

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: July 23, 2014

SUBJECT: PROCUREMENT AUTHORIZATION
WILSON YARD EXPANSION PROJECT
CONTRACT AW85-4

ACTION ITEM

RECOMMENDATION

It is recommended that the Board authorize:

- 1) The award of Contract AW85-4, Wilson Yard Expansion Project to Bondfield Construction Company Limited in the amount of \$230,718,089.00, including HST on the basis of lowest Total Evaluated Bid Price. The proposed award amount includes the following:
 - Construction and project management responsibilities for the Wilson Yard project in the amount of \$7,393,138.00, including HST,
 - The assumption of 3 existing contracts in the estimated amount of \$50,523,091.00, including HST,
 - The scope of work under contract A18-20, Wilson Yard Modifications – Site Services Stage 2 in the amount of \$23,404,560.00, including HST, and
 - An allowance of \$149,397,300.00, including HST for future work.
- 2) Delegate its authority for approval of the execution of future phase agreements to the Chief Executive Officer for the expenditure of the allowance in the amount of \$149,397,300.00, including HST.

FUNDING

Sufficient funds for this expenditure are included in the following projects of the TTC's 2014-2023 Capital Budget which was approved by City Council on January 29/30, 2014:

- Toronto Rocket /T1 Rail Yard Accommodation under the state of Good Repair /Safety Category as referenced on Pages 563 to 568; and
- Toronto-York Spadina Subway Expansion under the Expansion Category as referenced on Pages 1007 to 1009.

BACKGROUND

The TTC's Wilson Yard is undergoing a significant expansion of the rail yard and supporting maintenance facilities. The expansions are required to accommodate the needs for Toronto Rocket (TR) train storage and as a result of the introduction of the Toronto-York Spadina Subway Extension (TYSSE) and increasing service demands on Line 1 (Yonge University Spadina).

There are three construction contracts that are being performed by multiple contractors in parallel in order to meet the timelines of the Wilson Yard project. This existing work includes:

- Alterations and expansion of the carhouse building,
- Site preparation for track installation,
- Utility installation and relocations,
- Construction of a new power substation,
- Stormwater management pond and other state of good repair contracts, and
- Track and signal equipment installations that are being performed by TTC's forces.

The work under the subject of this report would require the recommended contractor to perform the following:

- Construction of a new hostler platform and site services of a north lead track for connection to Downsview station and TYSSE, and
- Construction of site services for a new north runaround track for connecting 8 new storage tracks in the west yard.

Additionally, future work may include the following:

- Wilson Yard Track and Structure building renovation,
- Wilson Yard tracks 2-15 site preparation,
- Wilson Yard tracks 33-43 site preparation,
- Wilson Yard fire main replacement,
- Wilson Yard noise barrier wall,
- Carhouse expansion on track 15 & 16, and
- Wilson Yard traction power & integrated controls.

The Occupational Health and Safety Act requires one entity to undertake the role of constructor and have overall responsibility for health and safety matters on a construction project. Due to the increasing amount of work at the yard, and the close proximity and overlap of the various construction activities, two options were investigated:

- Separate contracts by time and space as traditionally done by TTC. This will result in the project duration to exceed many years. The required operational functionality of storage will not be met for many years.
- Examine a new innovative way to implement the project by which one company will have the overall responsibility.

Project Agreements

The TTC and the Contractor are entering into a Master Contract to establish the terms and conditions of their relationship. On execution of this agreement, the parties will simultaneously enter into six phase agreements as set forth in this agreement. The purpose for separate agreements is to enable the achievement of substantial performance for each scope of work, which will facilitate the timely release of holdback.

Phase Agreement No. 1

The scope of work under the Phase Agreement No. 1 requires the Contractor to assume the role of the “constructor” as set in Occupational Health and Safety Act within the Project Site. Under the same Phase Agreement, project management services are included for the overall responsibility of the program as well as for coordination, scheduling and occupational health and safety in connection with any construction work performed within the project site by the TTC’s own forces. The limits of the Wilson Yard Project are outlined in Appendix A.

Phase Agreements No. 2, 3, and 4

The scope of work under Phase Agreement No. 2, 3 and 4 requires the Contractor to assume the responsibility of Contract A18-15 currently performed by Bondfield, Contract C1-38 currently performed by Buttcon Limited and Contract C1-39 currently performed by Buttcon Limited. The awarded amount for each contract will be calculated based on the actual amount of the contract at the time of the award.

Phase Agreement No. 5

The scope of work under Phase Agreement No. 5 for Contract A18-20, Wilson Yard Modifications – Site Services Stage 2, includes construction of a new hostler platform and site services of a north lead track for connection to Downsview station and TYSSE, and construction of site services for a new north runaround track for connecting 8 new storage tracks in the west yard to the expanded carhouse and existing east hostler platform. This Phase Agreement was bid as a lump sum price.

Future Phase Agreements

Lastly, the form of Future Phase Agreement is included as part of the Master Contract and will be executed at the time of the award of any future phase agreements. Under Phase Agreement No. 1, if the TTC requires the Contractor to assume responsibility for additional scopes of work, the Contractor is required to run a competitive procurement process, with oversight by the TTC, in order to select and recommend a subcontractor. Once an agreement is reached regarding the subcontractor selection for each future contract, the TTC and the Contractor will enter into a new Phase Agreement.

The compensation for the Bidder’s assumption of responsibilities for each of these contracts was bid as a percentage fee. For future work estimated in the Contract, the Contractor shall only proceed with such work as authorized by the TTC upon execution of a future phase agreement and each future phase agreement will be executed as a separate legal contract. This estimated amount for future work includes current budgeted work at Wilson Yard as well as an allowance for future unknown work that may be added to the project budget upon approval of the work during subsequent capital budget cycles.

DISCUSSION

A Request for Prequalification Statements was publicly advertised on November 19, 2012 on the TTC's website as well as on the MERX website. On March 13, 2013, seven entities were prequalified to receive proposal documents for the Wilson Yard Expansion Project.

On February 14, 2014, a Request for Bids No. P11PZ13752 (RFB) was posted on TTC and Merx websites for Wilson Yard Expansion Project. The seven prequalified entities were advised of the posting. During the bid period, SNC-Lavalin Construction (Ontario) Inc. and Walsh Group informed the TTC their joint venture would not be submitting a bid, but indicated that their respective partners continued to be interested in pursuing this opportunity alone.

In order to encourage competition for this procurement, the TTC allowed for joint ventures to separate or new joint ventures to be formed within the pool of companies that were already prequalified. This opportunity was included in the RFB documents that were already posted publicly by addendum. In order to be considered prequalified the same evaluation criteria as the previous prequalification process was used.

Following the second prequalification process, the new list of prequalified entities is included below:

- Dufferin Construction Company, a division of Holcim (Canada) Inc.
- Eastern Construction Company Limited
- EllisDon Corporation
- PCL Constructors Canada Inc.
- Pomerleau Inc.
- Bondfield Construction Company Limited (New)
- Buttcon Limited (New)

This list of companies was incorporated in the RFB documents by addendum. Out of the seven prequalified entities, four submitted a bid by the closing date of June 11, 2014 and are summarized in Appendix B. Prices were evaluated based on the Total Evaluated Bid Prices as submitted in the Price Schedule.

Bondfield Construction Company Limited (Bondfield) submitted the lowest priced bid and did not state any exceptions or qualifications. The Price Schedule submitted by Bondfield contained mathematical errors in calculating the extensions for some of the line items (unit prices) and, consequently the Total Evaluated Bid Price was incorrect. However, in accordance with the express instructions as set out in the Instructions to Bidders, item 10.1, the unit prices shall govern. Item 10.1 of the Instructions to Bidders provides that:

...If applicable, whenever the amount tendered in a price schedule for an item does not agree with the extension of the total estimated value and the tendered Unit Price, the Unit Price shall govern and the Total Evaluated Bid Price shall be corrected accordingly....Mathematical discrepancies will be corrected by the Commission by appropriate means to arrive at the correct Total Evaluated Bid Price. (Emphasis added)

Bondfield's bid is considered acceptable.

Dufferin Construction Company, a division of Holcim (Canada) Inc. submitted the second lowest priced bid and also did not state any exceptions or qualifications and their bid is considered acceptable.

Buttcon Limited submitted the third lowest priced bid and also did not state any exceptions or qualifications and their bid is considered acceptable.

Pomerleau Inc. submitted the fourth lowest priced bid and did not state any exceptions or qualifications. The Price Schedule submitted by Pomerleau Inc. contained mathematical errors in calculating the extensions for some of the line items (unit prices) and, consequently the Total Evaluated Bid Price was incorrect. In accordance with the Instructions to Bidders, item 10.1, the TTC corrected the calculation discrepancies to arrive at the correct Total Evaluated Bid Price with the unit prices governing. Pomerleau's bid is considered acceptable.

The Agreement to Bond submitted by Bondfield covers both a Labour and Material Payment Bond and a Performance Bond and was submitted by Zurich Insurance Company Ltd., who has been verified as a Surety Company licensed to transact business under the Insurance Act.

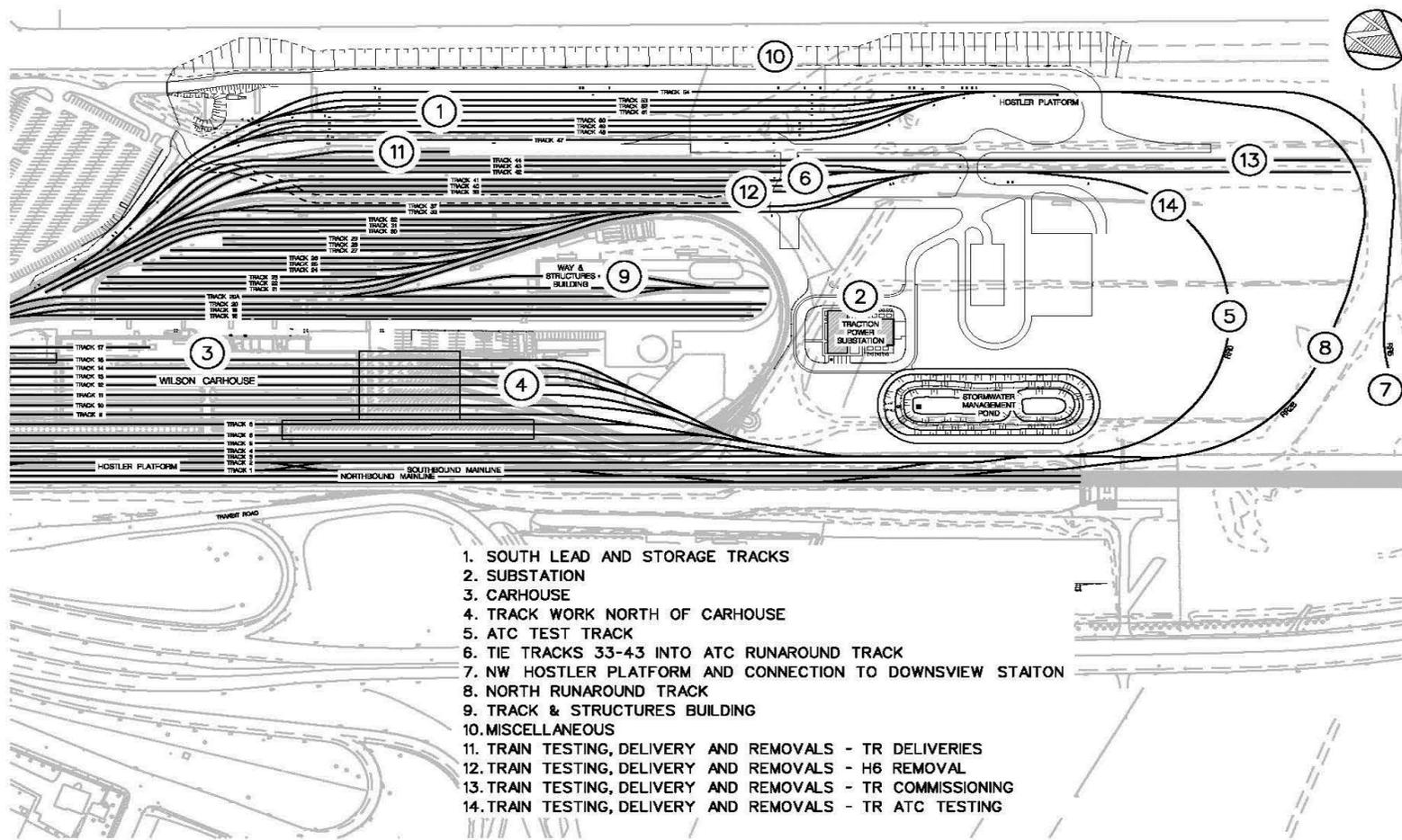
The successful Bidder will be required to execute a Performance Bond and Labour and Material Payment Bond for Phase Agreement No. 5, Contract A18-20, each in the amount of 50% of the Contract A18-20 value.

JUSTIFICATION

The Wilson Yard Expansion project is required in order to provide the necessary maintenance facilities and track infrastructure to meet the storage and maintenance requirements of the TR trains on Line 1. The bid submitted by Bondfield Construction Company Limited is the lowest priced acceptable bid.

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Attachments – Appendices A and B



APPENDIX B

PROCUREMENT AUTHORIZATION WILSON YARD EXPANSION PROJECT - CONTRACT AW85-4

SUMMARY OF BIDS

COMPANY	TOTAL EVALUATED BID PRICE
Bondfield Construction Company Limited*	\$230,718,089.00
Dufferin Construction Company A division of Holcim (Canada) Inc.	\$247,076,895.60
Buttcon Limited	\$251,844,231.13
Pomerleau Inc.	\$309,741,588.00

* Recommended company