

Contract Award for Professional Engineering Services to Support the Delivery of Toronto Water's Coordinated Standalone Watermain Replacement Program - Ariba Document Number 3732791761

Date: February 16, 2023

To: General Government Committee

From: Chief Engineer and Executive Director, Engineering and Construction Services and Chief Procurement Officer, Purchasing and Materials Management

Wards: All

SUMMARY

The purpose of this report is to advise of the results of the Request for Proposal, Ariba Document Number 3732791761, Contract Number R-22ECSWA-LU-C3-01SU and R-22ECSWA-LU-C3-02SU, for professional engineering services associated with Program Management, preliminary and detailed design, construction administration and post construction services, for the delivery of Toronto Water's coordinated 2024 to 2026, Standalone Watermain Replacement Program, and request the authority to enter into agreements with GHD Limited, for Program Management Assignment PM8A in the amount of \$34,048,818, net of all applicable taxes and charges, (\$34,648,077 net of HST recoveries) and R.V. Anderson Associates Limited, for Program Management Assignment PM8B, in the amount of \$35,089,447, net of all applicable taxes and charges, (\$35,707,021 net of HST recoveries), for a combined total of \$69,138,265 net of all applicable taxes and charges (\$70,355,098 net of HST recoveries).

RECOMMENDATIONS

The Chief Engineer and Executive Director, Engineering and Construction Services and the Chief Procurement Officer, Purchasing and Materials Management recommend that:

1. The General Government Committee, in accordance with Section 195-8.4A of the Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to the Chief Engineer and Executive Director, Engineering and Construction Services to enter into an agreement with GHD Limited, being one of two successful proponents meeting the

requirements of Ariba Document Number 3732791761 to provide professional engineering services for program management, preliminary and detailed design, construction administration and post construction services under Program Management Assignment PM8A to support Toronto Water's coordinated 2024 to 2026, Standalone Watermain Replacement Program at various locations across the City of Toronto, in the total amount of \$34,048,818, net of all taxes (\$34,648,077 net of HST recoveries) as follows:

- a) Program Management services for a period of six (6) years, in an amount not to exceed \$3,894,508 net of HST, including labour, disbursements, provisional allowances and contingency amount;
- b) Engineering services for preliminary design, detailed design and during construction, in an amount not to exceed \$29,393,110 net of HST, including labour, disbursements, provisional allowances, and contingency amount; and
- c) Post construction services, in an amount not to exceed \$761,200 net of HST, including labour, disbursements, provisional allowances and contingency amount.

All in accordance with the terms and conditions as set out in the Request for Proposal and any other terms and conditions satisfactory to the Chief Engineer and Executive Director, Engineering and Construction Services, and in a form satisfactory to the City Solicitor.

2. The General Government Committee, in accordance with Section 195-8.4A of the Toronto Municipal Code Chapter 195 (Purchasing By-Law), grant authority to the Chief Engineer and Executive Director, Engineering and Construction Services to enter into an agreement with R.V. Anderson Associates Limited, being one of two successful proponents meeting the requirements of Ariba Document Number 3732791761 to provide professional engineering services for program management, preliminary and detailed design, construction administration and post construction services under Program Management Assignment PM8B to support Toronto Water's coordinated 2024 to 2026, Standalone Watermain Replacement Program at various locations across the City of Toronto, in the total amount of \$35,089,447, net of all taxes (\$35,707,021 net of HST recoveries) respectively, including disbursements, provisional allowances and contingencies as follows:

- a) Program Management services for a period of six (6) years, in an amount not to exceed \$4,019,198 net of HST, including labour, disbursements, provisional allowances and contingency amount;
- b) Engineering services for preliminary design, detailed design and during construction, in an amount not to exceed \$30,321,449 net of HST, including labour, disbursements, provisional allowances, and contingency amount;
- c) Post construction services, in an amount not to exceed \$748,800 net of HST, including labour, disbursements, provisional allowances and contingency amount.

All in accordance with the terms and conditions as set out in the Request for Proposal and any other terms and conditions satisfactory to the Chief Engineer and Executive Director, Engineering and Construction Services, and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total value of both contract awards is \$69,138,265 net of all applicable taxes and charges and \$78,126,239 including HST and applicable charges. The total cost to the City for both contract awards is \$70,355,098 net of HST recoveries.

The awarded amount to GHD Limited for Program Management Assignment PM8A is \$34,648,077 net of HST recoveries. Funding is included in Toronto Water's Approved 2023-2032 Capital Budget and Plan in accounts CPW545-02 and CWW470-02, as well as in the Transportation Services' Approved 2023-2032 Capital Budget and Plan in account CTP315-07-529, with forecasted expenditures as shown below in Table 1 (net of HST recoveries).

Table 1 - Program Management Assignment PM8A - Forecasted Expenditures for GHD Limited

Year	CPW545-02 (Consulting Fees) (Net of HST Recoveries)	CWW470-02 (Consulting Fees) (Net of HST Recoveries)	CTP315-07-529 (Local Road Rehabilitation) (Net of HST Recoveries)	Total (Net of HST Recoveries)
2023	\$1,961,432	\$1,961,432	\$435,874	\$4,358,739
2024	\$4,981,440	\$4,981,440	\$1,106,987	\$11,069,866
2025	\$5,068,582	\$5,068,582	\$1,126,352	\$11,263,515
2026	\$3,227,560	\$3,227,560	\$717,235	\$7,172,354
2027	\$176,311	\$176,311	\$39,180	\$391,802
2028	\$176,311	\$176,311	\$39,180	\$391,802
TOTAL	\$15,591,635	\$15,591,635	\$3,464,808	\$34,648,077

The awarded amount to R.V. Anderson Associates Limited for Program Management Assignment PM8B is \$35,707,021 net of HST recoveries. Funding is included in Toronto Water's Approved 2023-2032 Capital Budget and Plan in accounts CPW545-02 and CWW470-02, as well as in the Transportation Services' Approved 2023-2032 Capital Budget and Plan in account CTP315-07-530, with forecasted expenditures as shown below in Table 2 (net of HST recoveries).

Table 2 - Program Management Assignment PM8B - Forecasted Expenditures for R. V. Anderson Associates Limited

Year	CPW545-02 (Consulting Fees) (Net of HST Recoveries)	CWW470-02 (Consulting Fees) (Net of HST Recoveries)	CTP315-07-530 (Local Road Rehabilitation) (Net of HST Recoveries)	Total (Net of HST Recoveries)
2023	\$2,109,275	\$2,109,275	\$468,728	\$4,687,277
2024	\$5,126,915	\$5,126,915	\$1,139,314	\$11,393,144
2025	\$5,212,638	\$5,212,638	\$1,158,364	\$11,583,639
2026	\$3,263,840	\$3,263,840	\$725,298	\$7,252,978
2027	\$177,746	\$177,746	\$39,499	\$394,991
2028	\$177,746	\$177,746	\$39,499	\$394,991
TOTAL	\$16,068,159	\$16,068,159	\$3,570,702	\$35,707,021

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

DECISION HISTORY

On July 20, 2022, the City entered into a Master Agreement with AECOM Canada Limited, Aquafor Beech Limited, GHD Limited, R.V. Anderson Limited, and WSP Canada Incorporated to participate in Request for Proposal's, Request for Quotation's, or informal Request for Quotation's that fall under the scope of roster Category 3: Linear Underground Infrastructure Programs (water, sewer, watermain infrastructure): Program Management, Design, Services During Construction and Post Construction Services of Request for Supplier Qualifications, Ariba Document Number 3279961432 for the Provision of Professional Engineering and Architectural Consulting Services for Engineering and Construction Services. These suppliers were the highest overall technical scoring proponents, meeting the requirements of the Request for Supplier Qualifications Ariba Document Number 3279961432.

COMMENTS

Background

Toronto Water's state of good repair capital budget typically includes the replacement of approximately 35 to 50 km of watermain and over 3,000 substandard water services each year. The Standalone Watermain Replacement Program is coordinated with Transportation Services' Capital Program such that permanent restoration of the watermain related excavations will also incorporate, as directed by Transportation Services, repairs of curbs, sidewalks, utility cuts, paving, and traffic signal works. For

the years 2024 to 2026, the capital construction value of the coordinated Program is expected to be between \$60M and \$80M annually.

To support the delivery of the 2024 to 2026 Program, two Program Management Assignments (PM8A and PM8B, respectively) have been structured to provide the necessary contracted professional engineering services for program management, preliminary and detailed design, contract administration, on-site construction supervision and site inspections, as well as post construction services. This program management approach has been used successfully to support the delivery of Toronto Water's coordinated Standalone Watermain Replacement Program since 2013.

Each Program Management Assignment represents a similar scope and value of capital work. Each Assignment supports the delivery of a Capital Program valued at an estimated \$20M to \$40M annually. Fees for professional services provided through these Program Management Assignments are based on a percentage of the value of the construction contracts managed by these Assignments. The subject of this report is the contract awards associated with Program Management Assignments PM8A and PM8B, respectively.

Award of Ariba Document Number 3732791761

A Request for Proposal, Ariba Document 3732791761, was issued to select two qualified suppliers for the award of Program Management Assignments PM8A and PM8B, respectively. The Request for Proposal was prepared by Engineering and Construction Services in consultation with Toronto Water and Transportation Services, and in conjunction with the Purchasing and Materials Management Division, to provide professional engineering services to support the delivery of Toronto Water's coordinated 2024 to 2026 Standalone Watermain Replacement Program.

The Request for Proposal was issued in Ariba on November 15, 2022, with a closing date of December 15, 2022 and an issuance of three (3) addenda. Only the suppliers pre-qualified under roster Category 3: Linear Underground Infrastructure Programs (water, sewer, watermain infrastructure): Program Management, Design, Services During Construction and Post Construction Services of Request for Supplier Qualifications Ariba Document Number 3279961432 were invited and permitted to bid on this Request for Proposal. This resulted in a total of three (3) proposals being received from the following firms:

1. GHD Limited
2. R.V. Anderson Associates Limited
3. WSP Canada Incorporated

The Request for Proposal was structured as a "two-envelope" process and the submissions included a detailed Technical Proposal (Envelope 1) and a separate sealed envelope with a Cost of Services Proposal (Envelope 2). The selection process stipulated that the Cost of Services Proposals would not be opened until the evaluation of the Technical Proposals had been completed.

A formal selection committee, comprising of five (5) members from Engineering and Construction Services, evaluated each of the three (3) technical proposals based on the criteria set out in the Request for Proposal. A maximum of 75 points were allocated for the Technical Proposal and 25 points for the Cost of Services Proposal. A minimum threshold technical score of 75 percent was required to proceed in having the Cost of Services Proposal opened and evaluated.

All three (3) firms complied with the mandatory submission requirements and their Technical Proposals were evaluated. Of the three (3) firms, the evaluation team found two (2) firms successfully passed the Technical Proposal requirements which allowed their cost of services submission to be opened. The cost proposals were scored and added to the technical scores resulting in overall scores for GHD Limited and R.V. Anderson Associates Limited of 89.60 and 90.81 respectively. The hourly labour rates provided in the cost proposals were identical to the rates provided in the roster Category 3: Linear Underground Infrastructure Programs (water, sewer, watermain infrastructure): Program Management, design, services during construction and post construction services of Request for Supplier Qualification, Ariba Document Number 3279961432. The contract award values for both Program Management Assignments (PM8A and PM8B) are reasonable when compared to recently awarded engineering assignments associated with the delivery of watermain projects and are less than the pre-procurement estimates. If requested, the proponents' scores and staff analysis of the evaluation results can be provided to Councillors in an in-camera presentation.

On completion of the process, the proposal from R.V. Anderson Associates was ranked first with the highest overall point score followed by GHD Limited, having the second highest overall point score. Consequently, pursuant to the terms of the Request for Proposal, GHD Limited has been recommended for award of Program Management Assignment PM8A, and R.V. Anderson Associates Limited has been recommended for award of Assignment PM8B.

The Fair Wage Office has reported that the recommended proponent has indicated it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully with both.

CONTACT

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SIGNATURE

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