

Valley Line West Contract Amendment

RECOMMENDATION

1. That an amendment to the single source agreement, between the City of Edmonton and Ernst & Young Orenda Corporate Finance Inc., for financial, commercial and process advisory consulting services associated with procurement on the Valley Line West Light Rail Transit, for an additional amount not to exceed \$1,370,488.51 CAD plus GST, as outlined in Attachment 1 of the March 23, 2022, Integrated Infrastructure Services report IIS00918, be approved, and that the amending agreement be in form and content acceptable to the City Manager.
2. That Attachment 1 of the March 23, 2022, Integrated Infrastructure Services report IIS00918, 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*.

Report Purpose

Council is being asked to approve an amendment to the existing single-source agreement between the City of Edmonton and Ernst & Young Orenda Corporate Finance Inc., to provide financial, commercial and process advisory consulting services in support of Administrative matters related to the procurement of an operator for the Valley Line LRT (Managing the Corporation).

Executive Summary

- This report requests approval of an amendment to the agreement with Ernst & Young Orenda Corporate Finance Inc. for financial, commercial and process advisory consulting services in support of the Valley Line Stage 2 (West).
- This amendment allows Administration to retain the existing Ernst & Young team to support the procurement of the operations and maintenance scope for the Valley Line LRT. Details of the amendment are found in Attachment 1.
- Funding for this amendment is available within existing approved capital budgets.
- 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,

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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 Orenda Corporate Finance Inc. to fulfill 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 included. That procurement was terminated after two of the 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 separately conducted a competitive procurement process for 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 procurement process concluded successfully in December 2021 with the execution of the supply agreement with Hyundai Rotem Company.

At the June 14, 2021, Executive Committee meeting, Council approved the planned amendment to the agreement with Ernst & Young Orenda Corporate Finance Inc. to retain the existing Process Advisor team to support adjustments to timing, duration, and level of effort required for the Valley Line West LRV procurement phases (June 14, 2021 Integrated Infrastructure Services report IIS00564 Valley Line West Contract Amendment).

This report requests the approval of the amendment to the agreement with Ernst & Young Orenda Corporate Finance Inc. to provide external resources to support the Valley Line operator and maintainer procurement phases. The additional funds are needed to address the following items:

- The extension of the overall Valley Line West financial, commercial and process advisory consulting and procurement support services from April 30, 2022, to December 31, 2024;
- Amend the scope of the existing professional services agreement to include:
 - Providing services procurement options analysis and financial modeling to support the development of the operations and maintenance procurement strategy as well as

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facilitation services to support the City's identification of key metrics, commercial principles and services agreement content;

- Be the lead process and commercial advisor supporting the City with the operations and maintenance procurement during any single source negotiations or open market competition that may occur. Support the operations and maintenance agreement development based on the procurement strategy and timeline; and
- Supporting the City as the process and commercial advisor for all phases of the open market operations and maintenance procurement, including the development of procurement documents, evaluation framework and process support during the open period.

Budget/Financial Implications

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

Legal Implications

As per the City Administration Bylaw 16620, where the total value of amendments changing the value of an agreement approved by a Standing Committee exceeds 10 per cent of the approved agreement value, a proposed amendment must be approved by the appropriate Standing Committee or Council.

COMMUNITY INSIGHT

Edmontonians have emphasized the importance of consistent financial and contract management practices for major capital projects. The recommendation in this report amends the scope of the financial, commercial and process advisory consulting services agreement for Valley Line Stage 2 (West) to include the procurement of an LRT operator to provide expert support to deliver Valley Line West on behalf of Edmontonians..

GBA+

GBA+ analysis is not applicable to this report.

ATTACHMENT

1. Valley Line West Professional Services Agreement Amendment - PRIVATE