

Committee of the Whole (1) Report

DATE: Tuesday, September 10, 2024

WARD(S): ALL

TITLE: PREPARATION OF CONSTRUCTION COST INDEX FOR DEVELOPMENT PROJECTS

FROM:

Vince Musacchio, Deputy City Manager, Infrastructure Development

ACTION: DECISION

Purpose

To seek approval to issue a Single Source Award for the Preparation of Construction Cost Index Study (CCIS) to HDR Corporation and provide authority to negotiate and execute any resulting agreements.

Report Highlights

- The Development Engineering Department (DE) intend to complete the CCIS, which involves review of the historic cost data and creation of a construction cost index.
- DE currently relies on the owner's consultant to provide a cost estimate of the approved works that would be reviewed and analyzed by the City. The purpose of the CCIS is to expedite the agreement preparation process and ensure consistency for landowners in calculating fees and securities for development agreements.
- The Request for Proposal (RFP) for the CCIS was published; however, no submissions were received. Due to the project's specific scope, deliverables and small number of available Consulting firms qualified to undertake this work, reposting the RFP is unlikely to produce a different outcome which further risks delaying the project.
- DE staff are seeking Council approval to initiate the CCIS through a Single Source Award to HDR Corporation, who were assessed to be qualified and have the necessary experience to complete this study for the reasons provided in this report.

Recommendations

1. That Staff be directed to proceed with a Single Source Award to the identified company, HDR Corporation, for the Construction Cost Index Study (CCIS) at a cost of \$115,790.00; and
2. That the Deputy City Manager, Infrastructure Development, and the Director of Procurement Services, be authorized to negotiate, execute and administer any resulting related agreements and/or documents in a form satisfactory to Legal Services.

Background

The CCIS will evaluate the cost of construction related to developer-built municipal infrastructure and output a construction cost index. Currently, the City depends on the Applicant's Engineering Consultant to provide the cost estimate for the construction of municipal works (road and sewer infrastructure, trees, landscaping, streetscape, parks, etc.). This current process does delay the ability for Applicant's to receive timely approvals and execute development agreements as the validity of the cost estimates provided takes additional time to be verified by City Staff. To expedite the agreement preparation process and ensure consistency for landowners in calculating fees and securities for development agreements, DE seeks to index the construction costs for developer-built municipal works for current and future years.

The cost estimate for new municipal works is also used as a basis to calculate the securities necessary to guarantee the works in the event the Applicant is unable to complete them. The benefit of undertaking the CCIS is to ensure that accurate cost estimates are provided to calculate the value of municipal works. This removes risk to the City in the event that the Applicant is unable to complete or leaves deficient the approved municipal works and the City is required to draw on the provided securities to complete any outstanding works. The CCIS is anticipated to save time for both Applicants and the City by removing uncertainty as to the costs of common infrastructure items and assisting Applicants with certainty in estimating the fees necessary to prepare and administer development agreements.

Previous Reports/Authority

[Extract from Council Meeting Minutes of April 26, 2022, \(Item 4, Report No. 19\) of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan.](#)

Analysis and Options

On May 2, 2024, the City published a Request for Proposal (RFP) RFP24-183 Preparation of Construction Cost Index Study – Development of Construction Cost Index for Development Projects. The bid process was open for three weeks where City received questions regarding the RFP and provided responses through issuing an addendum to the RFP. The bid closed without receiving submissions.

The RFP requires the successful proponent to provide a range of construction costs for infrastructure items listed in the Subdivision, Development and Spine agreements. The proponent must contain a multidiscipline team with specific qualifications, project understanding and approach. The consulting firm must provide civil engineering, electrical, and landscaping expertise. Reposting the RFP is unlikely to produce a different outcome which further risks delaying the project due to the project's specific scope, deliverables and small number of available Consulting firms qualified to undertake this work.

City staff reviewed the plan takers to the RFP and recommend awarding the CCIS to HDR Corporation for the following reasons:

- HDR Corporation is an employee-owned company with multidiscipline team comprised of experts in Transportation, Civil, Water, Wastewater, Stormwater, Electrical Engineering, Landscape, Architecture, Strategic Communications, Cost Estimation, and Economics and Finance that are fully capable of delivering the scope of work.
- The team has relevant experience in similar studies for the City of Vaughan and other municipalities across the Great Toronto Area, including the two Development Charges Background Studies for Roadworks in 2018, and 2022. 2023 Vaughan Transportation Master Plan, Secondary Plans and Environmental Assessment Studies.
- The company identifies a consistent approach to the CCIS by using proven analysis methods and subscription to S&P Global's Pricing and Purchasing services that allow access to online resources, including a database of thousands of prices, wage, and input cost forecasts for North America.

A Single Source Procurement is one where other suppliers are available; however, there are valid and sufficient reasons for selecting one supplier. The City's Procurement Policy provides criteria which must be met to procure via Single Source Procurement. Based on the Corporate Procurement Policy, a Single Source Procurement may be used when a successful bidder has not been identified despite an attempt to acquire the services in a competitive procurement. Other criteria include where the proposed supplier has specialized knowledge, skills or expertise and can provide the services within the requested timeline. Given the scope of the project and required deliverables

and the risk of delaying the project, the Director of Procurement Services was consulted and is of the view that a Single Source Award is justified.

Financial Impact

The capital cost associated with the Single Source award is in the amount of \$115,790.00 which is within its approved budget. This project is being funded through the Streamline Development Approval Fund provided by the Province of Ontario to help unlock the housing supply by streamlining, digitizing, and modernizing current municipal approaches to managing and approving development applications. Many projects have been completed utilizing this fund, and the designated budgets for these projects vary depending on the proposals put forth by the City.

Operational Impact

Procurement Services and Legal Services have been consulted in the preparation of this report.

Broader Regional Impacts/Considerations

N/A

Conclusion

It is recommended that Council direct Staff to proceed with the Construction Cost Index Study (CCIS) via a Single Source Award to HDR Corporation. Procurement through a Single Source Award will not only result in best value for the City but will also ensure that the project be completed within the schedule allotted for this work.

For more information, please contact: Frank Suppa, Director, Development Engineering, Ext. 8255.

Attachments

N/A

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