Region of Waterloo
Corporate Services
Facilities and Fleet Management
Treasury Services (Procurement)

To: Chair Tom Galloway and Members of the Planning and Works Committee
Date: October 3, 2017  File Code: A19-01
Subject: RFQ PQ2017-04 Development of King Victoria Transit Hub Infrastructure and Mixed Use Development Lands

Recommendation:

That the Regional Municipality of Waterloo prequalify King Victoria Transit Hub Partners Inc. for RFQ PQ2017-04, Development of the King Victoria Transit Hub Infrastructure and Mixed Use Development Lands, and that the Region invite King Victoria Transit Hub Partners Inc. to respond to a Request for Proposal for purchase by negotiation, pursuant to Report COR-FFM-17-17/COR-TRY-17-87, dated October 3, 2017.

Summary: Nil

Report:

Background

The King Victoria Transit Hub site is a landmark development and train station connecting the Region to the Toronto-Waterloo Region Innovation Corridor. It will be a focal point for higher order transit service in Waterloo Region, connecting passengers seamlessly through the co-location of ION LRT, GO Transit (rail and bus service), VIA rail service, intercity bus and GRT. The Transit Hub is also expected to generate ION ridership as an anchor development along the Central Transit Corridor (CTC) with transit station functions integrated with a privately developed mixed-use destination.
Additional background on the project is available in reports COR-FFM-17-01 dated February 14, 2017 and PDL-CPL-16-14 dated February 23, 2016.

**Request for Qualification**

The Region initiated a Request for Qualification (RFQ) process in March 2017 as the first step in the procurement process to select a master developer to construct the on-site Transit Hub infrastructure and mixed-use development. The RFQ submission deadline was June 30, 2017.

Despite a significant advertising campaign and indications of interest within the development community, the RFQ process generated only one submission. The RFQ evaluation process has confirmed that this is a strong submission from a consortium that is very capable and interested in delivering both the Transit Hub and mixed use components of the project. The consortium achieved qualifying scores in both the technical and financial evaluations.

The consortium partners are Ellis Don Capital, Kilmer Group and Perimeter Development Corp. operating under the name King Victoria Transit Hub Partners Inc. (KVTH Partners Inc.). The submission demonstrated a well organized team bringing together the strengths of each of the member organizations. In particular, Ellis Don and Kilmer Group demonstrated a number of examples of similar projects where they have worked both together and independently to successfully deliver large, unique developments with creative solutions to significant challenges. Perimeter Development brings the critical local perspective and a similar history of successful developments focused on the Kitchener area. The overall quality of the submission demonstrated an understanding of the project challenges and the ability to bring together the necessary resources to deliver it successfully.

The Fairness Monitor retained in connection with this RFQ (Optimus SBR) attested as follows:

a) the Project RFQ process was conducted in accordance with the provisions of the RFQ, and met the fairness and transparency requirements established in the RFQ and other related policies of the Region of Waterloo;

b) the Region’s staff and external advisors adhered to the Region of Waterloo’s conflict of interest and confidentiality requirements, and

c) all Applicants were treated consistently in the evaluation process and in accordance with the Project RFQ and the established principles of fairness, openness and transparency.
Following receipt of the single submission, staff worked closely with external advisors (legal, procurement, financial & design) to evaluate a range of possible options for proceeding with the project based on speed of implementation, value optimization, design integration and design excellence as well as market interest.

Based on this evaluation, staff recommends that KVTH Partners Inc. be prequalified for the project and that they be invited to respond to the project Request for Proposal for purchase by negotiation. The terms and conditions of the Project RFQ allow the Region to alter the RFQ/RFP process in response to the single submission. Furthermore, the Region’s Purchasing By-law, section 21(1)(a), allows the Region’s Chief Purchasing Officer to acquire goods and services through negotiation where there is only one known source of supply.

The Region will retain the ability to pursue alternate procurement approaches should the negotiation be unsuccessful.

**Corporate Strategic Plan:**

The implementation of the King-Victoria Transit Hub supports the Thriving Economy, Sustainable Transportation, and Environment and Sustainable Growth focus areas in the 2015-2018 Strategic Plan by attracting new employers and investments (Objective 1.1); planning for and providing the infrastructure and services necessary for economic success (Objective 1.2); enhancing arts and heritage opportunities for residents and visitors (Objective 1.3); creating an integrated, accessible, affordable and sustainable transportation network (Objective 2.1); improving inter-city rail transportation services (Objective 2.2); and improving environmental sustainability and livability in intensifying urban settlement areas (Objective 3.6).

**Financial Implications:**

The projected cost of the KVTH project is $43 million, including the on-site and off-site transit components, procurement costs, and 100 parking spaces for transit riders. The Province has committed full funding for the project subject to an acceptable business case. Staff has worked closely with MTO staff to finalize the business case and expect to begin negotiating the details of a funding agreement in the coming weeks. One of the requirements of any provincial funding agreement is that the project be procured in a fair, open, transparent and competitive manner. Ministry staff are supportive of the recommended approach and have committed to working closely with Region staff to ensure that the process will meet their requirements. The 2017 Facilities Management Capital Program as amended through report COR-TRY-17-34 dated April 12, 2017 includes $1,234,000 funded from provincial grant for initial soft costs which are included in the total project budget of $43 million.
Other Department Consultations/Concurrence:

Staff from Transportation and Environmental Services, Corporate Services, and Planning, Development & Legislative Services are directly involved in the project and have been consulted in the preparation of this report.

Attachments: Nil

Prepared By: Lisa Evans, Chief Purchasing Officer

Ellen McGaghey, Director, Facilities & Fleet Management

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer