

Valley Line West Contract Amendment

Recommendation

1. That an amendment to the single source agreement between the City of Edmonton and Ernst & Young LLP, for financial, commercial and process advisory consulting services associated with procurement on the Valley Line West Light Rail Transit, for an additional amount not exceeding \$710,000.00 plus GST, as outlined in Attachment 1 of the June 14, 2021, Integrated Infrastructure Services report IIS00564, be approved, and that the amending agreement be in form and content acceptable to the City Manager.
2. That Attachment 1 of the June 14, 2021, Integrated Infrastructure Services report IIS00564, remain private pursuant to sections 16 (disclosure harmful to business interest of a third party), 24 (advice from officials) and 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom of Information and Protection of Privacy Act*.

Executive Summary

This report requests approval of a planned amendment to the agreement with Ernst & Young LLP for financial, commercial and process advisory consulting services in support of the Valley Line Stage 2 (West). These services are contemplated under the existing agreement and funding for this amendment is available within existing approved capital budgets.

This amendment allows Administration to retain the existing team to continue supporting the procurement of the light rail vehicles (LRVs) for Valley Line West and extend the agreement to the end of 2021. Details of the amendment are found in Attachment 1.

It is recommended that Attachment 1 remain private as it contains commercially sensitive information about a third party that the City is obligated to keep confidential, advice from officials, and the disclosure would be harmful to the City's economic interests pursuant to the *Freedom of Information and Protection of Privacy Act*.

Report

Background

The Valley Line is a 27-kilometre urban-style, low-floor LRT line that will operate between Mill Woods in southeast Edmonton and Lewis Farms in west Edmonton. The

Valley Line was separated into two stages for project delivery: Valley Line Southeast (between 102 Street downtown and Mill Woods Town Centre) and Valley Line West (between 102 Street downtown and Lewis Farms Transit Centre).

In June 2019, the City entered into an agreement with Ernst & Young LLP to fulfil the role of Process Advisor for the Valley Line West. The Process Advisor role provides financial, commercial and process advisory consulting services in support of the procurements required for the Valley Line West project.

In March 2019, the City initiated the procurement of Valley Line West infrastructure as a Design-Build-Finance with Light Rail Vehicle (LRV) supply. That procurement was terminated after two of three shortlisted proponents withdrew. After market sounding, a revised procurement strategy was developed and the City initiated the Design-Build-Finance procurement process in January 2020. In December 2020, that process culminated in an executed contract for the design, construction and partial finance of the Valley Line West LRT infrastructure with Marigold Infrastructure Partners.

The City is separately procuring the supply of 40 LRVs for Valley Line West. The LRV procurement process was initiated in November 2020 with the release of the Valley Line West LRV sourcing event (Request for Qualifications). The City announced a shortlist of three suppliers, followed by the release of the Request for Proposals (RFP) in March 2021. The procurement process will continue throughout 2021 with plans to award the supply contract in November 2021.

On May 11, 2020, City Council approved the planned extension to the Professional Services Agreement to retain the existing Process Advisor team to support the full Design-Build-Finance procurement phase of Valley Line West and support the development of the separate Light Rail Vehicle procurement (LRV) (Integrated Infrastructure Services report CR_8031, Valley Line West Contract Amendments).

This report requests the approval of the planned amendment to the agreement with Ernst & Young LLP to provide external resources supporting the Valley Line West project procurement phases. The additional funds are needed to address the following items:

- The extension of the overall Valley Line West procurement strategy support services from October 31, 2021 to December 31, 2021;
- Resolve additional costs and cost savings realized on the Valley Line West Design-Build-Finance procurement tasks;
- Adjustments to timing, duration, and level of effort for the Valley Line West LRV Procurement which include:
 - Extending the procurement preparation phase from September 2020 to March 2021 and the open market phase from 10 to 13 months; and

- A higher level of support required during the procurement preparation phase and open market phase than contemplated in the existing agreement. This includes assistance to CPSS staff with the management of the procurement process as it moves to SAP Ariba and additional agreement drafting tasks.

Budget/Financial

The contract adjustment outlined in this report for Valley Line Stage 2 (West) was planned and will be funded within existing approved capital budgets from Valley Line LRT: Downtown to Lewis Farms (Capital Profile #16-66-7017).

Public Engagement

Public engagement was not undertaken for this report. The recommendation to amend the agreement, as set out in Attachment 1, is based on a business case and project management approach in line with the existing capital budgets.

Corporate Outcomes and Performance Management

Corporate Outcome: Goods and services move efficiently			
Outcome	Measure	Result(s)	Target(s)
Goods and services move efficiently	Travel time and reliability of goods and services movement (time in minutes and seconds to drive 10-km route)	10:09 - 50% of time 13:35 - 85% of time (2017)	12:30 - 50% of time 16:00 - 85% of time (2018)
Corporate Outcome: Edmontonians use public transit and active modes of transportation			
Outcome	Measure(s)	Result(s)	Target(s)
Edmontonians use public transit and active modes of transportation	Transit ridership (rides per capita)	91.6 (2017)	105.0 (2018)
	Journey to work mode (percent of survey respondents who select auto passenger, transit, walk, cycle, or other)	26.1% (2016)	25.9% (2018)
Corporate Outcome: The City of Edmonton has sustainable and accessible infrastructure			
Outcome	Measure	Result	Target
The City of Edmonton has sustainable and accessible infrastructure	Infrastructure Density (city's population divided by the total kilometres of infrastructure)	56.5 (2017)	Increase over previous year

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
Financial	Contract amendment delayed or not approved. Outcome: insufficient funds to retain the Process Advisor.	3 - Possible	3 - Major	9 - Medium	Bring report to Council in a timely manner	Add contingency to timing and costs based on lessons learned. Bring report to Council in a timely manner.
Project Management	Contract amendment delayed or not approved. Outcome: disruption to ongoing procurements of the VLW LRV and Independent Certifier, and loss of experienced Process Advisor team members supporting these procurements.	3 - Possible	3 - Major	9 - Medium	Bring report to Council in a timely manner	Prioritize project management tasks and review availability and allocation of resources. Bring report to Council in a timely manner.
Legal	There is no applicable exemption. As a result, approval of this additional single source procurement may not comply with trade agreements.	2 - unlikely	1 - minor	3 - low	n/a	Limit usage of single source agreements.

Attachments

1. Valley Line West Professional Services Agreement Amendment - PRIVATE

Others Reviewing this Report

- M. Persson, Chief Financial Officer and Deputy City Manager, Financial and Corporate Services
- C. Owen, Deputy City Manager, Communications and Engagement
- K. Fallis-Howell, Acting City Solicitor