
To: Liquid Waste Committee

From: Cheryl Nelms, General Manager, Project Delivery

Date: February 23, 2022 Meeting Date: February 23, 2022

Subject: **Award of Contract Resulting from RFQ No. 21-457: North Shore Wastewater Treatment Plant (NSWWTP) Project**

RECOMMENDATION

That the GVS&DD Board:

- a) approve the award of contract RFQ No. 21-457: North Shore Wastewater Treatment Plant (NSWWTP) Project to PCL Constructors Westcoast Inc, Contract 1 for Early Contractor Involvement and Construction Management Services estimated at \$40 million, subject to final review by the Commissioner; and
 - b) authorize the Commissioner and Corporate Officer to execute the required documentation once the Commissioner is satisfied that the award should proceed.
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EXECUTIVE SUMMARY

Metro Vancouver has terminated its contract with Acciona Wastewater Solutions LP and is moving forward with a new contracting model to complete the North Shore Wastewater Treatment Plant Project. Under the new model, Metro Vancouver will work with a general contractor to finalize construction and a design consultant to finalize the design and provide quality assurance.

The delivery model for the general contractor is similar to an early contractor involvement contract, whereby the general contractor will provide constructability expertise during the completion of the design (Contract 1). If successful negotiation of a guaranteed maximum price or fixed price agreement can be made, then we will bring back to the Board for approval a recommendation for the contractor to assume the construction of the facility (Contract 2). This contract model is based on a cost-competitive strategy that allows for collaboration between contractor, designer, and Metro Vancouver while mitigating overall schedule delays.

The contract opportunity was a publically posted request for qualifications and was conditional on the termination of the existing contract. Metro Vancouver engaged professional advisors, a fairness monitor, and a due diligence reviewer in the evaluation process. It is recommended that Contract 1 for the general contractor role be awarded to PCL Constructors Westcoast Inc.

PURPOSE

This report is to advise the GVS&DD Board of the results of the Request for Qualifications (RFQ) No. 21-457: North Shore Wastewater Treatment Plant (NSWWTP) Project, and to recommend award of Contract 1 for Early Contractor Involvement and Construction Management Services estimated at \$40 million, for the general contractor to deliver the North Shore Wastewater Treatment Plant Project to PCL Constructors Westcoast Inc.

BACKGROUND

On January 17, 2022, the GVS&DD Board directed staff to issue a notice of termination of the contract between GVS&DD and Acciona Wastewater Solutions LP ("Project Co"). Following termination of the contract, Metro Vancouver proceeded with other activities to deliver the project as quickly as possible and in the best interest of the region, with an intent to minimize costs to the public.

The design and construction of the North Shore Wastewater Treatment Plant Project is partially complete. Completed construction includes ground improvement, approximately half of the superstructure structural concrete, and some in-street wastewater conveyance works.

Pursuant to the *GVS&DD Offers 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 GVS&DD Board of Directors.

This report is being brought forward to the Liquid Waste Committee to consider the recommendation to the GVS&DD Board to authorize the award of general contractor services to PLC Constructors Westcoast Inc.

CHANGES TO CONTRACT MODEL

Under the previous contract, Acciona and their partners were responsible for the design, construction, commissioning, and process for performance for the plant.

To help to expedite the project while also retaining the ability for competitive pricing of services for the final delivery of the project, Metro Vancouver has adjusted the approach to retain a general contractor and a design consultant separately. The general contractor and design consultant will work collaboratively with Metro Vancouver to complete design, construction, and commissioning.

The delivery model for construction is an early contractor involvement contract, whereby the general contractor will provide constructability expertise during the completion of the design (Contract 1). Then, if successful negotiation of a guaranteed maximum price or fixed price agreement can be made, they may assume the construction of the facility (Contract 2).

In Contract 1, the general contractor will be responsible for reviewing the design and construction progress to date, developing a plan to deliver the project, doing some early works, and working with Metro Vancouver to define a revised project budget and schedule in order to enable the guaranteed maximum price or fixed price contract negotiation. If a negotiated agreement can be achieved, staff will report back to the Board for approval of Contract 2 for the completion of construction for the treatment plant.

To fill the role of the design consultant, Metro Vancouver staff are working collaboratively with AECOM senior leaders to develop an amendment to their current "Owners Engineering" agreement that will allow AECOM to assume "Engineer of Record" responsibilities and obligations for the North Shore Wastewater Treatment Plant, including both the constructed and future works. If an

agreement that is in the best interest of Metro Vancouver can be negotiated, the nature of that agreement will be reported to the Board.

Considerations for Competitive Pricing

Metro Vancouver has developed a contract approach to bringing in the general contractor that allows for completion of design and progress on construction in the shortest possible time frame while still planning for tenders or work packages that could be bid on to keep overall costs of delivery competitive. The approach allows for maximum agility and opportunities for competitive pricing, and is driven by schedule without sacrificing the need for competitive pricing.

Contract 1: Construction Management Services

In Contract 1, the general contractor will work with Metro Vancouver to establish project execution plans that will create more certainty on cost estimates. Work under this contract is anticipated to include:

- Contributing to design, procurement, and construction definition finalization;
- Detailed in-situ construction field assessment and analysis;
- Developing detailed project execution plan;
- Equipment and materials procurement;
- Equipment and materials take-off and pricing;
- Major work package tendering and pricing;
- Developing and maintaining cost estimates; and
- Developing a GMP or fixed price and firm schedule for completion of construction under Contract 2.

Other anticipated services under Contract 1 include initiation of construction of concrete works (approximately 40,000m³ remaining) and other early construction works and site services. Services performed under Contract 1 will be paid for on a cost-plus basis, with the exception of early construction works which may be on either a cost-plus or a fixed price basis.

Contract 2: Construction Delivery

Under Contract 2, the general contractor will be responsible for the completion of construction and commissioning of the project to the fixed price or guaranteed maximum price and schedule and in accordance with execution plans or other plans or agreements developed under Contract 1. If a negotiated agreement can be achieved, staff will report back to the Board for approval of Contract 2 for the completion of construction for the treatment plant.

For each package of work that needs to be constructed, it will either be self-performed (by the general contractor) or sub-contracted. For packages that go to tender, the general contractor will also have the option to participate in a procurement process alongside other interested contractors.

GENERAL CONTRACTOR RECOMMENDATION

Metro Vancouver began the process of procuring a general contractor to complete construction of the North Shore Wastewater Treatment Plant in the fall of 2021. On November 25, 2021 Metro Vancouver posted a public Request for Qualifications (RFQ) to seek a new contractor, conditional on

the termination of the existing contract. The RFQ was advertised on the Corporation and BC Bid websites. It closed on December 17, after three weeks in market.

Metro Vancouver's goal was to select a general contractor that:

- Has experience in taking over and completing projects of similar complexity and scope;
- Will commit highly qualified staff to the project;
- Will partner with the Corporation in design completion and discipline integration to maximize efficiency and ultimate value to taxpayers;
- Understands the value of economic opportunities for local contractors and suppliers; and
- Will safely build an asset of high quality to a firm price and schedule, once these two targets are determined, in compliance with applicable permits and regulatory conditions.

Evaluation Process

To support the rigor of the evaluation, Metro Vancouver engaged a fairness monitor, who observes the whole process as an independent observer of the fairness of the competitive process. Metro Vancouver has also engaged a due diligence reviewer, who reviews the evaluation process as to whether it is followed in accordance with the RFQ and is conducted consistently and without bias.

Metro Vancouver engaged professional advisors with extensive experience in major capital infrastructure projects to review the process of selecting a new contractor, and to participate in the review and assessment of all proposals submitted.

Metro Vancouver short-listed three respondents. The three short-listed respondents were:

- Aecon Water Infrastructure Inc.
- Graham Infrastructure LP
- PCL Constructors Westcoast Inc.

Considerations in evaluation included:

- Qualifications and experience of the firm
- Qualifications and experience of the staff put forward
- Pricing margins
- Information received through an interview and presentation about the respondents' qualifications, experience, and approach for completing construction of the plant

ALTERNATIVES

1. That the GVS&DD Board:

- a. approve the award of contract RFQ No. 21-457: North Shore Wastewater Treatment Plant (NSWWTP) Project to PCL Constructors Westcoast Inc, Contract 1 for Early Contractor Involvement and Construction Management Services estimated at \$40 million, subject to final review by the Commissioner; and
- b. authorize the Commissioner and Corporate Officer to execute the required documentation once the Commissioner is satisfied that the award should proceed.

2. That the GVS&DD Board not approve the award for contract services for the completion of the North Shore 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 PCL Constructors Westcoast Inc in a cost plus contract to complete Contract 1.

Currently, the North Shore Wastewater Treatment Plant program is budgeted for \$1.058B. This includes the cost of the treatment plant, the conveyance project, and preliminary design for decommissioning the Lions Gate plant. Metro Vancouver will work with the new general contractor to develop a plan to complete the project, including a revised project budget and schedule. Spend to date for the North Shore Wastewater Treatment Plant Program is \$498 million.

The budget for Contract 1 is estimated at \$40 million. The approved 2022 cash flow for the North Shore Wastewater Treatment Plant Program is \$267 million.

The GVS&DD Board has the choice to not proceed with Alternative 1. But staff will need further direction on how to proceed with the project. It will result in a delay to the project schedule and is anticipated to add additional costs to the overall project.

CONCLUSION

Metro Vancouver has implemented an approach finding alternative delivery partners for the North Shore Wastewater Treatment Plant that is designed to get the project delivered as quickly and efficiently as possible while considering cost competitiveness.

The contract model developed for the general contract positions Metro Vancouver to work in a highly collaborative way with the new general contractor to complete construction in the shortest possible time frame while still planning for tenders or work packages that could be bid on to keep overall costs of delivery competitive. The approach allows for maximum agility and opportunities for competitive pricing, and is driven by schedule without sacrificing the need for competitive pricing.

Within this contract, Metro Vancouver will work collaboratively with the new general contractor to develop a plan to complete the project, including a revised project budget and schedule. Work will be done within the approved 2022 budget for the North Shore Wastewater Treatment Plant. The budget for Contract 1 is estimated at \$40 million. Subsequent elements of the contract (Contract 2) will return to the Board for future approval. The approved 2022 cash flow for the North Shore Wastewater Treatment Plant Program is \$267 million.

Metro Vancouver evaluated the proposals with support from professional advisors and oversight from a fairness monitor and due diligence reviewer. It is recommended that the contract under Request for Proposal No. 21-457: North Shore Wastewater Treatment Plant (NSWWTP) Project, Contract 1 for Early Contractor Involvement and Construction Management Services, be awarded to PCL Constructors Westcoast Inc.