

## **Non-competitive Contract with Midome Construction Services Limited for the New Streetcar Tracks on Adelaide Street**

**Date:** February 17, 2023

**To:** General Government Committee

**From:** Interim Chief Engineer and Executive Director, Engineering and Construction Services, General Manager, Transportation Services, and Chief Procurement Officer, Purchasing and Materials Management

**Wards:** 10 (Spadina-Fort York), 13 (Toronto Centre)

### **SUMMARY**

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The purpose of this report is to request authority to enter into a non-competitive contract with Midome Construction Services Limited for the installation of new streetcar tracks and related infrastructure on Adelaide Street, between York Street and Victoria Street, in the amount of \$39,545,000 net of all taxes and charges (\$40,240,992 net of HST recoveries).

Of the total cost of \$39,545,000 mentioned above, Metrolinx intends to fund the installation of the new streetcar tracks and related infrastructure on Adelaide Street in the amount of \$39,235,000, and the City will fund the cost of road resurfacing on Adelaide Street in the amount of \$310,000, all net of all taxes and charges.

A non-competitive contract is necessary to enable an accelerated installation of the new streetcar tracks on Adelaide Street. These tracks are critical for the timely operation of the streetcar detour around the Metrolinx Ontario Line Queen Street temporary long-term full road closure. In order to ensure efficient transit operations and minimize overlap between the Queen Street closure and restrictions on Adelaide Street during construction of the streetcar tracks, it is imperative that construction proceeds as soon as possible.

City Council approval is required in accordance with Municipal Code Chapter 195-Purchasing, where the current request exceeds the Chief Purchasing Officer's authority of the cumulative five-year commitment for each supplier, under Article 7, Section 195-7.3 (D) of the Purchasing By-law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71-Financial Control, Section 71-11A.

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## RECOMMENDATIONS

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The Interim Chief Engineer and Executive Director, Engineering and Construction Services, General Manager, Transportation Services, and Chief Procurement Officer, Purchasing and Materials Management, recommend that:

1. City Council grant authority to the Interim Chief Engineer to negotiate and enter into a non-competitive contract with Midome Construction Services Limited to install the new streetcar tracks and related infrastructure on Adelaide Street, between York Street and Victoria Street, in the amount of \$39,545,000, net of all taxes and charges (\$40,240,992 net of HST recoveries), on terms and conditions satisfactory to the Interim Chief Engineer and Executive Director, Engineering and Construction Services, and in a form satisfactory to the City Solicitor, subject to finalization of an agreement with Metrolinx on funding and cost sharing.

## FINANCIAL IMPACT

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The total cost for the new streetcar tracks on Adelaide Street, between York Street and Church Street and related infrastructure, identified in this report is \$39,545,000 net of all taxes and charges (\$40,240,992 net of HST recoveries)

Of the total, \$310,000 net of all taxes and charges (\$315,456 net of HST recoveries) is road surfacing related and fully funded by the City. Funding for this work is available in the 2023-2032 Transportation Services capital budget and plan under the Major Roads Rehabilitation program (CTP 315-06).

The remaining amount as it relates to the streetcar tracks and associated works, \$39,235,000 net of all taxes and charges (\$39,925,536 net of HST recoveries), is intended to be fully funded by Metrolinx. Documents detailing the cost sharing agreement and repayment method will be finalized by the City and Metrolinx before the construction contract is executed.

Given the urgent nature of this work, the Metrolinx funded works will temporarily be accommodated within the 2023-2032 Transportation Services Major Roads Rehabilitation capital budget (CTP 315-06) until a budget adjustment is made in the subsequent capital variance report to reflect the budget need of this contract pending receipt of documents confirming the cost sharing agreement. Once the budget has been updated, appropriate contract amendments will be requested to adjust funding obligations from the Transportation Services Major Roads Rehabilitation capital budget (CTP 315-06) to a third party account funded by Metrolinx.

Funding details are shown in Table 1 below:

**Table 1: Financial Impact Summary of Contract (Net of Harmonized Sales Tax Recoveries)**

<b>Division</b>	<b>WBS/Cost Centre</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Transportation Services	CTP315-06-515	\$220,819,20	\$94,636.80	\$315,456.00
Transportation Services	CTP315-06-516 (Temporarily)	\$27,947,875.20	\$11,977,660.80	\$39,925,536.00
<b>Total</b>		\$28,168,694.40	\$12,072,297.60	\$40,240,992.00

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

## **DECISION HISTORY**

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City Council at its meeting on December 15, 2021, approved temporary long-term road closures for construction of the Ontario Line Corktown, Moss Park, Queen, Osgoode, Queen-Spadina and King-Bathurst Stations. Additionally, City Council authorized the Deputy City Manager, Infrastructure and Development Services to negotiate and enter into and execute an agreement with Metrolinx and TTC for the delivery of work on York Street and Adelaide Street for the purposes of the installation of the TTC 501 Queen streetcar detour tracks. Copy of the report can be found at:

<https://secure.toronto.ca/council/agenda-item.do?item=2021.EX28.14>

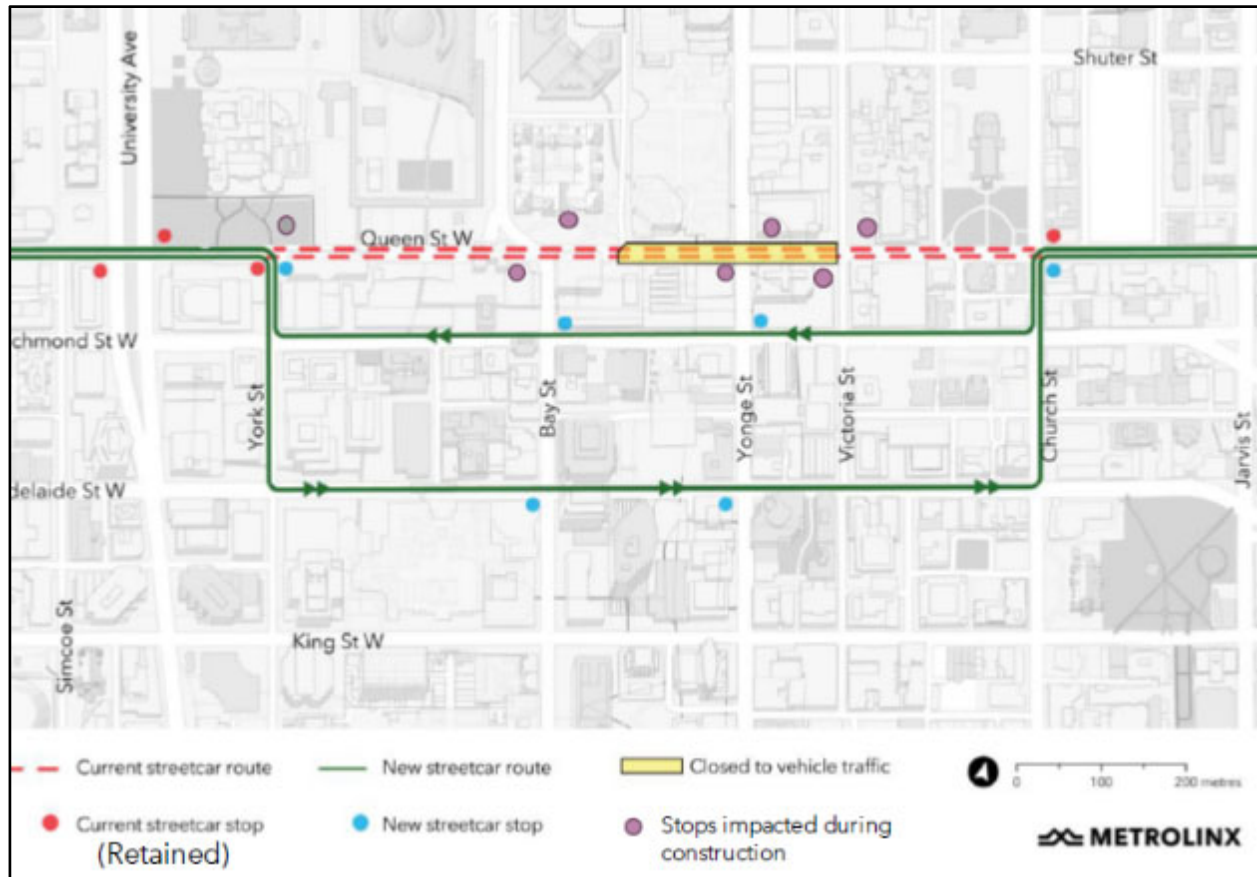
## **COMMENTS**

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The purpose of this report is to request authority to enter into a non-competitive agreement with Midome Construction Services Limited (hereafter referred to as Midome) to install new streetcar tracks and related infrastructure on Adelaide Street, between York Street and Victoria Street.

The new streetcar tracks on Adelaide Street, between York Street and Victoria Street, will form a portion of the TTC 501 Queen streetcar detour route (shown in Figure 1 below) during the Metrolinx Ontario Line construction work and related temporary road closures at the Queen Station. By way of background, City Council, at its meeting on December 15, 2021, approved the temporary closure of Queen Street, between Bay Street and Yonge Street, and between Yonge Street and Victoria Street, from May 1, 2023 to November 30, 2027.

**Figure 1: TTC 501 Queen Streetcar Detour**



Source: Metrolinx

The streetcar detour route shown in Figure 1, will include new streetcar tracks on York Street and Adelaide Street that are intended to be funded by Metrolinx, with construction responsibilities shared between Metrolinx and the City. Specifically, Metrolinx will install the new southbound streetcar tracks and related works on York Street, between Queen Street and Adelaide Street (referred to as the York Street works), while the City will install the new streetcar tracks and related infrastructure on Adelaide Street, between York Street and Victoria Street (referred to as the Adelaide Street works). The new streetcar tracks will connect with the existing infrastructure to create a complete streetcar detour around the Queen Street temporary full road closure.

The planned temporary full road closure of Queen Street in May 2023, will not allow sufficient time to construct the new streetcar tracks to enable the TTC 501 Queen streetcar detour, resulting in a period without the TTC 501 Queen streetcar service. This service disruption will significantly impact transit users' ability to efficiently move around the downtown area, especially around the Queen Street temporary full closure. Additionally, the construction of the Adelaide Street works will result in simultaneous road closures on Queen Street and Adelaide Street, negatively impacting traffic movements and the community in downtown Toronto. Therefore, an accelerated installation of the York Street and Adelaide Street works is critical to enable timely operation of the streetcar detour around the Queen Street temporary full road closure and minimize general traffic delays.

City staff have examined options to achieve an accelerated installation of the Adelaide Street works. These options included requesting Metrolinx to deliver the Adelaide Street works, traditional competitive procurement, or a non-competitive procurement.

Metrolinx's acceptance to deliver the Adelaide Street works did not materialize due to their primary focus on the timely delivery of the Ontario Line and York Street works. The traditional competitive procurement process was not considered a realistic option due to the significant time required for a normal public tender process, which would cause additional delay to the TTC 501 Queen streetcar service and a significant time overlap between the temporary road closure on Queen Street and traffic restrictions on Adelaide Street, between York Street and Victoria Street. Consequently, City staff focussed on the non-competitive procurement process to expedite the Adelaide Street works delivery, taking advantage of Midome's existing watermain contract work on Adelaide Street. Midome's current presence on-site means that they can start almost immediately, offering significant efficiencies.

The compatibility between their current watermain replacement works and the subsequent streetcar track installation is key to reducing the risks and liability to the City of having two separate contractors working on site. In conclusion, the decision to select Midome for the Adelaide Street works through a non-competitive procurement offers an efficient solution that will also save time, thereby minimising traffic delays and further delays to the TTC 501 Queen streetcar service during the Queen Street temporary full road closure.

The watermain replacement work on Adelaide Street is progressing well, with the section between York Street and Bay Street already completed and work currently underway on the section between Bay Street and Victoria Street. Subject to Council approval and subsequent project award to Midome, the Adelaide Street works could proceed on the section of Adelaide Street vacated from the watermain construction work, resulting in considerable time savings. With a single general contractor in the area, both the streetcar tracks related work and the watermain replacement work can be readily coordinated with minimal risk and optimum resource sharing.

Considering the above, City staff requested Midome to provide a cost estimate on the following Adelaide Street works scope:

- Relocation of underground Toronto Hydro and Bell Canada utility infrastructure on Adelaide Street, between York Street and Victoria Street;
- Installation of TTC streetcar tracks and civil works on Adelaide Street, between York Street and Victoria Street;
- Installation of TTC streetcar tracks and civil works at the intersection of Adelaide Street West and York Street; and
- Road resurfacing on Adelaide Street, between York Street and Church Street.

The above-listed project scope will include approximately 570 metres of streetcar track, reconstruction of nine underground utility chambers and approximately 500 metres of utility ducts with electrical related works.

The total request for \$39,545,000 net of all taxes is comprised of Midome's bid price (\$38,995,000 net of all taxes) as well as \$550,000 in provisional costs. The breakdown of Midome's bid to complete the Adelaide Street works by March 31, 2024 is as follows:

- General conditions cost of \$1,925,000 covering project management, site management, etc.
- Toronto Hydro and Bell Canada utility work for \$33,080,000;
- Work on Adelaide Street between York Street and Church Street for \$2,925,000;
- Work at the intersection of York Street and Adelaide Street for \$1,065,000; and

Included within Midome's quote are road resurfacing related costs (\$310,000 net of all taxes) which will be funded by the City.

The cost estimate for the general conditions and streetcar track works along the tangent section of Adelaide Street and in the intersection of Adelaide Street and York Street were compared to the costs on similar past projects and determined to be reasonable. Additionally, the cost estimate for the utility works is based on four to five crews working two shifts from 7 a.m. to 1 a.m. during the weekdays and 7 a.m. to 7 p.m. during the weekend. The utility works cost estimate reflects the project's acceleration to minimize traffic delays in the downtown area, due to the temporary full road closure on Queen Street and the overlapping Adelaide Street works.

Metrolinx has reviewed the project scope and the cost estimate and have confirmed that it intends to enter into a commitment with the City to fund this project. Metrolinx, the City and TTC staff have developed an agreement setting out roles and responsibilities for the delivery of works to facilitate the new streetcar tracks on Adelaide Street, between York Street and Victoria Street, including Metrolinx's commitment to fund these works. The agreement will be executed prior to the execution of the contract with Midome.

The Fair Wage Office has reported that Midome has reviewed and understands the Fair Wage Policy and Labour requirements. They have also agreed to fully comply.

## **CONTACT**

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## **SIGNATURE**

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