

To: Utilities Committee

From: Phil Trotsuk, Chief Financial Officer
Paul Dufault, Project Manager, Lions Gate Secondary Wastewater Treatment Plant,
Liquid Waste Services

Date: March 15, 2017 Meeting Date: April 6, 2017

Subject: **Award of Contract for Design-Build-Finance Contract Implementation Consulting Services for the Lions Gate Secondary Wastewater Treatment Plant Project**

RECOMMENDATION

That the GVS&DD Board authorize:

- a) Award of a contract in the amount up to \$9,084,157 (exclusive of taxes) to AECOM Canada Ltd. for Design-Build-Finance Contract Implementation Consulting Services for the Lions Gate Secondary Wastewater Treatment Plant Project; and
 - b) The Commissioner and the Corporate Officer to execute the required documentation.
-

PURPOSE

This report is to request authorization by the GVS&DD Board to award Design-Build-Finance Contract Implementation Consulting Services in the amount up to \$9,084,157 (exclusive of taxes) to AECOM Canada Ltd. ("AECOM") for the Lions Gate Secondary Wastewater Treatment Plant Project (the "Project").

BACKGROUND

Pursuant to the *Greater Vancouver Sewerage and Drainage District Officers and Delegation Bylaw No. 284, 2014* (Bylaw) and the *Procurement and Real Property Contracting Authority Policy* (Policy), procurement contracts which exceed a value of \$5 Million require the approval of the Board of Directors.

This report is being brought forward to the Utilities Committee to consider a recommendation to the GVS&DD Board to authorize award of Design-Build-Finance Contract Implementation Consulting Services to AECOM after execution of the final project agreement with the Preferred Proponent for the Design-Build-Finance of the Lions Gate Secondary Wastewater Treatment Plant (LGSWWTP).

PROJECT DESCRIPTION

In April 2016, the GVS&DD Board authorized the Design-Build-Finance Procurement Services to AECOM. This work was awarded as a result of a Request for Proposal (RFP) No. 14-205: Consulting Services for Lions Gate Secondary Wastewater Treatment Plant that was publicly advertised on Metro Vancouver's and BC Bid web sites and AECOM was the sole respondent. The RFP clearly articulated the work to be awarded in four phases and Board approval was sought separately for each phase as any expenditure spent on contracted services prior to receiving approval-in-principle for government funding are considered ineligible costs for reimbursement.

The Design-Build-Finance Procurement Services previously provided by AECOM are nearing completion. The next phase of work for the Contract Implementation Consulting Services will involve fully supporting the GVS&DD in the management, administration, and quality assurance and construction supervision of the Lions Gate Secondary Wastewater Treatment Plant Design-Build-Finance contract until the Notice of Acceptance of the plant has been issued by the GVS&DD anticipated by December 2020. A report will be brought forward in 2020 to seek GVS&DD Board approval to award the final phase of the work for services during the Handover, Hold Back and Warranty Period.

ALTERNATIVES

1. That the GVS&DD Board authorize:
 - a) Award of a contract in the amount up to \$9,084,157 (exclusive of taxes) to AECOM Canada Ltd. for Design-Build-Finance Contract Implementation Consulting Services for the Lions Gate Secondary Wastewater Treatment Plant Project; and
 - b) The Commissioner and the Corporate Officer to execute the required documentation.
2. That the GVS&DD Board terminate the contract with AECOM resulting from Request for Proposal (RFP) No. 14-205: Consulting Services for Lions Gate Secondary Wastewater Treatment Plant and direct staff to report back to the GVS&DD Board with options for an alternate course of action.

FINANCIAL IMPLICATIONS

If the GVS&DD Board approves Alternative 1, a contract will be awarded to AECOM. This will increase the value of the services provided to the GVS&DD as the Design Build Consultant from approximately \$7.7 Million to \$16.5 Million. These awarded amounts are consistent with the original proposal received by AECOM. The anticipated expenditures for this contract has been included in the 2017 capital budget approved by the GVS&DD Board.

In September 2016, the Government of Canada and the GVS&DD executed the New Building Fund Agreement for the Project. In the agreement Canada agrees to pay a contribution to the GVS&DD of not more than 33.33% of the total Eligible Expenditures for the Project but only up to a maximum of \$212,300,000. The GVS&DD will submit progress claims to the Government of Canada covering the Project's Eligible Expenditures in a form acceptable to the Government of Canada. Based on the phased award process of the work, the GVS&DD will be submitting the costs associated with this award as an Eligible Expenditure under the funding agreement. The award of the previous work was essential in order for the GVS&DD to be in a position to meet the regulatory deadline of December 31, 2020.

On March 11, 2017, the Province of British Columbia announced a funding contribution of \$193,000,000 or up to 1/3 of the eligible expenses for the new wastewater treatment plant. The Provincial funding agreement is to be executed between the GVS&DD and the Province prior to March 28, 2017. The GVS&DD will be submitting the costs associated with this award as an Eligible Expenditure under the funding agreement.

The GVS&DD have a choice not to proceed with Alternative 1 but staff will need further direction in relation to the Project. A delay associated with Alternative 2 would pose a risk that GVS&DD would not be able to comply with the requirement for the secondary-level treatment at the Lions Gate Wastewater Treatment Plant by December 31, 2020 as required by the new Federal Wastewater

System Effluent Regulations and the new Operation Certificate for the LGSWWTP issued by the Provincial Ministry of Environment.

SUMMARY / CONCLUSION

An RFP was issued for consulting services in support of the Lions Gate Secondary Wastewater Treatment Plant Project on the basis that the work will be awarded in four phases. AECOM was the successful proponent and are nearing completion of the Design-Build-Finance Procurement Services for the work. It is recommended that the GVS&DD Board authorize award of a contract in the amount up to \$9,084,157 (exclusive of taxes) to AECOM Canada Ltd. for Design-Build-Finance Contract Implementation Services for the Lions Gate Secondary Wastewater Treatment Plant Project and authorize the Commissioner and the Corporate Officer to execute the required documents.

20119399