



## **STAFF REPORT ACTION REQUIRED**

### **Toronto-York Spadina Subway Extension Procurement Authorization Amendment Contract A85-97 Construction Management Services**

<b>Date:</b>	September 28, 2015
<b>To:</b>	TTC Board
<b>From:</b>	Chief Executive Officer

#### **Summary**

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This report seeks approval of an amendment to Contract A85-97 to increase the total upset limit of the Contract from \$64,900,000.00 to \$70,900,000.00. This amendment is required in order to continue providing construction management services for construction contracts on the TYSSE Project. As a part of the project reset, a comprehensive assessment is underway and an overall assessment of the project cost will be brought forward to the Board by the end of 2015.

#### **Recommendations**

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##### **It is recommended that:**

1. The Board authorize Contract Amendment No. 13 to Morrison Hershfield Ltd. (MH), in the amount of \$6,000,000.00, increasing the total upset limit amount to \$70,900,000.00. The contract amendment is required to allow for continued construction management support on the Toronto-York Spadina Subway Extension Project.

#### **Financial Summary**

Sufficient funds for this contract are included in the TTC's 2015-2024 Capital Budget & Plan, which was approved by City Council on March 10/11, 2015 as amended by the Board March 26, 2015 and by Council March 31, 2015. Funding for this contract is included in the Toronto-York Spadina Subway Extension project (Category –

Expansion), as referenced in the 2015-2024 Capital Budget & Plan noted on pages 1035-1037.

Implementation of the above recommendation is conditional upon approval of the allocation of funding by the TYSSE Executive Task Force.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

### **Accessibility/Equity Matters**

The above recommendation has no accessibility issues.

### **Decision History**

At the Board Meeting of March 24, 2010, the Board approved TYSSE's recommendation to award Contract A85-97 for the Construction Management Services (CMS) to MH. The upset limit was subsequently increased to address several issues such as

1. The Station Contractors are responsible for an acceptable level of quality work in accordance with the contract documents, however, this is not being met satisfactorily. To ensure that the effective quality control measures are implemented, additional staff was retained.
2. Extended schedule requires construction management staff for longer period than originally estimated.

The current status of the upset limit of Contract A85-97 is as follows:

<b>Contract Upset Limit</b>	<b>Value (including HST)</b>
<b>1. Original Contract Upset Limit Amount</b>	\$40,000,000.00
<b>2. Previous Contract Amendments</b>	\$24,900,000.00
<b>3. This Contract Amendment</b>	\$6,000,000.00
<b>4. Total Revised Upset Limit Amount (including HST):</b>	\$70,900,000.00

To date there has been no expenditure beyond the previously authorized \$64,900,000.00.

## **Issue Background**

This Contract Amendment is required to pay for the additional construction management services costs associated with the increased project work to avoid additional delay to the completion of the work and are based on the staffing required through December 2015. We will be reporting back on contract changes associated with services required for the completion of the Project in the Reset recommendations by the end of the year.

## **Comments**

The TYSSE organization structure was initially established to have consultants supplement TTC staff in key positions. The TYSSE project has 263 budgeted positions with 29 positions being filled by TTC staff with the balance being filled by consultants, including the CMS Consultant. This set up allows the project to rapidly staff up at the start of the project and transfers the liability risks of displaced staff to consultants at the end of the project. Currently the CMS provides 78 consultant staff to manage construction contracts including but not limited to the following tasks:

- Inspect, monitor and report on the contractor's daily activities
- Certify requests for contractor and supplier payments
- Certify substantial performance and contract completion
- Perform quality assurance audits
- Provide survey services
- Perform review, analysis and evaluation of contractor and third party claims
- Monitor and assist in monitoring construction safety to protect the public, construction personnel and property
- Provide construction management expertise
- Provide construction methods

To date \$62,217,540.13 has been expended and performance continues to be satisfactory.

Work on the major facility contracts consisting of six stations and other related infrastructure, such as, emergency exit buildings; three track structure; bus terminals etc. is advancing at different paces. Additional resources are required to address claims from the contractors. These resource requirements are expected to continue until the end of the TYSSE Project.

## **Contact**

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