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Memo

June 28, 2012

To: Deputy City Manager & COO, City Operations

Re: Amendment of Engineering Services Commission for The Wastewater Treatment Plant Upgrade

BACKGROUND

On December 15, 2009 the City of Regina received proposals for the engagement of professional engineering services for conceptual, pre-design, detailed design and construction engineering of the Wastewater Treatment Plant Upgrade. The commission was awarded to AECOM Canada Ltd., with the Engineering Agreement signed February 22, 2011. The purpose of this memo is to request approval to amend the engineering services commission for the project. to cover pre-design and some detail design fees.

DISCUSSION

In 2008, City Council approved Report CR08-28 that recommended:

1. Public Works (now City Operations) Division to initiate the process to engage consulting and professional engineering services for condition assessment, pre-design, detailed design and construction engineering of the Wastewater Treatment Plant upgrade;
2. The authority to award a commission for the pre-design stage, after review of proposals from professional engineering firms be delegated to the General Manager of Public Works (now Deputy City Manager of City Operations); and
3. The Administration provide a report to City Council after completion of pre-design that will cover the Administration's recommendation on the best project delivery method as well as the recommended treatment process, cost estimates (capital and further engineering costs) and scheduling.

On January 26, 2011, the Deputy City Manager of Operations awarded the commission to AECOM Canada Ltd., with the Engineering agreement being signed February 22, 2011. The approval covered the Upset fee for the Concept plan, as well as a \$100,000 for third party expenditures as well as a \$100,000 contingency allowance making a total approval request of \$2,190,551 (plus taxes).

When the project began, it was originally contemplated that upon completion of the pre-design, the upgrade option would be determined and project delivery methods would be assessed, and the report per recommendation 3 of CR08-28 would be provided to Council. However, the Administration has already reported to Council regarding item 3 above, proceeding to apply for P3 Canada funding for the project at this stage. The consultant has shown the flexibility to adapt to such changes, including bringing in a sub-consultant to present on the topic of alternate project delivery methods within the Concept Phase.

The City used a Qualifications Based Selection approach to select the AECOM consulting team for this project. The RFP required the consultant to provide services for all phases of the project (pre-design detail design, etc.) AECOM submitted the Upset Fee for the Concepts Plan phase and estimates for the pre-design, detailed design and construction services phases with a total project estimate of

s. 17(1)(b)(ii) & (d) LAFOIPPA

As the Concept Phase wraps up, the City is now contemplating alternative project delivery options. To proceed with the procurement option evaluation the City has requested and received a proposal to evaluate and recommend a procurement plan for the Wastewater Upgrade Program. The work to evaluate procurement falls within the original AECOM Stage Two proposal submission under Task E07. To assist in delivering this business evaluation AECOM has partnered with Deloitte to submit a proposal.

The AECOM and Deloitte project team are well qualified to conduct this evaluation as both parties bring significant experience to the procurement evaluation. Deloitte has been a part of a number of procurement evaluations in the water and wastewater industry and also has significant experience with the City in the development of Regina's P3 Policy. AECOM brings design and costing information to the project and experience from other procurement evaluations. The proposal to perform this work was budgeted at \$327,835, for time and materials, plus taxes, levies and third party expenses. A contingency of an additional \$50,000 is requested, for a \$377, 835 increase in the WWTP upgrade project budget.

BUDGET IMPLICATIONS

There are adequate approved funds in the Capital Account U6001 to cover all cost items requested. The estimated capital budget for the Wastewater Treatment Plant Upgrade is approximately ^{s. 17(1)(b)(ii) & (d) L} million, including engineering services and construction. The engineering costs would be expected to be ^{s. 17(1)(b)(ii) & (d) LAFOIPPA} over the course of the project (after the initial concepts are complete). The estimated commission fees are and are in line with Consulting Engineers of Saskatchewan Inc.'s *Schedule of Recommended Fees to be Charged for General Engineering and Geoscience Projects and Services*.

s. 17(1)(b)(ii) & (d) LAFOIPPA

RECOMMENDATION

Your approval is requested to amend the engineering commission to AECOM Canada Ltd. for an additional \$377,835 (plus taxes) for the evaluation and recommendation for the Wastewater Treatment Upgrade procurement. The amended total will increase to \$2,568,386 (plus taxes).

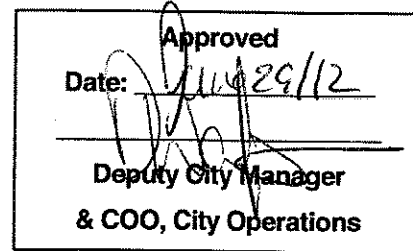
The project is an eligible expense under the Acquisition of Goods, Equipment and Services Policy. Environmental Engineering will work with the City Solicitor's office to prepare an amendment to the engineering services agreement. The consultant will be requested to execute the amendment, which be forwarded to the City Solicitor for execution by the City Clerk.

Should you have any questions, please contact Rob Court at 777-7441.

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Derrick Bellows, P.Eng, F.E.C., ICD.D
Director, Environmental Services

RC/fm



cc: City Solicitor (Attn. J Krueger)
Financial Services
Purchasing Branch
Manager, Environmental Engineering (Attn R Court)
Manager, Wastewater Treatment Plant (Attn J Cheshuk)



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204 284 2040 fax

June 28, 2012

Mr. Rob Court, P. Eng.
City of Regina
5th Floor, City Hall
2476 Victoria Avenue
Box 1790
Regina, SK S4P 3C8

Dear Sir:

Project No: 04001234.4021.01

**Regarding: Wastewater Treatment Plant Upgrade
Evaluate and Recommend a Procurement Plan for Wastewater Upgrade Program**

We are pleased to submit our proposal to Evaluate and Recommend a Procurement Plan for the Wastewater Upgrade Program, as described in Task E07 of our original Stage Two proposal submission for engineering services. This particular task will be undertaken in parallel with the predesign and detailed design services for the WWTP Upgrade project.

To assist us in completing this task we have partnered with Deloitte & Touche LLP (Deloitte), which is a leading firm in the management consulting field, most particularly in providing advisory services related to alternative procurement models and public private partnerships (P3). Deloitte is at the forefront of the industry in Western Canada having been involved in many similar assignments in the water sector, including the Stave Lake Water Supply & Treatment Project, the Winnipeg South End Pollution Control Centre Upgrade P3 Business Case and the Britannia Treatment Plant. The firm is most familiar with Regina's purchasing policies having been involved in developing the City's framework for considering P3 delivery models for public purpose infrastructure or services and the Regina Public Library Procurement Model Assessment. We believe Deloitte is uniquely qualified to assist AECOM with this task given their extensive portfolio of relevant experience and knowledge of Regina.

For reference we have enclosed Deloitte's proposal for advisory services in **Appendix A**.

Proposed Project Team

AECOM and Deloitte will work together as an integrated team to deliver this assignment for the City and prepare the deliverables. This task will be led by Rick Bitcon from AECOM and Doug Taniguchi will serve as the Project Director. Project advisors from AECOM will include Ian Dickinson and Mario Iacobacci, who have previously attended workshops with the City on project delivery models and the team will be assisted as required by the AECOM engineering team. Key staff members from Deloitte

who will be working on the assignment include Mark Hodgson and Chris Baisley and they will be supported as required with others from their Infrastructure Advisory & Project Finance practice.

Scope of Work

Our proposed work program has been developed to meet the requirements of both the City’s recently amended Purchasing Bylaw, as well as P3 Canada. The work program will include two main phases and a third optional phase, as generally described in **Table 1**¹:

Table 1: Summary of Work Program

Phase 2 – Strategic Assessment	
	<ul style="list-style-type: none"> a. Develop Reference Project b. Describe Approvals Required c. Define and Classify Delivery Models to be Considered d. Identify Project Objectives and Constraints e. Develop Schedules for each Delivery Model f. Conduct Market Sounding g. Qualitative Risk Assessment h. Conduct Multi-Criteria Analysis i. Assess and Shortlist Delivery Models j. Prepare Phase 2 Strategic Assessment Memorandum
Phase 3 – Value for Money Analysis	
	<ul style="list-style-type: none"> a. Select Public Sector Comparator b. Develop Project Cost Estimates for each Delivery Model c. Develop Project Schedules for each Delivery Model d. Develop Financing Assumptions e. Develop Financial Model for each Delivery Model f. Prepare Quantitative Risk Assessment g. Prepare Affordability Analysis h. Optimize DBFOM i. Conduct Value for Money Assessment j. Prepare Phase 3 Value for Money Memorandum k. Presentation to City Staff
Optional (Phase 4) – P3 Canada Business Case Submission	
	<ul style="list-style-type: none"> a. Develop Detailed Procurement Strategy for P3 b. Develop Detailed Implementation Plan for P3 c. Adapt Strategic Assessment and VFM Reports d. Allowance for Assisting City to Respond to P3 Canada

¹Note: Phase 1 (Screening Assessment) has already been completed by Deloitte and submitted to the City under separate cover.

The work program includes one major workshop with the City in each of Phase 2 and 3 and one mini-workshop for the multi-criteria assessment, which will be completed by conference call. There will be a number of memoranda and discussion papers prepared in each phase to document the data that has been collected and analyzed. Each phase will culminate in the preparation of a formal memorandum, and in the case of Phase 4, a Business Case document for submission to P3 Canada will be prepared.

Schedule

There are two key milestones for the submission of deliverables, which will govern the project schedule:

1. August 23, 2012 - Submission of Phase 2 Strategic Assessment Memorandum for consideration by the Executive Committee on September 5, 2012.
2. Week of December 3, 2012 – Submission of Phase 3 Value for Money Memorandum for consideration by Executive Committee and Council in mid-December.

If approved by Council, a Business Case document will be submitted to P3 Canada for funding consideration towards the end of the year.

The first workshop with the City is tentatively scheduled for Tuesday, July 10, 2012.

Budget

We propose to undertake to perform this task on a Time and Materials basis to an upset fee of \$327,835 not including applicable taxes, levies and third party expenses. The budget for this assignment is presented in **Table 2** (attached).

AECOM's billing rates for this assignment will be in accordance with the rates shown in Table 5.4 of our Amendments to Stage Two Proposal for Engineering Services (Predesign and Detailed Design), dated June 26, 2012. The billing rates for staff from Deloitte will be in accordance with their proposal enclosed in **Appendix A**.

We look forward to working with the City on this interesting and challenging assignment. If you have any questions or require clarification on any items in this proposal, please contact the undersigned at your earliest convenience.

Sincerely,
AECOM Canada Ltd.

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Richard Bitcōn, P. Eng.
Project Manager

Doug Taniguchi, P. Eng.
Project Director

RDB:td
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