

LRT Valley Line - Procurement Final Report

Recommendation:

That the April 14, 2016, Integrated Infrastructure Services report CR_3514, be received for information.

Report Summary

This report provides a summary of the project procurement process for the Valley Line LRT - Stage 1 project that occurred from April 2014 to February 2016.

Report

Following the confirmation of full capital funding support from the provincial and federal governments, the City launched the Valley Line LRT – Stage 1 Public-Private-Partnership (P3) project procurement process in April 2014.

The project procurement process included a two-stage process:

- 1) Request for Qualifications stage, which would be utilized to shortlist up to three proponents
- 2) Request for Proposal stage, which would evaluate the shortlisted proponents to determine their full capability, capacity and commitment to undertake the project in accordance with the City's technical requirements; identify the preferred proponent as the one that submitted the lowest net present cost financial proposal; and achieve commercial and financial close with that preferred proponent.

Request for Qualifications Stage (April 2014 to August 2014)

The goal of the Request for Qualifications stage was to shortlist up to three proponents, based on their prior history and experience in delivering projects of this nature, to participate in the Request for Proposal stage. Following the Request for Qualifications launch the City held an open information session followed by two months of the City team receiving and responding to various procurement and project-related questions submitted by interested parties.

Five full teams, incorporating internationally experienced Public-Private-Partnership concession firms, design-build contractors and operator and maintainer companies, made submissions for the City's evaluation.

The City created evaluation teams to objectively assess the submissions for organizational experience, experience of key individuals committed to the project and the team's approach to various project elements across, design, construction, financing, operations and maintenance. The evaluators all utilized a common evaluation

framework, which culminated in consensus meetings to determine scoring. Results from evaluator consensus meetings were collated to generate the final scores, which then determined the ranking of the teams for shortlisting.

The procurement and evaluation process was overseen by the Fairness Monitor, GGC Consultants Inc, reporting to the LRT Governance Board. The evaluation results were fully tested by an Evaluation Due Diligence Committee before the final shortlist was advanced to the LRT Governance Board for approval at its August 6, 2014, meeting.

The shortlisted teams were:

- Moving YEG
- River City Transit
- TransED Partners

Request for Proposal Stage (September 2014 to February 2016)

The City launched the Request for Proposal stage in September 2014. This process involved a number of detailed steps including:

- Two full rounds of confidential commercial meetings with each round incorporating a technical, commercial and special topic with each proponent. Round one occurred in November 2014, and round two in April 2015
- Early technical submissions to allow the City to offer feedback to proponents on their interpretation of sustainable urban integration and light rail vehicle design requirements
- Updates to the Public-Private-Partnership project agreement. Following the issuance of the first draft with the launch of the Request for Proposal stage, the City updated the project agreement following each round of confidential commercial meetings and midway through the technical proposal evaluation stage, before finalizing the document in July 2015.

In June 2015 the City received the proponents' technical proposals. The City created evaluation teams to objectively assess the submissions across various technical requirements contained in the project agreement. The evaluators all utilized a common evaluation framework. The evaluators were tasked with determining the pass/fail compliance of the submissions against the project agreement requirements.

The procurement and evaluation process was overseen by the Fairness Monitor. The evaluation results were fully tested by an Evaluation Due Diligence Committee before the final determination of the proponents pass/fail status was finalized. All proponents passed the technical proposal stage and were invited to submit financial proposals.

Financial proposals were received from all proponents in October 2015. TransEd Partners were determined to be the preferred proponent as they had the lowest cost financial proposal on a net present cost basis in accordance with the terms of the Request for Proposal. Again, before the finalizing of the results, the results were fully

tested by an Evaluation Due Diligence Committee.

The entities participating in the TransEd Partners consortium as equity partners are: Fengate Capital Management Ltd. (60 percent), EllisDon Capital Inc. (20 percent), Bechtel Development Co. (10 percent), and Bombardier Transportation Inc. (10 percent).

The preferred proponent was announced on November 25, 2015, thereby launching the financial and commercial close process. Over the course of December 2015 and January 2016 the City and TransEd Partners moved to finalize the project agreement for items linked directly to their team formation and proposal and other finalizing items.

Fairness Monitor Letter

As Fairness Monitor, GGC Consultants Inc., was engaged to monitor the competitive selection process and offer an assessment of the procurement procedures and an opinion on whether or not the competitive selection process was carried out in a fair and reasonable manner. The Fairness Monitor was provided access to all documents, meetings, and information related to the evaluation processes throughout the Request for Qualifications and Request for Proposals stages.

The Fairness Monitor issued letters at various stages in the project procurement process attesting that the process was undertaken in a fair manner and that no fairness issues were known to exist at the date of the letters.

The Fairness Monitor letters were issued on August 6, 2014, following the conclusion of the Request for Qualifications stage and again on November 25, 2014, following the conclusion of the Request for Proposals stage.

The Final Fairness Monitor Letter was issued on March 15, 2016, attesting to the commercial and financial close phase (see Attachment 1).

In all instances the Fairness Monitor has confirmed that the Request for Qualifications, Request for Proposals and the Financial and Commercial Close processes were open, unbiased, transparent, consistent in approach and fair.

Attachments

1. Fairness Monitor Final Letter

Others Reviewing this Report

- T. Burge, Chief Financial Officer and Treasurer, and General Manager, Financial and Corporate Services
- D. Wandzura, General Manager, City Operations