

February 25, 2013

To: His Worship the Mayor
and Members of City Council

Re: Wastewater Treatment Plant Upgrade – Procurement Team Contracts

**RECOMMENDATION OF THE EXECUTIVE COMMITTEE
- FEBRUARY 13, 2013**

1. That the Deputy City Manager of City Operations be authorized to negotiate and approve the terms of an addendum (Addendum) to the Pre-Design, Design and Construction Services Agreement between the City and AECOM Canada Ltd. (AECOM) dated as of January 31, 2011 and amended on September 25, 2012 to have AECOM provide engineering, technical, design and construction advice to the City for the remainder of the Project;
2. That the Deputy City Manager of City Operations issue a request for proposals (Fairness Advisor request for proposal (RFP)) to obtain an independent fairness advisor to advise the City on delivery planning and procurement of the Project;
3. That City Council authorize the Deputy City Manager of City Operations to award and finalize the terms of an agreement with the successful proponent chosen from the Fairness Advisor RFP;
4. That the Deputy City Manager of City Operations issue a request for proposals (Business Advisor RFP) to obtain a business advisor to advise the City with financial and business matters in relation to procurement phase of the Project;
5. That City Council authorize the Deputy City Manager of City Operations to award and finalize the terms of an agreement with the successful proponent chosen from the Business Advisor RFP; and
6. That the City Clerk be authorized to execute the following agreements after review and approval by the City Solicitor:
 - a. the Addendum;
 - b. the contract awarded to the successful proponent as a result of the Fairness Advisor RFP; and
 - c. the contract awarded to the successful proponent as a result of the Business Advisor RFP.

EXECUTIVE COMMITTEE – FEBRUARY 13, 2013

The Committee adopted a resolution to concur in the recommendation contained in the report.

Mayor Michael Fougere, Councillors: Sharron Bryce, Bryon Burnett, John Findura, Jerry Flegel, Shawn Fraser, Bob Hawkins, Terry Hincks, Mike O'Donnell and Barbara Young were present during consideration of this report by the Executive Committee.

The Executive Committee, at its meeting held on February 13, 2013, considered the following report from the Administration:

RECOMMENDATION

1. That the Deputy City Manager of City Operations be authorized to negotiate and approve the terms of an addendum (Addendum) to the Pre-Design, Design and Construction Services Agreement between the City and AECOM Canada Ltd. (AECOM) dated as of January 31, 2011 and amended on September 25, 2012 to have AECOM provide engineering, technical, design and construction advice to the City for the remainder of the Project;
2. That the Deputy City Manager of City Operations issue a request for proposals (Fairness Advisor request for proposal (RFP)) to obtain an independent fairness advisor to advise the City on delivery planning and procurement of the Project;
3. That City Council authorize the Deputy City Manager of City Operations to award and finalize the terms of an agreement with the successful proponent chosen from the Fairness Advisor RFP;
4. That the Deputy City Manager of City Operations issue a request for proposals (Business Advisor RFP) to obtain a business advisor to advise the City with financial and business matters in relation to procurement phase of the Project;
5. That City Council authorize the Deputy City Manager of City Operations to award and finalize the terms of an agreement with the successful proponent chosen from the Business Advisor RFP; and
6. That the City Clerk be authorized to execute the following agreements after review and approval by the City Solicitor:
 - d. the Addendum;
 - e. the contract awarded to the successful proponent as a result of the Fairness Advisor RFP; and
 - f. the contract awarded to the successful proponent as a result of the Business Advisor RFP.

CONCLUSION

The Administration has been assessing procurement options for the Wastewater Treatment Plant (WWTP) upgrade that will result in a recommended procurement approach to City Council. External business and technical expertise has been used to arrive at this stage of work; however, the renewal and assignment of new contracts are needed before further work on project procurement and delivery can continue. Approval of the recommendations in this report will give authority for the Deputy City Manager Operations to procure a fairness advisor, business advisor and extend the contract with the City's existing technical advisor, AECOM. External advisors are required for this project regardless of the final procurement decision of City Council.

City Administration will endeavour to minimize the cost for advisory services during the work performed in seeing the project through to completion.

BACKGROUND

For the past several years, the City has been planning a for the WWTP upgrade. In the last year, the WWTP upgrade project has made significant progress with the completion of a number of background reports, a preliminary concept plan and the pre-design phase, which brings the WWTP to the 20 percent design level. The Administration is currently working towards the development of a recommended procurement approach and will be bringing a separate report to Council on this issue.

In 2008 (CR08-28), City Council authorized the Administration to initiate a selection process to obtain consulting engineering services for the WWTP upgrade project. City Council's approval in CR08-28 provided authority to award a contract up to the completion of the pre-design stage (which includes the Administration's recommendation relating to procurement method). In early 2011 the City engaged AECOM through a qualifications based selection process to provide engineering, technical and construction advisory services. This was based on design bid build project delivery that contemplated fees up to \$18 million with multiple stages each requiring a contract amendment. As the pre-design stage and recommendations relating to procurement method are nearly complete, the Administration requires Council approval to extend the engagement of AECOM to provide expert technical, design, and construction advice to the City for the remainder of the Project.

The Administration also requires expert technical, financial and business advice and the services of a fairness advisor for the procurement approach, procurement process and deliver of the project. In order to procure such business advisory services and a fairness advisor, the Administration requires Council approval to initiate the required request for proposals selection processes.

DISCUSSION

To develop and deliver the WWTP upgrade project, the Administration requires external engineering and business/financial advisory services to provide advice and technical expertise. In addition to these services, a fairness advisor is required to ensure the procurement process is conducted in accordance with the pre-established process and evaluation criteria.

Engineering, Technical and Construction Advisors

Pursuant to a public procurement process authorized by City Council in CR08-28, the City has engaged AECOM to provide engineering, technical and construction advice for the development of the WWTP Upgrade, with the current contract contemplating services up to the completion of the pre-design stage (which includes the Administration's recommendation relating to procurement method). AECOM was the selected proponent to provide engineering services for the duration of the WWTP Upgrade project. As the project is set to advance past the pre-design stage, Council approval is required to extend AECOM's engagement to provide expert technical, design and construction advice to the City for the remainder of the Project.

In general, AECOM will assist City administration in:

1. Developing and executing a procurement process for the design and construction of the WWTP Upgrade using the desired procurement method;
2. Establishing the conceptual design requirements to ensure the procurement process and requirements are clear and effective. Reviewing submissions and provision of expert advice about the feasibility of the proposals;
3. The creation of a master agreements with the successful proponent including the creation of a performance criteria matrix; and
4. The provision of expert advice during the design and construction of the facility.

AECOM will provide a proposal for contract amendment depending on the delivery method selected. The amendment will be within the approved estimate of \$18 million.

Fairness Advisor

Leading practice in other Canadian jurisdictions is to use such oversight as best practice when dealing with large, complex procurements. A fairness advisor has been appointed for the RRI Stadium Project and it would be appropriate to also have one appointed for the WWTP Upgrade as the project is large and complex.

The fairness advisor's role is to ensure the procurement process is conducted in accordance with the pre-established process and evaluation criteria. The fairness advisor will monitor the procurement process to ensure that it is fair and provide an independent opinion by observing and reviewing the transaction process. The fairness advisor must act independently of the City of Regina and will report their advice and requirements directly to the City Manager. The fairness advisor's process will include, but is not limited to, the following:

1. Review any transaction documents at the fairness advisor's discretion, including invitation documents and their addenda, the process framework and evaluation worksheets;
2. Attend meetings where evaluation findings and recommendations are formally presented and monitor the fairness of such proceedings and the findings made there, and attend and monitor any other meetings related to the fairness of the process at the fairness advisor's discretion;

3. Participate in meetings in person and by telephone as scheduled, identify priority fairness-related issues, critical path constraints, and manage his/her assignment in a timely and cost-effective manner;
4. Deliver reports to the City at the completion of all relevant procurement process stages; and
5. Provide proactive input at the earliest stage possible with respect to potential fairness issues, if it were not for such input, might give cause to a finding of a breach of fairness.

Business and Financial Advisor

As the WWTP Upgrade project is nearing a decision point in relation to the desired procurement method, the Administration will require business and financial advisory services to carry out the ultimate procurement and execution of the project regardless of the procurement method chosen.

In general, the financial and business advisor will assist City administration in:

1. Developing procurement documents.
2. Assist in drafting master agreements with the successful proponent.
3. Providing overall advice on procurement strategy and process, communications, legal and facilities (performance criteria matrix) to achieve all milestones on schedule.
4. Conducting risk analysis and allocation.
5. Preparation of financial models and cost estimates.
6. Proposal evaluation and proposal scoring grids and management of proposal evaluations.
7. Transferring of knowledge to City staff.

All proposed external service providers will provide expert advice and management to the Administration. Once the procurement process is complete, AECOM will continue through to the final construction of the WWTP Upgrade to provide expert technical and construction advice.

RECOMMENDATION IMPLICATIONS

Financial Implications

The activities required to bring a procurement plan to Council will be funded within the current budget. The funding for future advice and support relates to the implementation of a procurement process for the WWTP Upgrade will be detailed as part of a future procurement plan report to City Council.

Environmental Implications

None with respect to this report.

Strategic Implications

Contracting a professional team of experts to assist the Administration's WWTP Upgrade team will result in a well designed and implemented approach by developing a sound procurement process.

Other Implications

The approval to proceed with procurement of these professional services is being requested prior Council's approval of the procurement method for the WWTP Upgrade to ensure that all professional advisors can be in place when required.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

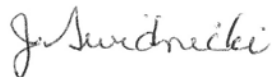
Upon Council approval to proceed, the regular City of Regina procurement process will be used to obtain these professional services.

DELEGATED AUTHORITY

The recommendations in this report require Council approval.

Respectfully submitted,

EXECUTIVE COMMITTEE



Joni Swidnicki, Secretary