Minutes – Executive Policy Committee – July 8, 2015

REPORTS

Item No. 8 Single Source Negotiation and Award of Contract – 2015 North East Exchange District Street Renewal Project

EXECUTIVE POLICY COMMITTEE DECISION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service:

1. That a single source negotiation with MMM Group Limited, in the estimated amount not to exceed $195,000.00 plus G.S.T and M.R.S.T, be approved for engineering services related to the detailed design, contract administration and post construction services for works to be carried out in 2015 for the North East Exchange District Street Renewals Project pursuant to B4.1 (f) of the Materials Management Policy where compatibility of a purchase with existing facilities, equipment or services is the paramount consideration.

2. That subject to the approval under recommendation 1, the Director of Public Works approve the award of contract to MMM Group Limited in the estimated amount of $195,000.00, plus GST and M.R.S.T.

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: MM REF NO. 420-2015 SINGLE SOURCE NEGOTIATION AND AWARD OF CONTRACT FOR PROFESSIONAL CONSULTING SERVICES RELATED TO THE DETAILED DESIGN, CONTRACT ADMINISTRATION AND POST CONSTRUCTION SERVICES FOR THE 2015 NORTH EAST EXCHANGE DISTRICT STREET RENEWALS PROJECT

Critical Path: EXECUTIVE POLICY COMMITTEE

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
L. Deane, P.Eng.	B.W. Sacher, P. Eng.	M. Ruta	M. Jack COO

RECOMMENDATIONS

1. That the Executive Policy Committee approve a single source negotiation with MMM Group Limited in the estimated amount not to exceed $195,000.00, plus G.S.T and M.R.S.T, for engineering services related to the detailed design, contract administration and post construction services for works to be carried out in 2015 for the North East Exchange District Street Renewals Project pursuant to B4.1 (f) of the Materials Management Policy where compatibility of a purchase with existing facilities, equipment or services is the paramount consideration.

2. Subject to the approval under recommendation 1, the Director of Public Works approve the award of contract to MMM Group Limited, in the estimated amount of $195,000.00, plus GST and M.R.S.T.

REASON FOR THE REPORT

In accordance with B1.1 of the Administrative Standard No. FM-002, the approval of the Executive Policy Committee is required for any single source negotiation for consultant services where the estimated value relating to capital projects exceeds $100,000.00 in total, including all phases of any given project.

Following single source negotiations approval by the Executive Policy Committee, as the Contract amount does not exceed Two Million Dollars ($2,000,000.00), and there are sufficient funds in an approved budget, the Director of Public Works may award the contract in accordance with the authority delegated to him pursuant to Administrative Standard FM-002.

IMPLICATIONS OF THE RECOMMENDATIONS

The 2015 Capital Budget adopted by Council on March 23, 2015 includes funding for the 2015 Regional and Local Street Renewal Program in the amount of $103,292,000.00: with $41,379,000.00 allocated to the Regional Street Renewal Program. The 2015 Regional Street Renewal Program includes $1,500,000.00 of funding for the Sidewalk, Curb, and Street Renewals on Downtown Streets.

The financial status of the project is as follows:

Authorized Funding

2015 Downtown Streets: Sidewalks, Curb and Street Renewals.....$1,500,000.00
Less: Estimated Total Project Costs of Previous Awards..... ($0.00)
Amount Available for this Award of Contract.....$1,500,000.00

Amount of this Award.....$195,000.00
MRST on Detailed Design $3,192.00
Engineering Administration $5,950.00

Estimated Total Project Costs $204,142.00

Remaining 2015 Downtown Streets: Sidewalks, Curb, and Street Renewals.....$1,295,858.00
Estimated Surplus.....$400,000.00

HISTORY

On November 5, 2013, the Director of Public Works awarded a contract to MMM Group Ltd. in the amount of $575,000.00 with an additional estimated amount of $143,750.00 for Other Project Costs for the North East Exchange District engineering study in accordance with RFP NO. 705-2013 which was a public bid solicitation.

The purpose of the study was:

a) To develop a detailed engineering plan that includes the preliminary design of the identified rights-of-way of the North East Exchange District and an implementation plan to prioritize and schedule the proposed work. The plan will be a proactive approach to have cost certainty for the proposed various works and sufficient lead time to coordinate any required improvements to the above ground and subsurface utilities. The plan will also ensure consistency in the design intent and feel of the rights-of-way for the area.

The objectives of the study are to:

(a) Ensure the rights-of-way match the anticipated land use;
(b) Ensure all planned surface works improvements are well coordinated with planned underground improvements;
(c) Ensure the area is walkable and accessible;
(d) Provide recommendations to improve the rideability, drainage and condition of the pavement for the various streets in the area;
(e) Ensure public transit amenities are accessible and available;
(f) Identify any improvements to bicycle parking or facilities;
(g) Ensure the design conforms to CPTED principles, such as ensuring the rights-of-way are adequately lit;
(h) Provide sustainable and practical solutions for new tree installations, street lighting and other public amenities; and
(i) Determine loading and on street parking supply.

The study was completed this winter. The study included identifying infrastructure improvements that are to be phased over a number of years.

On June 25, 2014 City Council approved an increase to the Downtown Streets line item in the Regional and Local Street Renewal program in the 2014 approved capital budget from $1,500,000 to $2,700,000, where $1,200,000 of the difference be funded by CentreVenture Development Corporation. City Council approved that $2,040,000 of the Downtown Streets budget be used to fund the 2014 North East Exchange District Road Renewal Projects.

On July 9, 2014, the Executive Policy Committee approved single source negotiations with MMM Group Limited for engineering services related to the detailed design, contract administration and post

construction services for works to be carried out in 2014 for the North East Exchange District Street Renewals Project.

The funding partnership between the City of Winnipeg and CentreVenture Development Corporation has worked well to date with efficient delivery of the North East Exchange infrastructure projects.

The works to be completed in 2015 are estimated to cost approximately $1.2 million to which Public Works will be contributing $600,000 and Centre Venture $600,000. A summary of the proposed 2015 work is included as Appendix 1. In order to deliver the improvements in 2015, bid opportunities must be advertised as soon as possible. To ensure this occurs, an engineering consultant must be assigned immediately to prepare the final designs and the bid opportunities.

The works to be completed in 2016 are estimated to cost approximately $3.3 million to which Public Works will be contributing $1.8 million and Centre Venture $1.5 million. The $1.8 Million Public Works contribution will be made up of $400,000 of expected actual surplus from the 2014 Downtown Regional Streets Projects, $400,000 projected surplus from the 2015 Downtown Regional Streets Projects, and $1,000,000 current projected budget for 2016 Downtown Regional Streets. The engineering Detailed Design for the 2016 construction projects will be completed in 2015 using 2015 funds included in this award. After approval of the 2016 budget by Council an over expenditure report will be prepared to expend an additional $170,000.00 for the Contract Administration and Post Construction Services for the 2016 work.

Since the MMM Group is currently working on the project, it is recommended that a sole source assignment be awarded to them. They have developed a strong rapport with the area business and residents. They have submitted a proposal of $195,000.00 plus GST and MRST for the Detailed Designs, Contract Administration and Post Construction Services for the 2015 work. Their submitted proposal was reviewed and found acceptable. Their cost of providing the services was also found to be acceptable.

The Contract Administrator has reviewed the work with the recommended bidder and is satisfied that they have the necessary resources and experience to perform the work of the contract.

The Materials Management Policy allows for this single source negotiations under:

> *B4.1(f) the compatibility of a supply with existing property or services is the paramount consideration and that supply is available only from a single supplier*

As this is a consultant contract, the Manager of Materials has waived the requirement for bid and performance security.

<u>Cost-Benefit Analysis for Single Sourcing the Consulting Services for North East Exchange 2015 and Future 2016 Street Renewals</u>

MMM Group Limited has completed the data collections, topographic surveys and preliminary design that is required to perform the detailed design. This was performed through the North East Exchange District Engineering Study which was awarded to MMM Group Limited through a public bid solicitation. This provides MMM Group Limited with the in-depth knowledge of the technical requirements and enables them to expedite the Construction Bid Opportunity in an efficient manner.

The North East Exchange District Study included a high degree of public engagement and public communications. The 2014 North East Exchange District Renewals administered by MMM Group Limited also had a significant amount of direct communication with many area residents and business.

Through these efforts MMM Group Limited has developed a strong rapport with the area businesses and resident and also understands the level of continued communications that is required.

The above reasoning provides cost assurance for the consulting services contract as the level of effort required for working within this old area of downtown which has many technical complications and a high level of resident and business interaction is known to MMM Group Limited ahead of the performing the work. It also provides the minimal costs for these services as a new consultant service provider would need to expend fees to:

- Recalibrate the existing topographic information;
- Develop a new engineering base plans suited to their drawing working environment;
- Meet and develop relationships with the area residents and business, and;
- Additional efforts to prepare the Bid Opportunity documents. The abundance of street lighting, electrical, structural and landscaping architectural specifications and details have already been developed by MMM Group Limited and their sub-consultants and can be tailored for the 2015/2016 projects with ease.

The costs associated with the above rationale would be expected to cost 1.5% of all project costs which is $67,500. Therefore that is the direct savings related to the Professional Engineering Services contract. Given MMM Group Limited's vast experience in the area, they are also able to mitigate contractual and construction risk through well prepared Bid Opportunity documents to save the City from possible construction change orders. This was proven through the 2014 North East Exchange Projects administered by MMM Group Limited, which is currently under the construction budget.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 15, 2015

Project Name: **First Year of Program** **2015**

MM REF NO. 420-2015 SINGLE SOURCE NEGOTIATION AND AWARD OF CONTRACT FOR PROFESSIONAL CONSULTING SERVICES RELATED TO THE DETAILED DESIGN, CONTRACT ADMINISTRATION AND POST CONSTRUCTION SERVICES FOR THE 2015 NORTH EAST EXCHANGE DISTRICT STREET RENEWALS PROJECT

	2015	2016	2017	2018	2019
Capital					
Capital Expenditures Required	$ 204,142	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	204,142	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ 2,661	$ 2,661	$ 2,661	$ 2,661
Less: Incremental Revenue/Recovery	5,950	-	-	-	-
Net Cost/(Benefit)	$ (5,950)	$ 2,661	$ 2,661	$ 2,661	$ 2,661
Less: Existing Budget Amounts	(5,950)	2,661	2,661	2,661	2,661
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: A report is being submitted for Council approval which is requesting approval for this project and also the contribution made by CentreVenture to bring the estimated total cost for this project in 2015 to $1,200,000.00. Total estimated costs of $204,142.00 will be funded by the 2015 Regional Street Renewal Program (Public Works Capital Project # 1804200415 - Downtown Reg Streets). Recoveries represent the Department Engineering Administration Overhead. Direct Costs represent the Debt and Finance charges on the External Debt funding.

"Original signed by D. Stewart, CA"

D. Stewart, CA
Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

Planning, Property and Development – Urban Design Division
Legal Services Department (as to legal issues)
Materials Management Division
Corporate Finance Department

SUBMITTED BY

Department: Public Works
Division: Engineering
Prepared by: S. Suderman. P. Eng.
Processed by: J. Curti/K. Ross
Date: June 15, 2015
File No. 15-B-03
Filename: L:\Admin\Single Source Purchase\S Suderman\420 2015-2016 North East Exchange\SS - North East Exchange Consulting Services 2015 - Award Report Revised June 8 15.doc

Appendix 1 – North East Exchange District Street Renewals 2015 Table

2015 North East Exchange Street Renewals				***Construction Estimate***	***Project Budget***
P/66	MJRH	*1*	Rorie Street - Market Avenue to Bannatyne Street	**$400,000**	**$600,000**
P/66	Renewal	*1,2*	John Hirsch Place - From Rorie Street to Bertha Street	**$330,000**	**$500,000**
P/66	Reconstruction	*1,3,4*	Lily Street - Market Avenue to Galt Avenue	**$0**	**$100,000**
				Total Project Package Budget	**$1,200,000**

Additional Information:

1 *Includes all streetscaping, pedestrian lighting, wayfinding, and historic interpretations*
2 *Pavement preservation and sidewalk renewal*
3 *Detailed Design Phase in 2015 in preparation for early 2016 tendering. Detailed design to be presented to area stakeholders for coordinating area inititaves and ensuring all area stakeholders are notified well in advance*
4 *Lily Pocket Design Competition in 2015 by others*