

REGIONAL MUNICIPALITY OF OTTAWA CARLETON
 MUNICIPALITÉ RÉGIONALE D'OTTAWA CARLETON

REPORT
RAPPORT

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 Your File/V/Réf.

DATE 05 May 1998

TO/DEST. Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP. Planning and Development Approvals Commissioner

SUBJECT/OBJET **LIGHT RAIL PILOT PROJECT - PROCUREMENT PROCESS
 CONSULTANT APPOINTMENT**

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee recommend Council approve the appointment of a consortium led by KPMG Canada, Ottawa, to provide management consulting services for the Light Rail Pilot Project procurement process, for a total contract provision of \$535,000 including a contingency amount of \$112,350.

BACKGROUND

Policy Context

The Transportation Master Plan approved by Council in July 1997 examined the value of using railway corridors in Ottawa-Carleton for public transportation and determined that some sections can contribute significantly to achievement of the ambitious transit usage targets identified in the Regional Official Plan adopted on the same date. Use of these corridors for transit complements the Transitway system and is not an alternative to it. The Official Plan includes the following policy (Section 9.4, Policy 24) regarding rail-based rapid transit:

"Council shall introduce at minimum cost, a pilot project rapid transit service on a portion of the Rail Rapid Transit Corridor shown on Schedule E, Transit Network, by the turn of the century (i.e. by the year 2000). Based upon sufficient transit ridership and acceptable cost-effectiveness, incrementally expand service over the remainder of the system shown on Schedule E."

The Transportation Master Plan includes the additional policy (Section 2.4.5, Policy 2): “Council shall adopt diesel light rail technology for the rail transit service.” This policy addresses the need for transit to share the rail network with other, albeit infrequent, freight or intercity passenger railway traffic.

At its meeting of 28 January 1998, Council also approved the following motion:

"Council direct staff to include in the 1998 and 1999 Operating and Capital Budgets to be presented to Committee and Council the necessary funds to permit the commencement of pilot light rail (considering the north south link) by 1 Dec 1999. Council further direct staff to prepare a report, after thorough consultation with the private sector, summarising the feasibility of the light rail pilot project, and to identify the preferred option, route, time frame and costs associated with this pilot project. The report to be submitted to Transportation Committee before 1 June 1998, enabling Council to make an informed decision on light rail and the option to commence a pilot project in 1999."

At its meeting of 18 February 1998, Transportation Committee approved the formation of a Light Rail Pilot Project Steering Committee, to be chaired by the Director, Policy and Infrastructure Planning, Planning and Development Approvals Department. The Steering Committee includes two representatives from each of Transportation Committee and the general public, and one representative from each of the Planning and Development Approvals Department, the Environment and Transportation Department, OC Transpo, a management consulting firm and a technical consulting firm. Transportation Committee also amended the proposed procurement process to delete the Solicitation of Interest step and focus solely on the Request for Proposals.

Rationale for Public-Private Partnership

To meet Council's goal of a minimal-cost pilot project, and in view of the fact that the expertise to plan and implement a rail system is not resident with RMOC staff, the project will be most effectively implemented through a public-private partnership. A turnkey project will interest many types of companies and create partnering opportunities among large capital and engineering firms, vehicle suppliers and rail or transit operators. In addition to reducing capital investment, the public-private partnership approach minimises risk to the RMOC by providing greater certainty in terms of cost.

SCHEDULE AND SCOPE OF WORK

The Light Rail Pilot Project procurement process includes three major phases of work over an approximate 13-month period to terminate in March 1999, as described below and illustrated in Annex A.

- Phase 1: Preparation of the Request for Proposal (RFP). This phase will include project set-up, stakeholder consultations, and development of the pilot project scope, statement of work, evaluation criteria and process, and delivery of the RFP.

- Phase 2: Evaluation of Bids. This phase includes the steps required to formally brief bidders and provide on-going support to their inquiries, to evaluate bids received, and to select the preferred proponent.
- Phase 3: Negotiation of Terms. This phase will focus on negotiation of terms for a final contractual agreement with the preferred proponent. In addition, the strategy and plan for on-going management and monitoring of contractor implementation and performance will be developed.

Reports to Transportation Committee and Council will be submitted at two key points in the procurement process:

- A report documenting the proposed pilot project scope, timing and estimated cost will be submitted toward the end of Phase I, after completion of steps 1 through 4 but prior to issuance of the RFP. This report will seek Council approval of the fundamental attributes of the RFP, and thereby will address Council's motion of 28 January 1998 as described above. It is important to note that it will not be possible to submit this report before August 1998, some two months after Council's desired deadline of 1 June 1998.
- A report recommending the Steering Committee's preferred proponent will be submitted toward the end of Phase II, once the received bids have been evaluated. This report will seek Council approval of the proposed pilot project, to allow negotiation of final agreements and the development of a detailed implementation plan.

EXPENDITURE JUSTIFICATION

Council's stated desire to have the Light Rail Pilot Project in operation by 1 December 1999 requires the procurement process to proceed without delay, while maintaining an approach that maximizes effectiveness and minimizes risk to the RMOC.

Due to the condensed schedule and a lack of in-depth staff experience with procurement processes for public-private partnerships, the services of a management consultant are required to help guide the preparation of the Request for Proposal (RFP), evaluate the resulting bids, and negotiate a contractual agreement with the preferred proponent. There are complex procedural and substantive issues related to confidentiality, liability, defensibility and effectiveness that are best addressed through the retention of a consulting firm which can offer directly relevant experience in these areas.

The services of a technical consultant are required to provide transit service planning and infrastructure planning input to the RFP development and bid evaluation. The advice of consultants will be particularly important in key areas pertaining to light rail system implementation, the use of existing rail lines for transit purposes, transit demand forecasting and environmental assessment.

BUDGET

The proposed budget for consulting work has been broken down to provide a range and upper limit for each of the three phases. These costs include professional fees and expenses.

Procurement Process Phase	Consulting Fees and Expenses (Exclusive of GST)	
	Minimum	Maximum
Phase 1: Preparation of RFP	214,000	252,000
Phase 2: Evaluation of Bids	119,000	162,000
Phase 3: Negotiation of Terms	62,000	86,000
Total	395,000	500,000

The inclusion of GST brings the total contract provision to a minimum of \$422,650 and a maximum of \$535,000. It is recommended that the lower figure be used as the base contract provision, with a contingency of \$112,350 supplied to reach the upper figure.

CONSULTANT SELECTION

The Light Rail Pilot Project Steering Committee has completed a two-stage consultant selection process, as described below.

Management Consultant

Three management consulting firms (Arthur Andersen, KPMG and Price Waterhouse) were invited to submit a written expression of interest in leading the procurement process, and to attend an interview with a Selection Committee comprised of RMOC and OC Transpo staff. The evaluation of written submissions and interview results focused on four key areas:

- experience in the creation, delivery and evaluation of requests for proposals leading to new infrastructure or services delivered through public-private partnerships;
- experience in planning, project management, negotiation or other professional services involving Canadian railway companies and transit properties;
- understanding of the application of public-private partnership processes to the Light Rail Pilot Project; and

- strength of proposed project manager, and the depth of skills and availability of key staff.

Based on the Selection Committee's evaluation, KPMG was identified as the preferred consultant to lead the procurement process.

Technical Consultant

A call for expressions of interest in providing technical consulting services in support of KPMG was distributed to 27 firms on 16 March 1998. Eight expressions of interest were received by 30 March 1998. A Selection Committee comprised of RMOC, OC Transpo and KPMG staff selected a short-list of candidate firms (Cole Sherman Associates, Delcan Corporation, IBI Group and Totten Sims Hubicki) and interviews with them were held on 6 April 1998. The consultant evaluation focused on the experience and understanding of key staff in the following primary areas:

- the planning, implementation and assessment of light rail transit services and facilities including tracks, stations and vehicles;
- the initiation of rail transit services on existing trackage;
- transit demand forecasting and assessment of transit service alternatives; and
- federal and provincial environmental assessment requirements as they pertain to this project.

Important consideration was also to be given to three secondary areas:

- federal regulations governing freight and passenger railway operation;
- public-private partnerships for transportation infrastructure delivery; and
- OC Transpo's objectives and operations, and the Ottawa-Carleton context.

Based on the Selection Committee's evaluation, a consortium led by IBI Group, and including Dillon Consulting Limited and Canarail, was identified as the preferred consultant to support KPMG in the procurement process.

CONSULTATION

Consultation with affected stakeholders and the broader public will be a fundamental component of the Light Rail Pilot Project procurement process, and a detailed consultation plan has been developed. The first significant consultation step was a Community Forum on Light Rail held on 26 February 1998, held at the Jim Durrell Recreation Centre and conducted jointly by RMOC, the City Centre Coalition, Transport 2000 and Auto-Free Ottawa.

A Sounding Board has been established with broad representation from interested agencies, groups and communities in Ottawa-Carleton and the Outaouais, and held its initial meeting on 14 April 1998. Subsequent regular meetings will be held on a regular (approximately monthly) schedule to provide important input to the development of the Request for Proposals, and to ensure that community issues are identified and addressed as efficiently as possible. Two major public meetings will also be held to facilitate understanding and input by the broader public, the first of which is scheduled for mid-June.

Further to the instructions of Transportation Committee and Council, a Steering Committee has been established with representation from RMOC staff, OC Transpo staff, Transportation Committee, the general public and the project consultants to review and ratify the process and to ensure adequate consultation. The Steering Committee will make key recommendations to Transportation Committee and Council regarding the Request for Proposals, the bid evaluation criteria, the preferred bid, and pilot project evaluation criteria.

FINANCIAL STATEMENT

	\$
Approved budget to date	\$1,030,000
Total paid and committed	(<u>\$0</u>)
Balance available	\$1,030,000
THIS REQUEST	(<u>\$535,000</u>)
Balance remaining	<u>\$495,000</u>

Funds are available in the 1998 Capital Account 942-13417, Pilot Rail Project.

Approved by
Nick Tunnacliffe, MCIP, RPP

GN/

Attach. (1)

FINANCE DEPARTMENT COMMENT

Funds are available as indicated.

*Approved by C. Colaiacovo
on behalf of the Finance Commissioner*

Procurement Management Process

	March 98	April 98	May 98	June 98	July 98	Aug. 98	Sept. 98	Oct. 98	Nov. 98	Dec. 98	Jan. 99	Feb. 99	Mar. 99
1. Start-up	Phase I												
2. Collect Stakeholder Input to RFP and Conduct On-going Stakeholder Consultations	A												
3. Define the Scope of the Project/ SOW	B												
4. Develop the Evaluation Protocol	B												
5. Prepare the RFP	C												
6. Brief Bidders	C												
7. Evaluate Proposals	C												
8. Select Preferred Proponent	D												
9. Negotiate Final Agreements	D												
10. Develop Implementation Plan	E												
11. Document the Process	E												

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Phase I

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Phase II

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Phase III

A Launch Consultation Program
B Report submitted to Council on Scope of Work and Benefit/Cost Estimates
C Issue Request for Proposals
D Report to Council on Recommended Proponent
E Commence Implementation