



City of Richmond

Report to Committee

To: Special General Purposes Committee **Date:** June 20, 2013

From: Andrew Nazareth
General Manager, Finance and Corporate Services **File:**

Robert Gonzalez
General Manager, Engineering and Public Works

Re: **Contract 4609 EOI - Construction Manager for the City of Richmond**

Staff Recommendation

- (1) That Stuart Olson Dominion be awarded the contract to provide Construction Management contract services (Contract 4609 EOI – Construction Manager for the City of Richmond), for selected facility construction capital projects to be delivered over a five-year term, with options for 2 (two) additional 1 (one) year extensions.
- (2) That staff be authorized to take all necessary steps to complete the matter including authorizing the Chief Administrative Officer and the General Manager, Finance and Corporate Services to negotiate and execute all documentation to complete the transaction described in the staff report dated June 20, 2013.

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REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Law	<input checked="" type="checkbox"/>		
REVIEWED BY DIRECTORS	INITIALS: 	REVIEWED BY CAO	INITIALS:

Staff Report

Origin

In March 2009, Council endorsed the Corporate Facilities Implementation Plan (CFIP). The CFIP integrated long term planning for Recreation and Cultural Services facility replacement needs with the broader corporate facility needs, resulting in a comprehensive prioritized listing. Over the last few years, some of the facilities on the CFIP have been delivered, such as the Hamilton Community Centre and the RCMP building on No 5 Road. In addition, the developer for the Quintet residential development is well into construction of the building and shell space for the City Centre Community Centre.

The City is now about to embark on an ambitious facility replacement program to address the balance of the high priority projects which include; Fire Hall #1, the Older Adults Centre and the Minoru Aquatics Centre. A facility replacement program of this magnitude and significance requires a sound strategy for managing the construction of these facilities concurrently.

It is intended that the City utilize the same type of cost containment program that was used successfully during the construction of the Richmond Olympic Oval with the use of construction management (CM) services. Some of the benefits of hiring a CM would include reduced procurement time, enabling the City the ability to deliver a project quicker; a lower cost to provide CM services which are required on only large capital projects; one CM responsible for the program as opposed to many different firms thereby reducing administration costs, staffing efficiencies and providing early cost management tools.

To achieve this objective, on October 20th, 2011, staff issued a Request for Expressions of Interest (EOI) to invite submissions from qualified CM's for the potential opportunity to enter into a multi-year contract with the City to provide construction management services on selected facility capital projects. The objective of this EOI was to establish a shortlist of qualified CMs.

In anticipation of seeking a service provider for this specialized service, in 2012 the CAO undertook a strategic realignment of the City's Capital Buildings Project Development Section, together with its roles and responsibilities.

This initiative is in line with Council Term Goals specific to the development and implementation of a comprehensive facility development plan that meets current and future needs.

Analysis

A total of fifteen firms submitted responses to the EOI. Through a team evaluation process involving members of the Finance and Corporate Services Department and the Capital Buildings Project Development Section, a shortlist of five firms was established. The five shortlisted Respondents made formal presentations to the evaluation team. Three firms were further shortlisted from this process and each were approached to provide specific rate and hourly pricing for construction management services as well as any value added incentives, permissible under this Expression of Interest process.

After further analysis, in early September 2012, the three firms were requested to provide best and final offers to the City. Specifically, the three firms were asked to provide the names of team members for the following positions; Construction Manager, Construction Project Lead, Senior Estimator, Senior Superintendent and Project Coordinator for Building Systems, including the individual members' relevant experience, qualifications, roles and responsibilities, leadership experience and any other qualifying criteria. The CM's were asked to provide their best and final construction management fee rates, hourly rates for personnel identified and any expected annual hourly rate increases. In addition, the CM's were given an opportunity to outline potential community benefits of a monetary value based on their organization's ability to provide value added support beyond the lowest point of purchase pricing.

On September 21st, 2012, best and final offers were received by the City. The offers received were evaluated on general requirements, team resources and experience, project methodology and work schedule, and fixed fee costs with Stuart Olson Dominion receiving the highest overall score, and offering a fixed CM fee of \$2,250,000 based on the value of \$150 million in capital projects.

Overall, in terms of best value comparison, all three CM's are very capable and have the capacity to deliver on the City's requirements, however, Stuart Olson Dominion offers the City the best value in terms of the lowest cost and the highest community benefit in the form of a cash sponsorship for the Richmond Olympic Experience Project.

Further negotiations with Stuart Olson Dominion are required to determine the final contract terms. The highlights of the business deal include the following:

- Stuart Olson Dominion will provide construction management service to the City for a fixed fee of \$2,250,000 based on the value of \$150 million in capital projects.
- The provision of construction management services including, but not limited to; to advise the City on constructability issues and assume a lead role, in conjunction with the City in procuring and managing sub-trade contracts as well as daily construction activities, schedule and budgets.
- A contract term of 5 (five) years with an option to extend for 2 (two) additional 1 (one) year terms.
- The Primary Team Members (Construction Project Lead, Construction Manager, Senior Estimator, Senior Superintendent and Project Coordinator for Building Systems) must remain intact for the duration of the initial five year term at the hourly rates as per the best and final offer submission.
- The City, at its option, may terminate any construction management agreement entered into between Stuart Olson Dominion and the City should the sponsorship agreement not be executed by the parties by September 13, 2013; or if Stuart Olson Dominion defaults on the payment of the sponsorship fee.

Financial Impact

Staff analysis has concluded that the Stuart Olson Dominion offer provides the best overall value to the City with the lowest cost offered by today's marketplace at a fixed CM fee of \$2,250,000. This does not include staffing salaries which will be billed on a project by project basis at the prescribed personnel hourly rates by Stuart Olson Dominion as per their best and final offer.

Conclusion

Through the multi-phased and rigorous selection process, staff have identified Stuart Olson Dominion as the preferred long term service provider for the delivery of selected facility capital construction projects over a five-year period, with an option to extend the contract for 2 (two) additional 1 (one) year periods.



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