

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

From: Kelly Scherr, P. Eng., MBA, FEC
Deputy City Manager, Environment & Infrastructure

Subject: Rapid Transit Implementation – Consultant Design Contract Increase RFP20-29 and RFP20-28

Date: April 30, 2024

Recommendation

That on the recommendation of the Deputy City Manager, Environment & Infrastructure, the following actions **BE TAKEN** with respect to the Wellington Gateway and East London Link detailed design consultant contracts:

- (a) The AECOM Canada Ltd. detailed design contract for RFP20-29 - Consulting Services for Rapid Transit and Infrastructure Improvements - Wellington Gateway Project **BE INCREASED** by \$672,000 excluding HST, to \$7,451,736 in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy; and
- (b) The Dillon Consulting Ltd. detailed design contract for RFP20-28 - Consulting Services for Rapid Transit and Infrastructure Improvements - East London Link Project **BE INCREASED** by \$623,000 excluding HST, to \$7,004,734 in accordance with Section 20.3 (e) of the Procurement of Goods and Services Policy; and
- (c) the financing for this project **BE APPROVED** as set out in the Sources of Financing Report attached, hereto, as Appendix 'A'; and
- (d) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this project.

Executive Summary

This report recommends increasing the detailed design consultant awards for AECOM Canada Ltd. on the Wellington Gateway project and Dillon Consulting Ltd. on the East London Link project.

The consulting assignments for Wellington Gateway and East London Link were both awarded by Council on August 26, 2020. Since that time, the consultant leads have progressed the projects through 11 tenders over four construction seasons, advanced the balance of project phases to at least 90% design completion and supported ongoing detailed design and procurement for rapid transit shelters and amenities.

Unprecedented market conditions have affected all aspects of project delivery and construction, driving costs beyond the reasonable cost estimate assumptions made at the time of the Environmental Assessment in 2019. Value engineering efforts have resulted in considerable offsets to budget pressures for the project, however this has placed additional strain on the project consultant design fee budgets.

The approved Rapid Transit Implementation Multi-Year Budget request accounted for anticipated consultant design fee increases necessary to complete these assignments. This report recommends approval of the associated contract increases in accordance with the Procurement of Goods and Services Policy.

Linkage to the Corporate Strategic Plan

This report supports the 2023-2027 Corporate Strategic Plan by contributing to the following outcomes:

- Mobility and Transportation:
 - Londoners of all identities, abilities and means can move throughout the city safely and efficiently.
- Climate Action and Sustainable Growth
 - London's infrastructure and systems are built, maintained, and operated to meet the long-term needs of the community.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- Strategic Priorities and Policy Committee – April 23, 2018 – Bus Rapid Transit Environmental Assessment Initiative;
- Strategic Priorities and Policy Committee – March 25, 2019 – Investing in Canada Infrastructure Program, Public Transit Stream, Transportation Projects for Submission;
- Strategic Priorities and Policy Committee – October 28, 2019 – Investing in Canada Infrastructure Program, Public Transit Infrastructure Stream, Approved Projects;
- Civic Works Committee – January 7, 2020 – Downtown Loop and Municipal Infrastructure Improvements Appointment of Consulting Engineer;
- Civic Works Committee – August 11, 2020 – East London Link Transit and Municipal Infrastructure Improvements – Appointment of Consulting Engineer;
- Civic Works Committee – August 11, 2020 – Wellington Gateway Transit and Municipal Infrastructure Improvements – Appointment of Consulting Engineer;
- Civic Works Committee – October 4, 2023 – Rapid Transit Implementation – Consultant Design Contract Increase RFP20-29 and RFP20-28

2.0 Discussion and Considerations

2.1 Wellington Gateway and East London Link Corridors

Not only will the Wellington Gateway and East London Link projects provide approximately 13km of transit, transportation and streetscape improvements on the surface, the projects will also replace aging sewers, watermains and private utilities underground to maintain safe, reliable infrastructure and support growth needs along the corridors.

East London Link

The East London Link is a mixed-use corridor with existing land uses that include historic businesses, residential neighbourhoods, a growing entertainment district, and heavy industry. The corridor is anchored by Downtown London at the western end and Fanshawe College at the eastern end, serving the Western Fairgrounds, Old East Village, 100 Kellogg Lane, the Stackhouse District, future development at the former McCormick and London Psychiatric Hospital lands, and Fanshawe College's main campus. The East London Link will add curbside rapid transit along King Street East and Dundas Street East and median rapid transit on Highbury Avenue North and Oxford Street. A terminal station will be constructed on the Fanshawe College property. Figure 1 illustrates the East London Link corridor and indicates the approximate location of the rapid transit stations.

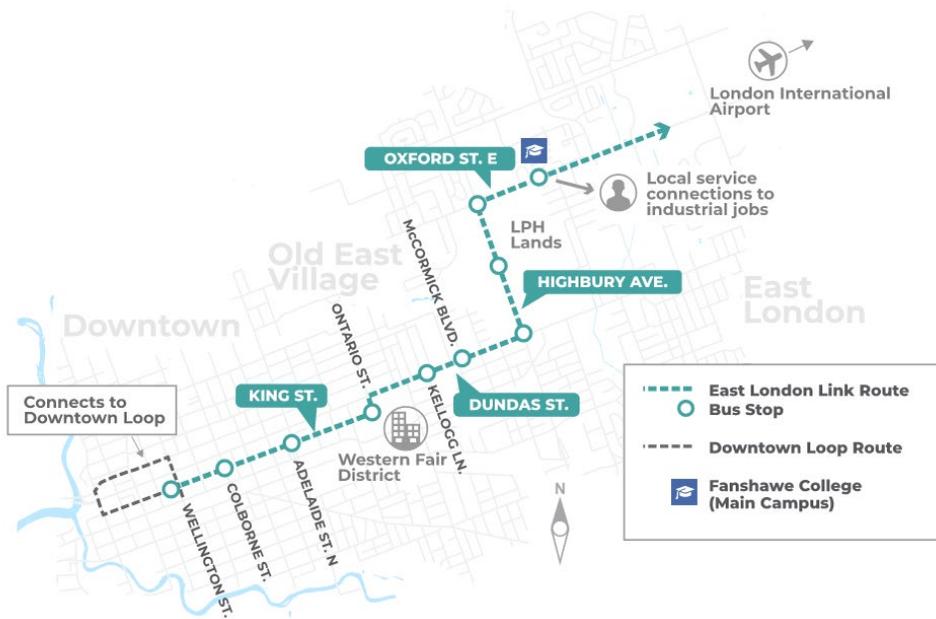


Figure 1: Limits of East London Link

Wellington Gateway

The Wellington Gateway is a mixed-use corridor with existing land uses including historic businesses, residential neighborhoods, medical facilities, and large-scale commercial sites. The corridor is anchored by Downtown London at the northern end and McDonald-Cartier Freeway (Highway 401) at the southern end, and also provides service to London Health Sciences Foundation’s Victoria campus and White Oaks Mall. Figure 2 illustrates the Wellington Gateway corridor and indicates the approximate location of rapid transit stations.



Figure 2: Limits of Wellington Gateway

2.2 Context

On August 26, 2020, Council approved the appointment of AECOM Canada Ltd. as the Consulting Engineer for the Wellington Gateway project and Dillon Consulting Ltd. for the East London Link project.

Subsequently, on October 4th, 2023, a contract extension was approved for both AECOM Canada Ltd. and Dillon Consulting Ltd. projects to offset the unanticipated consulting fee impacts resulting from provincially legislated O. Reg. 406/19: On-Site and Excess Soil Regulation. The impacts of this legislative change depleted the contract contingencies by \$288,834 for Wellington Gateway and \$267,881.25 for East London Link.

The approved Rapid Transit Implementation Multi-Year Budget request accounted for anticipated consultant design fee increases necessary to complete these assignments. This report recommends to associated contract increases necessary to advance the additional consulting effort necessary to compete these projects.

2.3 Budget Pressures

The scale of these two projects is something not seen before in London, covering approximately 13km of critical transportation corridors combined. At the same time, the complexity of transportation projects in general has increased in recent years with the need to align multiple infrastructure renewal needs and opportunity lifecycle upgrades, utility coordination, development coordination, legislative changes, and integration of complete street design elements. All this combined with market conditions has contributed to scope, budget and schedule pressures for the projects, that were not foreseen when these consulting contracts were originally established in August 2020. Below is a summary of additional effort that has been required on these projects.

Value Engineering

There has been significant value engineering work completed on the design of these projects to reduce property impacts, enable construction schedules, and improve overall operations. Efforts to optimize the Wellington Gateway design along the S-curve and near Bradley Avenue have reduced the width of land needs and anticipated servicing needs to support development along the corridor. The Dundas Street portion of the East London Link shifted dedicated bus lanes from centre-running to curbside maintaining frequent and reliable operations while significantly reducing land needs and impacts on adjacent properties' operations. The number of properties impacted by land acquisition needs has been reduced by over 40% because of design refinements and the parcels still required are now considerably smaller. These value engineering efforts have resulted in considerable budget pressure offsets for the overall project, however, it has placed additional strain on the project consultants' budgets.

Maintaining current design best practices

The environmental assessment design concepts were based on high-level assumptions made over 6 years ago. Refining those concepts to tender-ready designs in line with current best practices resulted in necessary scope expansions beyond what was contemplated in the EA and the initial consultant assignment.

- The extension of roadwork along non-rapid transit crossroads to appropriately tie in transportation and servicing needs (Wellington Road and Commissioners Road East, the intersection at Highbury Avenue North and Oxford Street East, the intersection at Highbury Avenue North and Dundas Street, Ridout Street from Queens Avenue to Fullerton Street).
- Increased standards for protected cycling infrastructure.
- Coordination and integration of site servicing for developments along the corridors.
- Additional corridor segments requiring buried hydro infrastructure.

Increasing environmental, heritage and safety regulations

Additional engineering effort, environmental surveys, design mitigations and specialized construction measures have been required to satisfy escalating environmental, archeological and safety concerns, adding to project complexity and expenses. Clark's Bridge on Wellington Road has required enhanced construction techniques and habitat compensation to manage sensitive in-water work. Detailed design for the Highbury Avenue Bridge determined that a full deck replacement is required to meet current Canadian Pacific Kansas City (formerly Canadian Pacific Rail) offset requirements. Both examples significantly impacted schedules, coordination, design, and management efforts for the rapid transit consultant assignments.

Consultant support for Realty Services

These projects involve an unprecedented volume and complexity of partial property land needs, permanent easements and temporary construction easements. This drove the need for additional communication, drafting and design efforts above and beyond what was anticipated in the original contract.

Consultant support for utility coordination

The project has realized savings through careful coordination for utility relocations. The Environmental Assessment conservatively assumed the relocation of all utilities located within the dedicated transit lanes. Working with utility partners, the team assessed operation and maintenance requirements and frequencies and, in many cases, determined that utility infrastructure could be managed in place through specific Traffic Control Plans and performing maintenance activities outside peak hours. This approach realized the greatest savings in the core for the Downtown Loop project.

Project Phasing

Each year, the rapid transit tender phasing has been reviewed and modified with consideration for reducing social impacts which resulted in additional tenders and efforts. The projects have been broken down into smaller tenders to enable a larger pool of contractors to bid on them and have intentionally closed before year end when possible. Not only is this essential to starting these large projects as early in the construction season as possible, but earlier tender awards also yield significant efficiencies and cost savings by creating a more competitive bidding environment. Additional consultant effort is required to break down these mega-projects into a larger number of smaller tenders.

The scale and scope of these two multi-year design assignments combined with the pressures noted above has placed additional strain on project design budgets that exceed the available contingency of these consulting assignments. However, the benefit of this added effort has been significant value engineering efficiencies. Through detailed design, the project has achieved reductions in the overall construction footprint, fewer property impacts, improvements in transportation and transit operations. The overall project savings have more than offset the additional consulting fees.

2.4 Procurement Process

In accordance with Section 15.2 (e) of the Procurement of Goods and Services Policy, both design proposals were carried out using a two-stage process with the first stage being an open, publicly advertised prequalification stage (RFQUAL) and the second being Request for Proposal (RFP) of the short-listed firms. On August 25, 2020, Council awarded AECOM Canada Ltd. the detailed design assignment for RFP20-29 Wellington Gateway and Infrastructure Improvements at \$6,490,902 and Dillon Consulting Limited was awarded the assignment for RFP20-28 East London Link and Infrastructure Improvements for \$6,113,853.

As per section 20.3 e) and 8.5 a) of the Procurement of Goods and Services Policy, contract amendments that exceed \$50,000 or 3% of original contract value, whichever is greater, must be authorized by City Council.

3.0 Financial Impact/Considerations

3.1 Budget Impact Table

The recommended contract increase represents the anticipated additional consulting fees required to complete the remaining design elements for the Wellington Gateway and East London Link projects. This increase was accounted for in the approved Rapid Transit Implementation Multi-year Budget business case, P-3.

The budget required to cover the additional scope of work is as follows:

Project and Consultant	Amount
RFP20-29 Wellington Gateway – AECOM Canada Ltd.	\$672,000
RFP20-28 East London Link – Dillon Consulting Ltd.	\$623,000

Funding is available in the approved transportation capital budgets per the Source of Financing attached as Appendix 'A'.

Conclusion

Civic administration recommends the consulting fees for AECOM Canada Ltd. be increased by \$672,000 excluding HST for the Wellington Gateway project and that the consulting fees for Dillon Consulting Ltd. be increased by \$623,000 excluding HST for East London Link project in accordance with section 20.3 of the Procurement of Goods and Services Policy.

Prepared by: Brian Nourse, P.Eng., Acting Division Manager, Major Projects

Submitted by: Jennie Dann, P.Eng., Director, Construction & Infrastructure Services

Recommended by: Kelly Scherr, P.Eng., MBA, FEC Deputy City Manager, Environment & Infrastructure

Appendix A – Sources of Financing report

Appendix "A"

#24071

April 30,2024

(Contract Award Increase)

Chair and Members
Civic Works Committee

RE: RFP20-29 and RFP20-28

Rapid Transit Implementation – Consultant Design Contract Increase

Capital Project RT1430-3A - East London Link Construction Rapid Transit (Subledger RD200011)

Capital Project RT1430-1A - Wellington Gateway (South) Construction Rapid Transit (Subledger RD200013)

AECOM Canada Ltd.- \$672,000.00 (excluding HST)

Dillon Consulting Ltd.- \$623,000.00 (excluding HST)

Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget and that, subject to the approval of the recommendation of the Deputy City Manager, Environment and Infrastructure, the detailed source of financing is:

Estimated Expenditures	Approved Budget	Committed To Date	This Submission	Balance for Future Work
RT1430-3A - East London Link Construction Rapid Transit				
Engineering	8,253,618	7,619,654	633,964	0
Engineering (Utilities Share)	397,113	397,113	0	0
Construction	98,783,509	41,708,253	0	57,075,256
Construction (Utilities Share)	5,657,381	5,657,381	0	0
Relocate Utilities	18,704,000	7,250,366	0	11,453,634
City Related Expenses	5,269,123	1,187,155	0	4,081,968
RT1430-3A Total	137,064,744	63,819,922	633,964	72,610,858
RT1430-1A - Wellington Gateway (South) Construction Rapid Transit				
Engineering	11,374,125	10,006,471	683,827	683,827
Engineering (Utilities Share)	198,026	198,026	0	0
Construction	66,730,819	65,902,617	0	828,202
Construction (Utilities Share)	2,381,869	2,381,869	0	0
Relocate Utilities	7,066,000	2,923,956	0	4,142,044
City Related Expenses	5,017,904	129,861	0	4,888,043
RT1430-1A Total	92,768,743	81,542,800	683,827	10,542,116
Total Expenditures	\$229,833,487	\$145,362,723	\$1,317,791	\$83,152,973
Sources of Financing				
RT1430-3A - East London Link Construction Rapid Transit				
Capital Levy	1,033,335	1,002,542	11,003	19,790
Debenture By-law No. W.-5683-100	3,849,223	0	0	3,849,223
Public Transit Infrastructure Stream (PTIS) - Federal Funding	30,536,000	23,106,171	253,586	7,176,243
Public Transit Infrastructure Stream (PTIS) - Provincial Funding	25,444,122	19,253,217	211,300	5,979,605
Drawdown from City Services - Roads Reserve Fund (Development Charges) (Note 1)	9,697,917	9,697,917	0	0
Debenture By-law No. W.-5683-100 (Serviced through City Services - Roads Reserve Fund (Development Charges)) (Note 1 and 2)	60,449,653	4,705,580	158,075	55,585,997
Other Contributions (Utilities Share)	6,054,494	6,054,494	0	0
RT1430-3A Total	137,064,744	63,819,922	633,964	72,610,858

Appendix "A"

#24071

April 30, 2024

(Contract Award Increase)

Chair and Members
Civic Works Committee

RE: RFP20-29 and RFP20-28

Rapid Transit Implementation – Consultant Design Contract Increase

Capital Project RT1430-3A - East London Link Construction Rapid Transit (Subledger RD200011)

Capital Project RT1430-1A - Wellington Gateway (South) Construction Rapid Transit (Subledger RD200013)

AECOM Canada Ltd.- \$672,000.00 (excluding HST)

Dillon Consulting Ltd.- \$623,000.00 (excluding HST)

Sources of Financing (Continued)	Approved Budget	Committed To Date	This Submission	Balance for Future Work
RT1430-1A - Wellington Gateway (South) Construction Rapid Transit				
Capital Levy	1,950,756	1,950,756	0	0
Debenture by-law No. W.-5699-66 (Note 2)	2,095,077	905,868	72,441	1,116,768
Public Transit Infrastructure Stream (PTIS) - Federal Funding	28,363,200	28,363,200	0	0
Public Transit Infrastructure Stream (PTIS) - Provincial Funding	23,633,636	23,633,636	0	0
Drawdown from City Services - Roads Reserve Fund (Development Charges) (Note 1)	16,775,371	16,775,371	0	0
Debenture by-law No. W.-5699-66 (Serviced through City Services - Roads Reserve Fund (Development Charges)) (Note 1 and 2)	17,370,808	7,334,074	611,386	9,425,347
Other Contributions	2,579,895	2,579,895	0	0
RT1430-1A Total	92,768,743	81,542,800	683,827	10,542,116
Total Financing	\$229,833,487	\$145,362,723	\$1,317,791	\$83,152,973

Financial Note	RT1430-3A (Dillon)	RT1430-1A (AECOM)	Total
Contract Increase	623,000	672,000	1,295,000
Add: HST @13%	80,990	87,360	168,350
Total Contract Increase Including Taxes	703,990	759,360	1,463,350
Less: HST Rebate	-70,026	-75,533	-145,559
Net Contract Increase	<u>\$633,964</u>	<u>\$683,827</u>	<u>\$1,317,791</u>

Note 1: Development Charges have been utilized in accordance with the underlying legislation and the approved 2019 Development Charges Background Study and the 2021 Development Charges Background Study Update.

Note 2: Administration hereby certifies that the estimated amounts payable in respect of this project does not exceed the annual financial debt and obligation limit for the Municipality from the Ministry of Municipal Affairs in accordance with the provisions of Ontario Regulation 403/02 made under the Municipal Act.

Jason Davies
Manager of Financial Planning & Policy

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