

Bloor-Yonge Capacity Improvements Project – Progressive Design-Build Development Phase

Date: February 24, 2025 To: TTC Board From: Chief Capital Officer

Reason for Confidential Information

This report contains information about a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the City or local board.

Summary

The purpose of this report is to obtain authorization to award the Progressive Design-Build Development Phase Agreement for the Bloor-Yonge Capacity Improvements (BYCI) project to Kenaidan Murphy Joint Venture (KMJV) in the amount of \$154,600,000.00, inclusive of HST, on the basis of highest total weighted score. The scope of this contract includes the supply of all labour, equipment, and materials to:

- Establish a joint project delivery office and team consisting of TTC and the Progressive Design-Builder to collaboratively develop the design of the Bloor-Yonge Capacity Improvements project to approximately 70% during the Development Phase of a Progressive Design-Build (PDB) project delivery model; and
- Negotiate a Project Agreement and target price between the TTC and the Progressive Design-Builder for the Implementation Phase of a PDB project delivery model to complete the design, undertake construction, and closeout of the project (subject to subsequent Board approval at a future date).

The work during the Development Phase will be carried out on a cost-reimbursable basis over a period of approximately two years, in accordance with the terms of the Development Phase Agreement. The project delivery model of Progressive Design-Build was previously approved by the Board at its meeting on December 8, 2021, as part of the approval of Stage Gate 3 for the Bloor-Yonge Capacity Improvements project.

Upon completion of the Development Phase including 70% project design and negotiation of the target price, schedule and Project Agreement, Board approval will be required to enter into the Project Agreement and begin the Implementation Phase to complete the

design to 100% and undertake construction. Completion of the Development Phase is expected in Q1, 2027.

In order to ensure continued external legal assistance in the negotiation and finalization of the PDB – Project Agreement throughout the Development Phase, approval is being requested to amend the contract by \$1.695 million with the TTC's external Legal Services provider in support of the BYCI project, bringing the total amendment of this contract to \$2.695 million, which exceeds the CEO's delegated authority threshold of \$2.5 million for contract amendments. The original contract amount of \$1.695 million, previous amendment of \$1.0 million, and this second contract amendment of \$1.695 million resulted in a revised total of \$4.39 million, inclusive of HST, for the Legal Services contract.

Recommendations

It is recommended that the TTC Board:

- 1. Authorize the award of Contract C82PB24097, Bloor-Yonge Capacity Improvements Progressive Design-Build Development Phase, to Kenaidan Murphy Joint Venture, in the upset amount of \$154,600,000.00, inclusive of HST, on the basis of highest total weighted score.
- 2. Approve the following cashflow adjustments to the TTC's 2025-2034 Capital Budget and Plan for the Bloor-Yonge Capacity Improvements project by accelerating cashflow funding in 2025 by \$38.3 million and in 2026 by \$73.1 million, offset by reducing cashflow funding in years 2030 to 2033 inclusively by \$111.4 million total, with no debt impact, to align with the estimated project delivery schedule.
- 3. Subject to recommendation 2 above, authorize the recommended budget adjustments to the TTC's 2025-2034 Capital Budget and Plan to be included in the TTC's Capital Variance Report submission to the City of Toronto for the four months ended April 30, 2025, for City Council consideration and approval.
- Approve a contract amendment with Blake, Cassels & Graydon LLP for the provision of Legal Services for the Bloor-Yonge Capacity Improvements project, increasing the upset limit by \$1,695,000, inclusive of HST, to a revised total of \$4,390,000 inclusive of HST.
- 5. Adopt the recommendation set out in Confidential Attachment 1 and authorize that the information remain confidential as it contains information about a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on by or on behalf of the TTC.

Financial Summary

Subject to the approval of recommendation 2 above, Table 1 below summarizes the revised cash flow adjustments to the TTC's 2025-2034 Capital Budget and Plan to align with the estimated project delivery schedule.

Table 1: Requested amendment to the 2025-2034 Capital Budget and Plan – Bloor-Yonge Capacity Improvements (\$000s)

2025-2034 Capital Budget & Plan	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10-Year Total
February 11, 2025 Council Approved	1,688,282	1,569,692	1,724,646	1,796,754	1,776,012	2,020,300	1,704,776	1,698,135	1,214,512	1,202,358	16,395,466
Requested Adjustments:											
1 - January 27, 2025 - Making Old Mill Station	250	(7 500)	2 000	1 250							
Accessible	250	(7,500)	5,000	4,250	-	-	-	-	-	-	-
2 - Bloor-Yonge Capacity Improvements	38,291	73,092	-	-	-	(30,000)	(40,000)	(21,383)	(20,000)	-	
Project											-
Total Adjustments	38,541	65,592	3,000	4,250	-	(30,000)	(40,000)	(21,383)	(20,000)		
Revised 2025-2034 Capital Budget & Plan	1,726,823	1,635,284	1,727,646	1,801,004	1,776,012	1,990,300	1,664,776	1,676,752	1,194,512	1,202,358	16,395,466

Based on the expected progress of work, Table 2 below summarizes the annual expenditure forecast between 2025 and 2027 to develop the design of the Bloor-Yonge Capacity Improvements project to approximately 70% during the Development Phase of a Progressive Design-Build (PDB) project delivery model.

Table 2: Contract C82PB24097, Bloor-Yonge Capacity Improvements Progressive Design-Build Development Phase – Expenditure Forecast by Year and Total Term (\$000s)

Expense	2025 Forecast	2026 Forecast	2027 Forecast	Total Contract Amount		
Design Expenditure (without HST)	\$45,490	\$83,129	\$8,195	\$136,814		
Non-Rebatable HST (1.76%)	\$801	\$1,463	\$144	\$2,408		
Total Design Expenses	\$46,291	\$84,592	\$8,339	\$139,222		
Rebatable HST	\$5,113	\$9,344	\$921	\$15,378		
Total Authority (Including HST)	\$51,404	\$93,936	\$9,260	\$154,600		

The total project cost for the BYCI project is \$1.514 billion, comprising of costs incurred to the end of 2023 of \$80.09 million, projected 2024 year-end spending of \$40.07 million and cashflow funding of \$1.306 billion in the 2025-2034 Capital Budget and Plan, and \$87.792 million post-2034, which was approved by the TTC Board at its meeting on January 10, 2025, and by City Council at its meeting on February 11, 2025. Of the approved funding in the 2025-2034 Capital Budget and Plan, approximately \$178 million has been committed to date.

Subject to the approval of recommendation 2, funds for this expenditure will require an amendment to the 2025 Budget and 2026-2034 cash flow funding estimates to align with the estimated project delivery schedule as presented in Table 3 below:

Table 3: 2025-2034 Capital Budget and Plan – Bloor-Yonge CapacityImprovements (\$000s)

Bloor-Yonge Capacity Improvements	LTD Actuals to 2023	2024 Projection	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	10-Year Total	Post 2034	Total Project Cost
Approved 2025-2034 Capital Budget & Plan	80,090	40,066	24,646	38,148	90,847	104,431	141,513	195,591	248,739	189,345	140,921	131,871	1,306,052	87,792	1,514,000
Requested Cashflow Adjustments			38,291	73,092				(30,000)	(40,000)	(21,383)	(20,000)		-	-	-
Revised 2025-2034 Capital Budget & Plan	80,090	40,066	62,937	111,240	90,847	104,431	141,513	165,591	208,739	167,962	120,921	131,871	1,306,052	87,792	1,514,000

The BYCI project will receive intergovernmental funding through the Investing in Canada Infrastructure Program – Public Transit Infrastructure Stream (PTIF Phase 2). In July 2022, the project received approval from all three orders of government for a total estimated cost of \$1.514 billion. The Federal and Provincial governments committed up to \$500 million in federal contributions and \$449.2 million in provincial contributions. The TTC, with the City, is in the process of finalizing the transfer payment agreement with the Province, which administers the program on behalf of the Federal government.

The Executive Director, Finance has reviewed this report and agrees with the financial impact information.

Equity/Accessibility Matters

The TTC is dedicated to promoting and supporting diversity, accessibility and inclusion in all of its corporate policies, programs, and services. A cornerstone of the TTC's current Corporate Plan is universal accessibility, and as a proud leader in providing accessible public transit to Toronto residents and beyond, we are committed to ensuring reliable, safe, and inclusive transit services for all our customers.

The BYCI project is being designed to be accessible in accordance with the Accessibility for Ontarians with Disabilities Act, 2005 (AODA), the Integrated Accessibility Standards Regulation, O. Reg. 191/11 (IASR), and the Ontario Building Code. The design includes wayfinding signage, additional escalators, elevators, and barrier-free entrances for more station accessibility.

Decision History

On December 8, 2021, the Board approved the Bloor-Yonge Capacity Improvements project – Stage Gate 3, including project preliminary design baselines and the Progressive Design-Build project delivery strategy. Bloor-Yonge Station Capacity Improvement Project – Stage Gate 3 – December 8, 2021

On May 1, 2022, under staff authority and based on a competitive procurement process, the TTC awarded the provision of legal services for the Bloor-Yonge Capacity

Improvements project to Blake, Cassels & Graydon LLP (Blakes) in the upset limit amount of \$1.695 million, inclusive of HST. In March 2024, under staff authority, the value of the contract with Blakes was increased by \$1 million to \$2.695 million, inclusive of HST.

On May 18, 2022, the Board approved the award of Contract S85-45, Bloor-Yonge Capacity Improvements Owner's Engineer Consultant Services, to AECOM Canada Ltd. <u>Bloor-Yonge Station Capacity Improvements Project – Procurement Authorization for</u> <u>Bloor-Yonge Capacity Improvements Owner's Engineer Consultant Services – May 19,</u> <u>2022</u>

On July 12, 2023, the Board approved the award of Contract S40-14, Bloor-Yonge Capacity Improvements – Early Works – Utility Works to Clearway Construction Inc. <u>Procurement Authorization for Bloor-Yonge Capacity Improvements – Early Works –</u> <u>Utility Works – July 12, 2023</u>

On November 22, 2023, the Board authorized entering into an "Offer to Connect" (OTC) agreement and award of a contract to Toronto Hydro Electric System Limited in support of the Bloor-Yonge Capacity Improvements project. <u>Bloor-Yonge Capacity Improvements – Procurement Authorization for Toronto Hydro</u> <u>Offer to Connect Agreement – November 22, 2023</u>

On November 22, 2023, the Board authorized the execution of the Design and Construction Management Agreement and any other agreements required to enable a new chiller plant to be located at 2 Bloor Street East. Bloor Yonge Capacity Improvement – Third Party Construction Co-ordination – November 22, 2023

Issue Background

Bloor-Yonge interchange station is a major transfer point in the TTC subway system. Line 1 and Line 2 are expected to experience significant ridership growth reflecting ridership generated from population growth and from the implementation of transit expansion initiatives on Lines 1 and 2.

Improving the capacity of Bloor-Yonge Station is a key pre-condition for further network expansion planned by Metrolinx and has been identified as a priority project by the City of Toronto, the Province of Ontario, and the Government of Canada. It is anticipated that without modifications to Bloor-Yonge Station, overcrowding will increase dwell times, create bottlenecks, and reduce the level of service to customers at this critical interchange station as well as across Lines 1 and 2.

This report aligns with the TTC Corporate Plan, Strategic Direction 3 – Place Transit at the Centre of Toronto's Future Mobility, Objective 3.1 – Build Network Capacity to Support Long-Term Growth to 2041, Action 3.1.2 – Construct Capacity Improvements at Bloor-Yonge Station.

Comments

The BYCI project was advanced to 30% design with the completion of Stage Gate 3 deliverables to establish the project's preliminary design baselines, including project scope, schedule, and cost, as well as identify Progressive Design-Build (PDB) as the recommended project delivery strategy, which was approved by the Board at its meeting in December 2021.

PDB is a collaborative project delivery model that incorporates a Development Phase into a Design-Build contract and includes three phases:

- i. <u>Procurement Phase</u> using a two-step process with a Request For Prequalifications (RFPQ) to pre-qualify and short-list proponents, and then a Request For Proposals (RFP) to select a preferred proponent from the short-list to undertake the design and, potentially, construction of the project. The selection of Kenaidan Murphy Joint Venture (KMJV) as the preferred proponent for the Progressive Design-Builder was based on an evaluation of:
 - a. Quality including certain key individuals, project plans, and past experience;
 - b. Financial capacity and tendered overhead and profit rates; and
 - c. Assessment of the proponent's collaboration behaviour.
- ii. <u>Development Phase</u> The TTC and the Progressive Design-Builder will be colocated in a joint project office and develop the project design to approximately 70%, transparently and collaboratively. During the Development Phase, the TTC and the Progressive Design-Builder will negotiate a Project Agreement for the Implementation Phase. Collaboration on key technical, commercial, and project risk items ensures that the TTC and Progressive Design-Builder are aligned on risk allocation, schedule, and pricing prior to the Implementation Phase. Board approval for a PDB – Project Agreement will be requested before beginning the Implementation Phase. If the parties cannot reach an agreement, the TTC is permitted to return to the market with the TTC retaining the rights to the design work completed in the Development Phase.
- iii. <u>Implementation Phase</u> The Progressive Design-Builder will complete the design and undertake construction and closeout of the project. The PDB Project Agreement builds upon a Design-Build contract, incorporating additional features to continue the collaborative practices and behaviours established during the Development Phase, including collaborative principles, joint identification of risks, opportunities and risk mitigations, collaborative resolution of issues and disputes, and cost-reimbursable target price structure with painshare/gainshare mechanism (sharing of cost overruns and savings) on a transparent open-book payment basis.

Since PDB is new to the TTC and relatively new to the Ontario market, the TTC has retained subject matter expertise (legal, financial, Owner's Engineer), in collaborative project delivery models like PDB, to assist with the preparation of the RFP documents,

including the Development Phase Agreement and Project Agreement and to provide support through the Development Phase and Implementation Phase of the project.

The recommended increase to the Blakes legal services contract is required during the Development Phase to support negotiations and finalization of the PDB – Project Agreement.

In addition, the TTC has recently retained an Independent Value Assessor with PDB expertise to support the TTC and the Progressive Design-Builder during the Development Phase, acting independently, to ensure Value for Money for the project with the development of the project pricing (target price) as well as the sub-contracting and procurement approach.

In parallel with the PDB procurement phase, property acquisition and Early Works construction was undertaken from 2022 to 2024, including the demolition of four buildings, and utility relocations for sewer and hydro infrastructure. In addition, design for the replacement of a new chiller plant, which will be impacted by the BYCI project, has been completed by the owner of 2 Bloor Street East with construction proceeding during 2025 until approximately mid-2026.

Procurement Phase and Evaluation Process

Prior to the RFP process to select the Progressive Design-Builder, the TTC retained the services of Lakeland Consulting Inc. to act as Fairness Monitor. In this role, Lakeland provided independent oversight and attestation that the entire procurement process and evaluation was conducted fairly and in a transparent manner. Refer to Confidential Attachment 1.

Upon completion of the RFPQ in February 2024, three companies were deemed prequalified to participate in the RFP. The RFP was released to the short-listed proponents on February 16, 2024.

Throughout the in-market period, the TTC hosted Commercial Confidential Meetings to allow proponents to discuss their comments related to the RFP documents and Draft Agreements. The RFP closed on October 3, 2024. RFP submissions were received from two proponents:

- EllisDon-Barnard Joint Venture (EBJV), a joint venture between EllisDon Civil Ltd. and Barnard Constructors of Canada LP (Team Lead – EllisDon Civil Ltd.); and
- Kenaidan Murphy Joint Venture (KMJV), a joint venture between Kenaidan Infrastructure Ltd. and Murphy Infrastructure Inc. (Team Lead Kenaidan Infrastructure Ltd.).

Both submissions received were reviewed for commercial compliance and the submissions that were compliant were rated by the evaluation team. The evaluation of the RFP submissions was undertaken, including technical, collaborative behavioural, and financial assessments. The total weighted score was calculated as a sum of the

weighted technical score, weighted collaborative behavioural assessment score, and the weighted financial score.

Upon completion of the evaluation of submissions, the TTC identified the following first and second negotiations proponents to enter into negotiations for the Development Phase Agreement (DPA), based on the rank of each proponent:

- 1) Kenaidan Murphy Joint Venture (KMJV) was identified as the first negotiations proponent.
- 2) EllisDon-Barnard Joint Venture (EBJV) was identified as the second negotiations proponent.

In accordance with the RFP documents, the TTC entered into negotiations with the first negotiations proponent. The TTC successfully completed negotiations with the first negotiations proponent, Kenaidan Murphy Joint Venture (KMJV), who was identified as the preferred Proponent for the above-noted requirement and recommended to be retained to undertake the PDB Development Phase.

The upset amount for the award of the PDB Development Phase to KMJV is \$154.6 million (including HST). Since the TTC Class 3 Cost Estimate was approved in 2021, several assumptions have changed about the PDB Development Phase, thereby increasing the fee estimate to undertake the Development Phase. The changes in assumptions will result in additional benefits, including early contractor involvement and support to bring onboard expert subcontractors during the Development Phase to have more cost certainty and best means and method practices, additional specialty consultants, value engineering, and co-location in a joint project office to work closely and collaboratively together.

Other assumption changes include an increased duration of the Development Phase to 24 months from 12 months based on market feedback and similar PDB projects, higher overhead and profit allocations, which were bid competitively by proponents, the addition of Platform Edge Doors (PEDs) to the project scope, and ancillary costs. In comparison to the Design-Bid-Build method of project delivery, the PDB delivery model, with its Development Phase, will ensure Value for Money for the TTC and the project. This is achieved through the collaborative approach that is taken with the Progressive Design-Builder, aligning both parties on appropriate risk allocation, schedule, and pricing prior to construction, while also ensuring innovation, cost transparency, procurement oversight, and reduced legal claims and disputes.

The addition of PEDs to the project scope is currently unfunded. Cost, schedule, and operational impacts due to the addition of PEDs will be assessed during the Development Phase incorporating outcomes of the system-wide PED study and subsequent direction from the anticipated mid-2025 Board Report on this topic. The BYCI findings will be reported to the Board by Q1/Q2 2026 along with the impacts of the Net Zero Strategy. Similarly, any improvements required to meet the Net Zero Strategy by the City were not included in the TTC Class 3 Cost Estimate.

Contact

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Signature

Stephanie Davies Chief Capital Officer

Attachments

Confidential Attachment 1

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