



## Nomination Form

<b>Nominee Information</b>				
Public Sector Procurement Project	Light Rail Rapid Transit Project – City of Ottawa			
Team Name	Light Rail Project Office	Team Leader	Rejean Chartrand	
Organization	City of Ottawa			
Team Participants	City of Ottawa LRTP Office Team	Partnering & Procurement Inc		
	Marshall Macklin Monaghan Inc.	KPMG, BLG Canada and many others		
Category of Public Sector	Municipal			
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<b>Nomination submitted by</b>				
Name	Rejean Chartrand		Title	Director of Development
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<b>Certification</b>				
To the best of my knowledge, I certify that the information provided is accurate and true.				
Signature			Date	30 June 06

## 1 Brief description of the project

The City of Ottawa, Canada, is implementing a citywide Light Rail Transit (LRT) network that builds on the success of an earlier pilot project. The LRT network is a key facet of the City's 20-year growth management strategy, and reflects the City's commitment to Smart Growth principles that strive to boost the economy, protect the environment, and enhance community vitality in this G8 capital city.

The North-South LRT Project (the "Project") is the first part of a comprehensive rapid transit program that includes over 100 km of LRT and 60 km of new Bus Rapid Transit (BRT) lanes.

The City intends to have the North-South LRT Project delivered by way of an agreement with a third party. The overall scope of the Project delivery includes two distinct elements: 1) the Design-Build and 2) the Operations and Maintenance phases which include:

- The light rail vehicles
- The civil structures and facilities
- The "LRT systems", which include:
  - Track structure, track and switches;
  - Power supply and traction power;
  - Train control; and
  - Communications.

The procurement strategy for the project includes:

- Through a request for qualifications (RFQ):
  - Identify qualified Civil Engineering/Architectural organizations and
  - Light Rail manufacturing organizations
  - Encourage formal teaming arrangements and structures which will be able to design, build and maintain the LRT to specified performance standards for a 15 year operational period.
- Through a request for proposals addressed to organizations qualified through the RFQ process,
  - Select a single structured organization which will
    - Design and build the required civil structures
    - Design and build the Light Rail trains and supporting structures,
    - Maintain the civil and train structures for a 15 year operational period

- Assume all appropriate risks associated with the design, build and maintenance of the complete LRT system for the duration of the agreement.
- Develop a contractual instrument, the completion of which is coincident with the completion of the RFP process such that movement through the contractual negotiation stage will be rapid and completely consistent with the RFP.
- Accomplish a contractual arrangement, for a fixed price consistent with all of the above.

The entire RFP was to be performance based so that design innovation and know how, instead of prescriptive conditions, were encouraged.

To ensure high quality, compliant responses, the City developed and enacted a consultative procurement model which continued throughout the RFP process so that continuous, confidential, discussions were held with all participants to ensure complete understanding of both the requirements and the solutions.

Recognizing the probable scope and complexity of the resulting contracts, the City proceeded with contract construction, in a collaborative mode with each potential proponent, during the RFP process. The result of this approach is a completed contract (with all attachments and schedules) ready for signature within one month of the selection of the preferred proponent.

## **2 Summary of project experience – How did it go?**

The project produced a timetable of the key events during the procurement. Although many of the interim activities were changed throughout the procurement, the overall key dates were met, most of them were in fact achieved early. Often this kind of successful timetable is achieved at the expense of the vendor community who are squeezed mercilessly whereas the buyer timeframe is often relaxed. In this case, all of the key buyer and vendor dates were unchanged and a degree of trust and confidence developed between each proponent with the result that date changes were accepted and understood by all parties. Of particular note, the contract negotiation took one month after selection of the preferred vendor for an agreement of several hundred pages covering design, build and maintenance of a light rail system covering a total of more than 15 years.

At the conclusion of the evaluation stage, despite an RFP which was more than 1000 pages in length and which contained thousands of mandatory compliance items, there were three compliant bidders from the three companies which bid. This remarkable result is a tribute to the vendors, but it was made possible only by the collaborative “commercial in confidence” meetings which occurred throughout the

entire RFP process. Compliance issues were never in doubt and it was relatively easy to be sure that each bid would be compliant despite the complexity of the RFP.

The City needed to be sure that risks that were apportioned to the party (City or Proponent) best able to manage and mitigate the risk. The constant proponent contact through the RFP ensured that risks were surfaced, discussed and apportioned with the result that City risks are now limited to those of a catastrophic or unforeseen nature; Proponent risks are related to those entirely within their control – schedule, design, construction, training, materials etc.

Final bid costs from each bidder were comparable and reasonable and provided a very well understood baseline. From this baseline, the City and the selected proponent were able to proceed with a value engineering exercise that reduced the costs and risks to the City and the proponent. Since most of the contractual matters were also baselined at the time of the selection of the preferred proponent, the value engineering was able to focus upon effective project delivery and reduced risk and cost without becoming embroiled in the usual associated contractual issues.

### **3 Contribution of project to key criteria:**

- High degree of innovation – new ideas or approaches in either operational or policy settings;
  - The Commercial in Confidence Discussions led to three fully compliant responses from which the best price became the dominant selection factor with the assurance that each proponent was demonstrably able to deliver the project to the performance standards required.
  - The parallel contractual discussions led to a mostly-completed agreement which was the starting point for accelerated contract finalization with the preferred proponent. This accelerated negotiation was completed within one month of the selection of the preferred proponent.
- measurable and significant benefit – savings, efficiency and effectiveness, satisfy the stated objectives of the project;
  - The contract, as awarded, was for an amount that was within 2% of the projected budget for the 15 year agreement and contained all of the risk safeguards that were necessary for a long term, high investment project.
  - The key project dates for RFP issue, closure, selection and contract award were all either met or improved upon.
  - Three fully compliant bids were received and evaluated and each contained a credible contract price and offer.
  - The procurement budget, i.e. the costs for the procurement were contained to the budgeted amount.

- transferability – the central idea or approach shows some promise for being used in other areas of the public sector;
  - Every aspect of the project was consistent with the procurement policy of the City of Ottawa and, as such, every aspect would be transferable to any municipal organization.
- advancing professionalism within the community.
  - The participant proponents in the process have been
    - consistently complimentary about the openness and fairness of the entire project
    - surprised and pleased at the fact that the project has consistently met, or bettered, stated goals and deadlines.

**4 The submission must include a letter of reference from a senior manager or procurement supervisor on the project – someone other than the team leader submitting the nomination.**

The nomination letter follows in a separate signed PDF file.



July 6, 2006

The Leadership in Public Procurement 2006 Summit Award  
c/o Summit Magazine and  
The Canadian Public Procurement Council

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As the Fairness Commissioner selected by the City to monitor and report upon the conduct of this procurement, it has been my pleasure to observe a process which has been innovative, fair and successful for the City of Ottawa.

The City LRT team set ambitious goals and deadlines and proceeded to establish some innovative rules and practices to support the goals and deadlines.

The process proceeded exactly as planned and produced an unusual interim result. All three of the bids submitted were compliant to the technical performance specification and each was considered at the financial evaluation stage.

Having three, eminently qualified consortia with three compliant bids truly put the City into the position of being able to select the best financial value for the people of the City of Ottawa.

The practices developed and enacted by the City, the project team and the Supply management Division were outstanding and deserved of recognition by the procurement community.

Howard Grant,  
Fairness Commissioner,  
Partnering & Procurement Inc.