and estimates have been reviewed by staff and find this amount to be fair and reasonable.

The total cost for professional engineering services for this project, including contingency allowance, applicable taxes and administration recovery is calculated as follows:

<b>RFP14-070 - p2i Strategies Ltd. - Amendement</b>	
Additional Consulting Services Costs	\$182,874.00
Time Based Additional Consulting Costs	\$126,846.00
<b>Sub-Total</b>	<b>\$309,720.00</b>
H.S.T. (1.76%) (not recoverable)	\$5,451.00
Sub-Total	\$315,171.00
Administration Recovery (3%)	\$9,455.00
Total	\$324,626.00
<b>ROUNDED</b>	<b>\$325,000.00</b>
RFP14-070- p21 Strategies Ltd. – Original Assignment	\$166,000.00
Revised Assignment Total	\$491,000.00

#### **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 RFP14-070, to provide Project Control and Risk Mitigation Consulting Services for the Vaughan Healthcare Centre Precinct. The costs have been reviewed by staff and it is therefore appropriate to approve an increase in the Purchase Order for consulting services to p2i Strategies Ltd. for RFP14-070.

#### **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