

Union Station Revitalization Project - Contract Amendments

Date: February 15, 2018

To: Government Management Committee

From: Deputy City Manager, Internal Corporate Services

and the Chief Purchasing Officer, Purchasing & Materials Management Division

Wards: Ward 28 - Toronto-Centre Rosedale

SUMMARY

The purpose of this report is to request authority to amend four (4) existing contracts under the Union Station Revitalization Project (USRP).

RECOMMENDATIONS

The Deputy City Manager, Internal Corporate Services and Chief Purchasing Officer, Purchasing & Materials Management Division recommend that:

In accordance with Section 71-11.1.1.C of the City of Toronto Municipal Code (Financial Control By-law), City Council authorize amendment of existing contracts, in accordance with the details as specified below:

1. NORR Limited, Architects and Engineers, Purchase Order No. 6030175, in the additional amount of up to \$1.5 million, net of all taxes, revising the current contract authority from \$41.0 million, net of all taxes, up to a potential value of \$42.5 million, net of all taxes, to provide required additional design and construction services.
2. WSP Canada Group Limited, Contract No. 47020883, in the additional amount of up to \$1.5 million, net of all taxes, revising the current contract authority from \$6.4 million, net of all taxes, up to a potential value of \$7.9 million, net of all taxes, to continue to provide contract administration services and expertise through the construction duration.
3. Bondfield Construction Company Limited, Purchase Order No. 6041873, in the additional amount of up to \$8.8 million, net of all taxes, revising the current contract authority from \$207.2 million, net of all taxes, up to a potential value of \$216.0 million, net of all taxes, to provide construction services for the completion of USRP.

4. Osler, Hoskin & Harcourt, LLP, Purchase Order No. 6040342, in the additional amount of up to \$2.5 million, net of all taxes, revising the current contract authority from \$8.3 million, net of all taxes, up to a potential value of \$10.8 million, net of all taxes, to continue to provide construction law support and litigation services and other related consulting expertise through the construction duration, including representing the City with respect to project claims.

FINANCIAL IMPACT

Funding for the requested contract amendments is available in the 2018 - 2027 Council Approved Capital Budget and Plan for Facilities, Real Estate, Environment & Energy for the Union Station Revitalization Project and is within the recommended total project cost of \$823.5 million.

WBS Account	Project Name	Amount
CCA 911	Construction	\$8,800,000
CCA 912	Professional Services	\$5,500,000
Total		\$14,300,000

The contract authority increases represent upset limits and will be amended only if required. Contract increases will allow the City to address potential additional construction costs for the remaining work on the USRP, including indirect costs for consultants, and construction law and litigation support.

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of January 23, 2018 Budget Committee received a report recommending a revision to the capital budget for funding necessary to complete the renovation / restoration.

<http://www.toronto.ca/legdocs/mmis/2018/bu/bgrd/backgroundfile-111661.pdf>

At its meeting of May 29, 2017 Government Management Committee received a status update on the Union Station Revitalization Project, including approval of an amendment to the retainer of Davies Ward Phillips and Vineberg LLP.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM21.14>

At its meeting of February 15, 2017, City Council approved the 2017 Capital Budget and 2018-2026 Capital Plan for Union Station Revitalization Project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

<http://www.toronto.ca/legdocs/mmis/2017/ex/bgrd/backgroundfile-100599.pdf>

At its meeting of November 16, 2016 Government Management Committee approved Amendment to Contract No. 75-2015 for Union Station Revitalization Project Stages 2 and 3.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM16.12>
<http://www.toronto.ca/legdocs/mmis/2016/gm/bgrd/backgroundfile-97861.pdf>

At its meeting of June 13, 2016 Government Management Committee received for information the Union Station Revitalization Project - Status Update Report.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM13.24>
<http://www.toronto.ca/legdocs/mmis/2016/gm/bgrd/backgroundfile-93682.pdf>

At its meeting of February 17-16, 2016, City Council approved the 2016 Capital Budget and 2017-2025 Capital Plan for Union Station Revitalization Project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>
<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-89026.pdf>

At its meeting on February 3, 2016, City Council authorized an amendment to the Head Lease Agreement to implement the building enhancements for Union Station. A report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM9.5>
<http://www.toronto.ca/legdocs/mmis/2016/gm/bgrd/backgroundfile-87143.pdf>

At its meeting of July 7, 8, and 9, 2015, City Council approved the Union Station Status Update, resulting in a budget increase of \$4.3 million related to forecasted cost increases. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM5.19>
<http://www.toronto.ca/legdocs/mmis/2015/gm/bgrd/backgroundfile-81488.pdf>

At its meeting of March 10 and 11, 2015, City Council approved the 2015 Capital Budget and 2016-2025 Capital Plan for Union Station Revitalization Project.

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilAgendaReport&meetingId=9689>
<http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-77481.pdf>

At its meeting of August 25, 26, 27 and 28, 2014, City Council approved the Union Station Revitalization – Status update, including an amendment to an existing contract.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.GM32.10>

At its meeting of January 29 and 30, 2014, City Council approved the 2014 Capital Budget and 2015-2024 Capital Plan for Union Station Revitalization Project, including an increase of \$80 million related to forecasted cost increases and \$1 million for Heritage Plan and chandeliers. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX37.1>
<http://www.toronto.ca/legdocs/mmis/2014/ex/bgrd/backgroundfile-65945.pdf>

At its meeting of December 16, 17 and 18, 2013, City Council approved the Union Station Revitalization – Status update, including authorization for the Chief Corporate Officer to change the delivery method for construction work and the amendment of four existing contracts required to carry out the remainder of work within the Union Station Revitalization project, as well as for additional work to be carried out on behalf of 3rd parties, namely Metrolinx. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM26.5>

At its meeting on January 15 and 16, 2013, City Council approved the 2013 Capital Budget and 2014 - 2023 Capital Plan for the Union Station Revitalization project, resulting in an increase of \$48.2 million to the overall project cost. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX27.1>
<http://www.toronto.ca/legdocs/mmis/2013/ex/bgrd/backgroundfile-54840.pdf>

The Auditor General conducted a detailed on-site project audit in 2012 with a final report to Council on November 27, 2012 and the recommendations contained are being implemented for this project:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.AU9.7>

At its meeting on October 2, 2012, City Council approved an increase to the 2012 approved budget and 2013 capital plan of \$0.25 million for the installation of a commemoration of the Walks and Gardens Trust, funded through the Union Station reserve fund. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM11.6>

At its meeting on April 10, 2012, City Council approved an increase to the Union Station Revitalization budget of \$1.75 million to provide heritage architectural lighting and a heritage interpretation plan for Union Station, funded from a development agreement for 15 York Street. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX18.8>

At its meeting on March 5, 2012, City Council approved the amendment of five existing contracts required to carry out the remainder of work within the Union Station Revitalization project, as well as for additional work to be carried out on behalf of 3rd parties, namely Metrolinx. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM11.4>

At its meeting on January 17, 2012, City Council approved the 2012 Capital Budget and 2013 - 2022 Capital Plan for the Union Station Revitalization project, including increase to the original capital budget of \$25 million all related to work being carryout on behalf of various stakeholders at Union Station, funded through 3rd party contributions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX14.1>

At its meeting on November 30, December 1, 2, 4 and 7, 2009, City Council authorized the award of a General Contractor/Construction Manager contract to the recommended proponent, and the extension of various professional services contracts to carry out the Union Station Revitalization Project. The reports are available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.GM26.32>

At its meeting on August 5 and 6, 2009, Council approved a report giving authority to proceed with the Union Station Revitalization Project, and confirmation of Federal and Provincial Funding commitments, as well as authorization to execute the necessary agreement with a Head Lessee for the commercial space within Union Station. The reports are available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.44>

At its meeting on December 1, 2, and 3, 2008, Council approved a report seeking authority to proceed with the design for the revitalization of the Station and the Northwest PATH connection. The report is available on-line at:

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16776.pdf>

At its meeting on July 26, 27, and 28, 2006 Council approved a report outlining Union Station Revitalization - Recommended Approach. The report is available on-line at:

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/cl0111.pdf>

COMMENTS

The recommended amendments to contract authorities will ensure the City will be able to retain the necessary third party resources to complete the project based on the updated estimated project completion date of late 2018. The revised timeline is primarily driven by the scheduling delays with other major capital projects being undertaken by Metrolinx at Union Station, along with ongoing challenges due to the historic nature of the facility and the need to maintain passenger, station and rail operations throughout construction. Amendment to the Bondfield Construction Company Limited contract authority will address potential incremental construction costs associated with the completion of stage 2/3, primarily delivery of the new Bay Concourse. Design and construction services from NORR Ltd., as well as, contract administration and professional services by WSP Canada Group Ltd will be required through the duration of the project. Current contract values for these vendors were based on the previous schedule and timeline for the USRP. The extension of this project schedule will require to extend the time, and increase authority, of these contracts to ensure these resources continue to support the project through to the end of 2018.

There are also ongoing costs associated with the defense of contractor claims. City staff continue to work with City and third party legal to ensure the City's interests are protected on all matters related to claims received on the project. The goal is to defend the City's interests against these claims, and to bring these matters to reasonable and timely conclusion. Based on the status of this claims processed to date, amendment to the Osler, Hoskin & Harcourt, LLP contract is required to ensure there is sufficient third party legal and expert support throughout the remainder of the process.

The contract authority increases represent upset limits and will be amended only if required and entitlement is justified based on the terms of the contracts. Sufficient uncommitted funds are available within the USRP approved budget to accommodate these amendments. USRP remaining work is progressing towards substantial completion and these amendments will ensure the revised schedule can be met.

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SIGNATURE

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