



Stage 2 Light Rail Transit Trillium Line Project Procurement Documents

Trillium Line Extension

City Council approved contract award for Trillium Line Extension Project on March 6, 2019 (commercial and financial close on March 28 & 29, 2019) for a fixed price Design, Build, Finance and Maintain system that includes:

- Upgrading existing Trillium Line systems and assets, and maintaining entire alignment to 2048;
- New four-kilometre Airport Link with an improved Airport Station location and a 3.4-kilometre extension from Bowesville Station to Limebank Road;
- New Maintenance and Storage Facility at the Walkley Yard;
- Seven new Stadler FLIRT vehicles and an overhaul of the existing fleet; and
- Approximately eight kilometres of new cycling and pedestrian facilities to the network.

Stage 2 LRT

Trillium Line Procurement

- On March 2, 2020, City released 2,122 pages of indexed documentation on the Stage 2 Trillium Line Procurement at Council's direction to Council and the public
- Documents show that the contract that Council awarded TransitNEXT on March 6, 2019, based on the outcome of the procurement process Council approved in 2017, reflected Council's requirements for the Trillium Line.
 - Process confirmed to be fair, open and transparent by the Fairness Commissioner
 - Confirmed by the Auditor General to be compliant with the process described in the RFP documents

Points of Clarification: Request for Proposal (RFP)

Small group, informal briefings with Councillors and media identified a number of areas that need to be communicated more clearly

- RFP developed collaboratively by a team, based on precedent documents, tailored to the requirements of the procurement
 - Legal experts tailor legal portions
 - Finance experts tailor the financial portions
 - Technical experts (Owner Engineer, staff) set technical criteria and output specifications
- RFP reviewed and approved by City team

Points of Clarification: Technical Evaluations

- Technical evaluation grid was prepared by Owner Engineer Team, technical experts
 - Scoring grid is based on precedents industry documents
 - Reflects qualitative criteria – training provided to evaluators on how to apply the scoring grid (e.g. to help judge “what a 70 is”)
 - Due diligence review (BESC) is an industry best practice
 - **Only evaluators decide on the scores**

Points of Clarification: Exercise of Discretion

- The Executive Steering Committee (ESC) exercised the discretion to move the proponent who scored 67.25% to the next phase without knowing which proponent had that score and without knowing the results of the financial evaluations
 - BESC recommended that the discretion allowed by the RFP be used considering:
 - The score was close to the threshold (within 3%);
 - The significance of the elements that lead to the scores that were below 70%; and
 - The non-conformance issues were not so severe that they could not be addressed through negotiations ('materiality')
 - Fairness Commissioner confirmed this was acceptable;
 - BESC asked for legal opinion related to legal risk

Points of Clarification: Financial Evaluation

- TransitNEXT was the only bid to meet the City's affordability cap
 - Funding from the federal and provincial governments was capped – other bids significantly over the cap and all additional money would have to come exclusively from City tax dollars
 - Pricing differences in a bid often reflect how much risk a proponent is willing to accept

Financial Submission – RFP Financial Scoring Mechanism

- 500 Maximum Points Available for Financial Submissions
 - 450 Total Submission Price (Net Present Value)
 - 50 Quality of Proposed Financing Plan (minimum score required: 70% or 35 points)

Total Submission Price - Scoring Example (illustrative purposes only)

	Total Submission Price	Delta to Lowest (\$)	Delta to Lowest (%)	Score	Rank
Proponent A	\$1,132 million	\$132 million	+13.23 %	53 ^a	3
Proponent B	\$1,000 million	--	--	450	1
Proponent C	\$1,093 million	\$93 million	+9.33 %	170 ^b	2

a. $450 - (13.23 * 30 \text{ pts}) = 53$

b. $450 - (9.33 * 30 \text{ pts}) = 170$

Points of Clarification: Capital Cost Affordability Threshold

- Federal and Provincial funding capped at \$2.4 billion:
 - 2/3 funding of Stage 2 LRT estimated cost of \$3 billion
 - 100% of Airport and Trim extension
 - \$50 million Limebank extension
- Estimated capital cost for Stage 2 LRT \$3.4 billion

City must fund remaining cost of \$1 billion.

Points of Clarification: Capital Cost Affordability Threshold

- Determine affordability of construction and maintenance costs over 30 years, based on:
 - Forecast funding sources: Transit Fares, Transit Tax, Government Funding, Development Charges, Gas Tax, Debt
 - Total capital revenue less total capital requirements = net debt requirement
 - Projected annual net cashflow including additional debt servicing not to fall below zero in any given year over the 30 year projection period
- **Affordability cap had two tests: for construction period (to reflect capped funding) and in total for 30 years.**
- **If either cap was exceeded, City must fund and adjust long range capital plan.**

Points of Clarification: Negotiation/Contract Phase

- Contract approved by Council reflects the quality Council requires and expects for the Trillium Line Extension, not the quality of TransitNEXT's (TNEXT) technical submission
 - Technical non-conformances were resolved to the satisfaction of the Technical Evaluators in First Negotiations
- Had TNEXT not committed to deliver the quality Council required within its bid price, the City would have moved to the 2nd place bid
- Contractual requirements and price did not change

What the Documents Show

- The Technical Conformance Review established that the Technical Submissions by all 3 Proponents passed the 'go/no go' conformance test for consideration that was expressly set out in the procurement documents
- Any poor quality response to the technical submission requirements from the Proponents in the Technical Evaluation phase does not reduce any of the Proponent's obligations to meet the project design, construction, maintenance, operations and financing of the Project Agreement should they be selected as the Preferred Proponent
- All 3 proponents had issues that would have needed to be expressly addressed as part of the negotiations phase

What the Documents Show

- The discretion exercised by the Executive Steering Committee with respect to the technical evaluation, as recommended by the BESC, was blind – no member of the Committee knew which firm had which score and the discretion was exercised without any knowledge of the Financial Submission
 - Fairness Commissioner confirmed this was acceptable from a fairness perspective
- **Contract negotiations addressed all of the deficiencies in TransitNext's RFP Submission before they were recommended as the Preferred Proponent to City Council** in the report that was considered and approved on March 6, 2019

What the Documents Show

The executed Project Agreements require TransitNEXT to meet Council's criteria for the project design, construction, maintenance, operations and financing for the Stage 2 LRT Trillium Extension

- Construction, including early works and preliminary site preparations, began in early 2019.
- When completed in August 2022, this project will provide new light rail transit connections for communities in Riverside South while bringing rail closer to Manotick, Findlay Creek, Greely, Osgoode; provide connections to bus service in Barrhaven via the Vimy Memorial Bridge



Questions?

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