



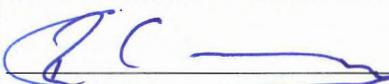
**To:** Public Works and Transportation Committee      **Date:** January 4, 2016  
**From:** John Irving, P.Eng. MPA      **File:** 10-6000-01/2015-Vol  
 Director, Engineering      01  
**Re:** **Construction Management Services for Utility Capital Projects**  
**Stuart Olson Construction Ltd.**

**Staff Recommendation**

That the staff report titled, "Construction Management Services for Utility Capital Projects – Stuart Olson Construction Ltd.," dated January 4, 2016, from the Director, Engineering be received for information.



John Irving, P.Eng. MPA  
 Director, Engineering  
 (604-276-4140)

REPORT CONCURRENCE		
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>	<b>CONCURRENCE OF GENERAL MANAGER</b>
Purchasing	<input checked="" type="checkbox"/>	
<b>REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE</b>	<b>INITIALS:</b> 	<b>APPROVED BY CAO</b> 

## Staff Report

### Origin

In October 2011, staff issued a Request for Expressions of Interest (EOI) to invite submissions from qualified construction management (CM) firms to provide CM services on selected city capital projects. Competitive responses were received from 13 companies. Following an extensive review process, Council approved the award of Contract 4609EOI (Construction Manager for Richmond) to Stuart Olson Dominion (now known as Stuart Olson Construction Ltd.) at the June 23, 2013 Regular Council Meeting. The Contract extends for 5 years, with options for two additional one year extensions at the City's discretion.

Stuart Olson is currently acting as the Construction Manager for Richmond on a number of facility capital projects, including the Minoru Complex and Fire Halls #1 and #3.

The City's utility infrastructure capital projects pose many of the same challenges as the facility capital projects, and would benefit from a Construction Manager in a similar manner. Some of the benefits would include reduced procurement cycle time that would allow the City to deliver projects quicker, increased opportunities for value engineering that could reduce construction costs, and the provision of early cost management tools to identify potential budget issues.

### Analysis

Currently, staff are performing the majority of the project management and administrative duties on the City's utility infrastructure capital projects. Over the past few years, the amount of time required to complete these duties has increased due to a number of factors such as:

- Increased frequency and complexity of projects requiring deep excavation in City Centre,
- Increased number of projects requiring approvals from senior levels of government,
- Creation and delivery of the initial stages of the City's district energy utility, and
- Addressing conflicts arising from changes to the provincial diking guidelines.

From time to time, additional resources are required to deliver the utility infrastructure capital program in a timely manner. Past strategies that have been implemented include the secondment of a Project Manager from an external consultant, and procurement of project management services from an outside vendor.

Both of these strategies have met with limited success, primarily because these strategies do not provide the full range of services that a Construction Manager would provide, including on-site staff and estimating services. Retaining a Construction Manager for multiple projects would also provide the continuity required to gain administrative efficiencies. It will also allow staff to focus less on day to day site issues and more on pre-planning and value engineering solutions with an aim to reduce schedule and cost while delivering a superior result.

Based on their performance to date on the facility capital projects, staff believe that Stuart Olson is capable of successfully providing CM services for selected utility infrastructure capital projects.

The Master CM Agreement in place with Stuart Olson is based on a value of \$150 million of capital projects over the life of the contract. Adding utility infrastructure projects to this contract will help to ensure that this target value is met by the City.

When the existing contract with Stuart Olson approaches completion, staff will initiate a new competitive EOI process for future construction management services.

**Financial Impact**

None. The Council approved Capital Budget includes the funds necessary to deliver the utility infrastructure projects.

**Conclusion**

Stuart Olson Construction Ltd. is currently providing long term construction management services to the City for facility capital projects. Adding selected utility infrastructure capital projects to their scope of work will assist the City in delivering the utility capital program in a timely manner.



Milton Chan, P.Eng  
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MC:mc