

To: Intergovernment and Finance Committee

From: Tracey S. Husoy, Division Manager, Purchasing and Risk Management, Financial Services Department

Date: March 3, 2016 Meeting Date: March 16, 2016

Subject: **Award of Contract for Phase 2 - Design-Build-Finance Procurement Consulting Services for the Lions Gate Secondary Wastewater Treatment Plant Project**

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### RECOMMENDATION

That the GVS&DD Board authorize:

- a) Award of Contract for Phase 2, Design-Build-Finance Procurement Services, for \$2,385,374 (exclusive of taxes) to the Phase 1 consultant, AECOM Canada Ltd; and
  - b) The Commissioner and the Corporate Officer to execute the required documentation.
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### PURPOSE

This report is to request authorization by the Board to award Phase 2, Design-Build-Finance Procurement Services, for \$2,385,374 (exclusive of taxes) to AECOM Canada Ltd ("AECOM") for the Lions Gate Secondary Wastewater Treatment Plant Project (the "Project"). AECOM is the consultant for Phase 1 of the Project. Board approval to award the final phases of work will be sought at a later date.

### BACKGROUND

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

At the meeting held on May 15, 2015, the GVS&DD Board authorized the award of a contract for \$4,998,863 (exclusive of taxes) for Phase 1, Pre-Procurement and Design-Build-Finance Procurement Documentation, to AECOM. Board approval is being sought separately for each Phase of the consultancy work, as any expenditure spent on contracted services prior to receiving approval-in-principle for funding are considered ineligible costs for reimbursement.

On September 28, 2015, the GVS&DD issued a Request for Qualifications to invite interested parties to submit responses indicating their interest in, and qualifications for, the Project. Five (5) responses were received by the closing date, December 17, 2015. These responses have been evaluated and the following three respondents will be invited to participate in the next stage of the Project, the Request for Proposals ("RFP") stage:

- ADAPT Consortium
- First Narrows Partnership
- PCL Partnerships

This report is being brought forward to the Board to award Phase 2, Design-Build-Finance Procurement Services, to AECOM in order to continue with the work and support the RFP process for the Project.

### **ALTERNATIVES**

1. That the GVS&DD Board authorize:
  - a) Award of Contract for Phase 2, Design-Build-Finance Procurement Services, for \$2,385,374 (exclusive of taxes) to the Phase 1 consultant, AECOM Canada Ltd; and
  - b) The Commissioner and the Corporate Officer to execute the required documentation.
  
2. That the GVS&DD Board receive for information the report titled "Award of Contract for Phase 2 - Design-Build-Finance Procurement Consulting Services for the Lions Gate Secondary Wastewater Treatment Plant Project" dated March 3, 2016 and provide alternate direction to staff.

### **FINANCIAL IMPLICATIONS**

If the Board approves alternative one, Phase 2 will be added to the originally awarded contract for the Owners Engineer, increasing its value from approximately \$5 Million to \$7.4 Million. This amount falls within the overall previously approved budget of \$20 Million for the initial commencement of this Project. To date, approximately \$14 Million has been spent to complete the work. The amount for the recommended Phase 2 award is within the budget allocation for the work and there are sufficient funds to cover the remaining advisory services (legal, financial and commercial) required for Phase 2.

Infrastructure Canada has previously confirmed that if Metro Vancouver proceeds with procurement of the proposed consulting services, the Project will still be eligible for the New Building Canada funding. However, any expenditure on contracted services prior to receiving the Minister's approval-in-principle for funding are considered ineligible costs for reimbursement.

Under alternative two, the Board may choose to delay award further phases of the work (Phase 2) until it has received certainty on funding from other levels of government towards the overall capital cost of the Project. This will result in the delay of releasing the RFP to the short listed proponents. Delaying the contract award and release of the RFP will compromise Metro Vancouver's ability to complete the Project by the required statutory deadline of December 31, 2020, which may result in regulatory penalties.

### **LEGAL IMPLICATIONS**

As noted above, deferral of Phase 2 and the subsequent release of the RFP will delay progress on the Project and Metro Vancouver will be at risk of missing the regulatory deadline.

### **SUMMARY / CONCLUSION**

An RFP was issued for engineering consulting services for the Consulting Services for the Project and contemplated the work to be done in four phases. AECOM was the successful proponent and are nearing completion of Phase 1, Pre-Procurement and Design-Build-Finance Procurement Documentation. It is recommended that, in response to this request, the Board authorize the Commissioner and the Corporate Officer to execute the documents required to add Phase 2, Design-Build-Finance Procurement Services, to the contract with AECOM for the amount of \$2,385,374 (exclusive of taxes).

The Phase 1 and Phase 2 consulting services for the Owner's Engineer and other advisors represent less than 1.5 % of the \$700 Million budget. By procuring these services at this time, Metro Vancouver will continue its efforts to meet the regulatory requirements without committing a disproportionate amount of funds in order to advance the Project. This will allow continued discussions with the Province and the Government of Canada over the rest of 2016 to secure a suitable funding agreement prior to awarding the Design-Build-Finance contract, while maintaining Project momentum.

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