

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
1 September 2015 / 1 septembre 2015**

**Submitted on August 25, 2015  
Soumis le 25 août 2015**

**Submitted by  
Soumis par:  
Kent Kirkpatrick, City Manager / Directeur municipal**

**Contact Person  
Personne ressource:  
Nancy Schepers, Executive Advisor, Light Rail Planning and Implementation /  
Conseillère principale, Planification et mise en oeuvre du train léger  
*Nancy.Schepers@Ottawa.ca, 613-580-2424 ext 12230***

**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2015-CMR-OCM-0023**

**SUBJECT: STAGE 2 OTTAWA LIGHT RAIL TRANSIT PRELIMINARY  
ENGINEERING AND PROJECT MANAGEMENT SERVICES  
CONTRACT**

**OBJET: CONTRAT PRÉLIMINAIRE DE SERVICES D'INGÉNIERIE ET DE  
GESTION DE PROJET POUR L'ÉTAPE 2 DU PROJET DE TRAIN  
LÉGER D'OTTAWA**

#### **REPORT RECOMMENDATION**

**That the Finance and Economic Development Committee receive the non-competitive procurement strategy for Stage 2 Ottawa Light Rail Transit preliminary engineering and project management services, as outlined in this report.**

## **RECOMMANDATION DU RAPPORT**

**Que le Comité des finances et du développement économique reçoive la stratégie d’approvisionnement non concurrentiel pour les services d’ingénierie préliminaire et de gestion de projet aux fins de l’étape 2 du projet de train léger d’Ottawa, comme il est expliqué dans le présent rapport.**

## **BACKGROUND**

In 2010, with the creation of the Rail Implementation Office, the City ran a two-stage procurement, Request for Qualification (RFQ) and Request for Proposal (RFP), to secure Preliminary Engineering (PE) services for the Confederation Line Light Rail Transit Project.

Four joint venture firms were qualified through the RFQ process, and Capital Transit Partners (CTP) was awarded the contract on the basis of Best Value after proposal evaluation and negotiation.

CTP – a joint venture made up of STV Canada Consulting Inc., URS Canada Inc./Aecom, Jacobs Associates Canada Corporation and Morrison Hershfield Limited – led the preliminary design and development of the Project Specific Output Specifications (PSOS) for the Confederation Line Project and continue to provide support during the construction phase to the Rail Implementation Office (RIO) on Project Agreement interpretation and compliance.

On July 8, 2015, Council approved the Stage 2 Light Rail Transit (LRT) Environmental Assessment and Functional Design Report ([link](#)), which directed staff to begin preliminary implementation activities for the Stage 2 LRT project.

In order to ensure efficiency and maximize the value-capture of the unique experience CTP has acquired during their work on the Confederation Line project, the City has begun negotiating with CTP (hereafter referred to as CTP2) to award a non-competitive contract to undertake the Project Management and Preliminary Engineering role for the Stage 2 LRT Project.

## **DISCUSSION**

### Project Management and Preliminary Engineering Model

Based on lessons learned from the Confederation Line project, the Stage 2 LRT Project Office will be engaging CTP2 to undertake most of the management and design advancement responsibilities for the project. This results in a vertically integrated private

sector team who will form a single point of accountability alongside the eventual Project Co. This model will ensure appropriate risk transfer on project delivery, provide efficiencies and reduce redundancy of project oversight which will result in cost and schedule efficiencies.

The Stage 2 LRT Project Office will negotiate a non-competitive contract to CTP2 leveraging the pricing, terms and conditions of CTP's existing, competitively procured contract with the City of Ottawa to undertake this comprehensive Project Management and Preliminary Engineering role on the Stage 2 LRT Project. The Stage 2 Office believes that engaging CTP2 for this work will engender the following advantages:

1. Confederation Line Experience: Through CTP's work on the Confederation Line project, their staff acquired significant experience in designing and implementing Light Rail projects in Ottawa, including an appreciation for the unique aspects of working in the National Capital. Capturing this direct experience from the same CTP staff, including all lessons learned through the development of the Project Agreement to date and through construction, is critical;
2. Efficiency and Economy: The CTP team continues to work on the Confederation Line project. This team is already mobilized and is familiar with the project designs, the Project Agreement and the P3 project model, and they have existing established controls, software and processes, which will result in significant efficiencies in implementing Stage 2;
3. Competitive Rates: Though the non-competitive contract would not itself be competitively procured, the negotiated rates of the CTP2 contract would be based on the 2010 competitive process and established subsequent annual rate negotiations, which have been limited to 50% of the Statistics Canada Consumer Price Index. Given the significant amount of large-scale P3 transit infrastructure projects underway in the Province, there is a risk that a formal (RFQ/RFP) process would result in a higher cost to the City, with less certainty on the quality of the key personnel (while with CTP2 the City has secured a guarantee on key personnel); and
4. Schedule Advantage: As the CTP team is already mobilized, and without having to undertake a 4-6 month procurement process, the City could quickly begin work on advancing the designs to meet P3 Canada Business Case requirements, project design and Project Specific Output Specification (PSOS), ensuring the City is ready to take advantage of the newly announced federal Public Transit Fund (PTF) and ensuring that the project will be ready for construction following the opening of Confederation Line in 2018.

### Value of Contract

Upon completion of the Confederation Line project, it is estimated that the City will have spent ~\$100M (in 2015 dollars to make the costs comparable) for the activities that will fall within the scope of the proposed CTP2 contract.

The City will be reviewing and negotiating the CTP2 proposal and the total value is estimated to be \$50-60M for all activities leading to the Stage 2 contract award in 2018, with costs associated with CTP2 engagements to the end of 2015 being covered through existing Stage 2 LRT Project funding. There will be an option, valued at \$15-20M, to extend the contract to provide construction oversight and quality management that can be exercised at that time. It is anticipated that CTP2 will also be applying and managing resources external to their joint venture in some areas of expertise where it is deemed advantageous and appropriate.

This results in significant savings to the City while also accruing the benefits outlined previously in the sections above.

The contract will be structured in work packages and will include contract language which will allow the cancellation of the contract if senior government funding is not secured and ensure residual value of the work done to that date.

Additional required funding for this contract will be secured in future City Budgets.

Following receipt by the Finance and Economic Development Committee of the non-competitive procurement strategy to retain Capital Transit Partners 2, as outlined in this report, and subject to successful negotiation with CTP2, the contract will be awarded by the City Manager under delegation of authority.

### **RURAL IMPLICATIONS**

There are no rural implications.

### **CONSULTATION**

Not applicable.

### **COMMENTS BY THE WARD COUNCILLORS**

This is a City wide report.

**LEGAL IMPLICATIONS**

Subject to the receipt of this report by Committee, the City Manager would have delegated authority under section 22(7) of the Purchasing By-law 50 of 2000 to proceed with contract award as described in this report.

**RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications.

**FINANCIAL IMPLICATIONS**

CTP2 work package engagements will be awarded within existing Stage 2 LRT Project capital authority approvals. Additional required funding for this contract will be secured in future City Budgets and will be limited in amount until senior government funding approvals are secured.

**ACCESSIBILITY IMPACTS**

There are no accessibility impacts.

**TERM OF COUNCIL PRIORITIES**

The work summarized in this report is supportive of the following Term of Council Priorities:

- TM1 - Ensure sustainable transit services;
- TM2 - Maximize density in and around transit stations;
- TM3 - Provide infrastructure to support mobility choices;
- TM4 - Promote alternative mobility choice;
- GP3 - Make sustainable choices;
- FS2 - Maintain and enhance the City's financial position; and,
- EP3 - Support growth of the local economy.

**DISPOSITION**

Subject to the receipt of this report by Committee and successful negotiation with CTP2, the City Manager will proceed with contract award as per his delegated authority.