



**City of Kingston
Information Report to Council
Report Number 18-342**

To:	Mayor and Members of Council
From:	Jim Keech, President and CEO, Utilities Kingston
Resource Staff:	Mark Van Buren, Deputy Commissioner of Transportation & Infrastructure Services – Engineering and Major Projects
Date of Meeting:	September 4, 2018
Subject:	Third Crossing – Update

Executive Summary:

Following the direction of Council, staff have concluded efforts that have resulted in signed grant funding agreements with both the Province of Ontario and the Government of Canada. Based upon resolution of Council, the agreements each represent \$60M in grant funding thereby contributing a total of \$120M or two-thirds of the total \$180M budget established for completion of the final design and construction of the Third Crossing project.

The Request for Proposals (RFP) for the final design and construction of the bridge project was issued early this year and resulted in the receipt of seven (7) proposals from reputable international companies. Given the size and scope of this project and the importance of transparency, the preparation of the RFP document including the development and oversight of the proponent team evaluations and selection process was provided by The Procurement Office, a consulting firm that specializes in public sector procurement. The results of the initial proposal evaluations yielded a short-listed group of the top three (3) ranked proponents who subsequently participated in commercial confidential meetings with the City's evaluation team and were then invited to prepare a Best and Final Offer (BAFO) proposal. The final evaluation of the BAFOs resulted in Peter Kiewit Sons ULC (Kiewit) achieving the highest score and overall top-ranked proponent as determined through a rigorous procurement process.

Recommendation:

This report is for information purposes only.

Authorizing Signatures:

ORIGINAL SIGNED BY PRESIDENT & CEO, UTILITIES KINGSTON

Jim Keech, President and CEO, Utilities Kingston

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Lanie Hurdle, Commissioner, Community Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	√
Denis Leger, Commissioner, Corporate & Emergency Services	Not required

Options/Discussion:

Grant Funding Agreements - Update

In June 2017, Council approved recommendations related to the completion of work associated with both the Preliminary Design Study Report and the Business Plan for the Third Crossing project. Council also provided direction to staff to undertake the completion of the Third Crossing project including procurement, final design, and construction completion upon confirmation of grant funding from the Province of Ontario and the Government of Canada, representing at least a total of two-thirds funding of the project cost.

On June 12, 2017 the Province of Ontario announced grant funding in the amount of \$60M for the construction of the Third Crossing project. Following this funding announcement, staff worked with key contacts within the Ontario Ministry of Infrastructure to prepare the necessary grant funding agreement between the City of Kingston and the Ontario Ministry of Agriculture, Food and Rural Affairs. The final agreement was executed between the parties on April 23, 2018. On February 21, 2018 the Government of Canada also announced grant funding in the amount of \$60M for the project under the Building Canada Fund (Provincial-Territorial Infrastructure Component). In a similar manner, staff worked with key contacts at Infrastructure Canada to prepare an agreement between the City of Kingston and the Government of Canada that was executed between the parties on July 3, 2018.

Procurement - Update

On December 1, 2017, staff issued a notice of intended procurement in conformance with trade treaty requirements. The purpose of this notice was to announce the City's intention to undertake a Request for Proposals (RFP) process for the final design and construction of the Third Crossing Bridge Project in Kingston subject to confirmation of upper level government funding. The notice also signaled that the RFP was expected to be issued in early 2018 and that the City intended to seek qualified and reputable corporations or consortia interested in providing final design and construction services for the project based on a form of Integrated Project Delivery (IPD) model.

An IPD model is a relatively new innovative concept in infrastructure that has helped large infrastructure projects across North America be completed on time and under budget. Unlike traditional construction Design Builds or Design Bid Builds, the IPD Team (the designer/contractor) and the City (owner) develop goals at the project's outset, share information and accept their respective responsibilities as equal partners. The entire team shares the financial risk and reward as an integrated team and participates in meaningful collaboration through co-location and shoulder-to-shoulder working relationships. Using an IPD model allows for the team to build trusting and valued relationships to verify the preliminary design, to explore innovation and opportunities for efficiency during detailed design, and to have access to a builder's practicality, promoting an overall efficient construction phase.

As the largest transportation infrastructure project the city has undertaken and given the importance of transparency, the City secured the service of The Procurement Office, which is a

consulting firm that specializes in public sector procurement and has expertise with the IPD model and trade treaty requirements. The Procurement Office guided City staff in the preparation of the RFP documents including the development of the evaluation and selection process. The Procurement Office also provided oversight throughout the entire procurement to ensure the processes established in the RFP were strictly adhered to.

Following confirmation of the federal government grant funding, staff issued the RFP on February 28, 2018. The RFP for the detailed design and the construction of the Third Crossing closed on May 2, 2018 with the receipt of seven (7) submissions from companies across Canada. Proposals were received from:

- Chandos Construction Ltd
- Dragados Canada, Inc
- Graham Construction and Engineering LP
- Kingston Integrated Transit Solutions (Ellis Don)
- Kingston Third Crossing Partners (Astaldi)
- Peter Kiewit Sons ULC
- Pomerleau Inc.

The City's evaluation team consisted of four City staff members. In keeping with the terms of the RFP evaluation process developed, the proposals received from each of the proponent teams were evaluated against Initial Evaluation Criteria that included:

- Experience and Qualifications (15 points)
- Project Management & Governance Strategy (30 points)
- Project Delivery Considerations (40 points)
- Financial Considerations (12 points)
- AODA Compliance (3 points)

The top three (3) ranked proposals from proponent teams following the initial evaluation were then invited to enter into concurrent negotiations with the City of Kingston. During these concurrent negotiations, the City provided each of the short-listed proponents with any additional information (supplementary disclosure documents) in order to seek further information and proposal improvements from each short-listed proponent. The City also held nine (9) Commercially Confidential Meetings (CCMs) with the short-listed proponents and the City's evaluation team.

The CCMs allowed for meaningful dialogue regarding each short-listed proponent's proposals and provided feedback to the proponents to identify potential gaps and discussions of potential alternate approaches to fulfill the RFP's requirements. Short-listed proponents were then able to revise their initial proposal submissions and submit their Best and Final Offer (BAFO) proposal for final evaluation and ranking. Each BAFO was evaluated against the Final Evaluation Criteria that included:

- Project Management & Governance Strategy (45 points)
- Project Delivery Considerations (35 points)
- Financial Considerations (20 points)

The final ranking of the short-listed proponents was as follows:

1. Peter Kiewit Sons ULC	91 out of 100 points
2. Graham Construction and Engineering LP	83 out of 100 points
3. Pomerleau Inc.	77 out of 100 points

The City’s evaluation team concluded that the Kiewit team provided the highest ranked BAFO and consistently scored the highest on all three of the Final Evaluation Criteria listed above. The Kiewit team provided a very detailed project management and organizational structure for the Third Crossing project that highlighted past working relationships between Kiewit, Hatch and SYSTRA and also demonstrated how City staff would be integrated into the team to create a highly collaborative and efficient team to deliver the project.

Kiewit also demonstrated an excellent understanding of the Third Crossing project including work completed by the City to date as part of the Environmental Assessment and the Preliminary Design. Kiewit provided a number of project delivery considerations that can be used to optimize the design of the bridge, aid in efficiencies during bridge construction, innovative approaches to maximize the life cycle of the bridge, and thereby yield overall cost savings to the project.

The Kiewit team also proposed a thoughtful and meaningful approach to continued engagement with key project stakeholders, Indigenous communities, and neighbouring communities adjacent to the construction site. The schedule provided by the Kiewit team has an anticipated construction start date in the summer of 2019 which also aligns with the requirements of the Federal/Provincial agreements through to project completion. With respect to financial consideration, the Kiewit team had a solid understanding of the IPD’s incentive-based philosophy to create value through practical design and construction innovations.

In addition, the IPD’s value proposition promotes a highly focused and motivated team to deliver the project through the use of tools including target value design, pull planning, and last-planner system to create design and construction cost savings to achieve the best overall project value. Furthermore, the Kiewit team proposed the engagement of key trade partners and subcontractors specifically related to steel fabrication and bridge foundation construction that will create design efficiencies, cost savings, and project risk reduction. As a result, Kiewit’s BAFO has provided City staff with a high degree of confidence in the ability of the Kiewit team to deliver the Third Crossing project on schedule and within the budget approved by Council.

Communication & Public Engagement - Update

City staff recognize the importance of ongoing meaningful communication and public engagement with residents on the project. Over the last few months staff have continued to meet with businesses, utility stakeholders and residents along the east and west approaches of the bridge to inform them on the latest progress and establish open lines of communication. These conversations and dialogue have been tremendously helpful for the city as the project moves toward detailed design and construction.

In addition to stakeholder and resident meetings, staff have also been working on tools to help communicate the latest information on the project. This includes a newly created project website, an e-newsletter and a Third Crossing 'Get Involved' page on the City's public engagement site to encourage residents to ask questions.

The team are also exploring the creation and use of project specific social media accounts like Facebook, Instagram and Twitter to help reach more residents and stakeholders with information related to the project.

Now that the Kiewit team is in place, over the next several months, the project team will be finalizing the communication plan and public engagement approach. This includes discussion with the community on elements like the detailed design of the bridge, the environmental work with Parks Canada (Detailed Impact Assessment), public art, and construction mitigation efforts.

Project Next Steps

With the provincial and federal funding committed and agreements in place, and a successful proponent team onboard, the project team will begin work on the design of the bridge. Over the Fall of 2018 the team will be doing some initial site preparation, additional field investigations, stakeholder engagement, and ongoing public communications related to the project.

Existing Policy/By-Law:

By-Law Number 2000-134, "A By-Law to Establish Purchasing Policies and Procedures".

Notice Provisions:

Not applicable

Accessibility Considerations:

The RFP for the final design and construction of the Third Crossing project required each proponent team to provide a narrative description of the accommodations under both the Accessibility for Ontarians with Disabilities Act, 2005 and the Ontarians with Disabilities Act, 2001 that would be undertaken as part of a project of this nature. Points in this category were awarded based on the proponent's demonstrated understanding of the accommodations that need to be considered and made in the project including but not limited to communications in multiple formats, temporary sidewalks, and safety barriers for persons with disabilities.

Financial Considerations:

Financial considerations was one of the criteria used in the evaluation of proposals received for the final design and construction of the Third Crossing. All three shortlisted proponents stated in their BAFOs that the \$180M project budget was sufficient to complete the design and construction of the Third Crossing project.

Contacts:

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Other City of Kingston Staff Consulted:

Ahmed Zayan, Manager of Purchasing, Financial Services

Susan Nicholson, Director of Legal Services & City Solicitor

Exhibits Attached:

Not applicable