



DEVELOPMENT AND INFRASTRUCTURE SERVICES – ENGINEERING SERVICES
TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7
www.newmarket.ca
info@newmarket.ca
905.895.5193

November 30, 2015

**DEVELOPMENT AND INFRASTRUCTURE SERVICES REPORT
ENGINEERING SERVICES 2015-66**

TO: Committee of the Whole
SUBJECT: Professional Engineering Consultant Checking and Inspection Services
ORIGIN: Director, Engineering Services

ACTION REQUESTED

THAT Development and Infrastructure Services Report – Engineering Services 2015-66 dated November 30, 2015 entitled “Professional Engineering Consultant Checking and Inspection Services” be received and that Council endorse Option 1 as outlined in this report and that staff be directed to:

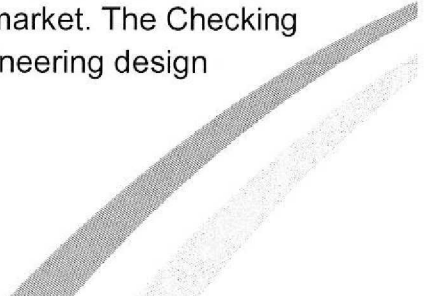
- 1. Continue with the Town’s current best practice by extending the Professional Consulting Services Agreement with R. J. Burnside and Associates Limited (RJB) at a “preferred client discounted rate” (discounted rates that are annually adjusted as per industry standards) for a period of three years, plus two one-year renewal options.**

BACKGROUND

At its meeting of January 20, 2014, Council recommended:

- i) THAT staff report back to Council after a year and a half with options regarding the Checking Consultant Professional Consulting Services

“Professional Engineering Consultant Checking and Inspection Services” are needed on an ongoing basis by the Town to perform various duties that are essential to the proper planning and development of new subdivisions and infill greenfield development in Newmarket. The Checking and Inspection Consultant plays a key role in the approval process for engineering design



requirements and final plan registration of subdivisions. The Town does not currently have internal staff to perform these very important duties and therefore, the work is contracted out.

One very important factor in this process is that the Town does NOT pay for the services rendered by the Checking and Inspection Consultant in its role in managing and reviewing subdivision submissions made by private developers. All of the costs associated with the Checking and Inspection Consultant's duties are transferred to the appropriate developers through invoices that reflect the time and material costs spent by the Checking and Inspection Consultant on their individual submissions and any work performed on their subdivisions as a result of verifying construction in the field or responding to complaints by residents and businesses. The total amount billed annually in fees and disbursements by the Checking and Inspection Consultant in the past 5 years varies, but it is in the area of \$575,000 per year, on average.

Hourly fees for Engineering Consultants are normally based on the Ontario Society of Professional Engineers' (OSPE) "Fee Guideline for Professional Engineering Services". However, because the Town of Newmarket has been a client of R.J. Burnside and Associates Limited (RJB) as Checking and Inspection Consultant for several years, developers are benefitting from a significant discount on those hourly rates.

Some of the functions that are performed by the Checking and Inspection Consultant are:

- Review drawings, designs and associated documents for developments to be implemented by Plan of Subdivision and occasionally by Site Plan Application;
- Field monitoring of the construction of engineering infrastructure that will be eventually assumed by the Town
- Assistance with the administration of the corresponding Subdivision Agreement
- Take direction from the Town to address complaints received from residents or businesses related to subdivision development or construction
- Ensure that the new water distribution system commissioning tests are completed by the developer's consulting engineer in accordance with the Town's and all regulatory agencies' requirements to ensure the safety of all of our residents
- Ensure that lot grading inspection and certifications are carried out in a timely fashion
- Minimize nuisance and ensure adequate levels of public comfort, health and safety
- Review of each building permit application for conformity with the engineering design drawings
- Review applications for performance security reduction, commencement of maintenance periods and final acceptances/assumptions

- Have a senior engineer available at all times to respond to the requests and requirements of the Town and ensure that there is no delay in performing duties

Although the Checking and Inspection Consultant's duties centre mostly on subdivision plans, there are occasions where the workload for Town staff's internal review of Site Plans may be excessive to the point where service levels and turn-around times are compromised. In those instances, the Checking and Inspection Consultant may be called upon to assist Town staff in reviewing Site Plans so that the process is kept moving at an acceptable pace. Since this type of work is expected to increase in the coming years with greater infill development applications, staff will review a specific resource assessment and could consider a Request for Proposal process to secure services for Site Plans.

This report is being submitted as per Council's recommendation to review potential options regarding this service. A brief description of three options that were considered, and the advantages and disadvantages of each of the three options, are presented below.

Option #1 - Continue with the Town's current best practice by extending the Professional Consulting Services Agreement with R. J. Burnside and Associates Limited at a "preferred client discounted rate" (discounted rates that are annually adjusted as per industry standards) for a period of three years, plus two one-year renewal options:

This option would extend RJB's current Agreement for Professional Consulting Services for three (3) years from January 20, 2016 (expiring January 2019) with an option for renewal for two additional years (to January 2021).

There are several reasons why this option is most advantageous for the Town:

- RJB provides significantly discounted "preferred client" fees and rates that result in savings transferred to the developers, thereby reducing costs. They have offered to continue this discount, should the contract be extended.
- RJB also provides checking and inspection consulting services to East Gwillimbury, Stouffville, King and Bradford in the form of a long-term contract with built-in renewal for anywhere from 3 to 5 years. Recently, Bradford has moved to having internal staff for development reviews, but they still rely on RJB for advice and support in their activities due to the expertise that RJB has in this area.
- Over the past 15 years, the Town has experienced a large amount of staff turnover, but RJB has had the same core team of engineers (at least four individuals) who have worked on the Town's checking and inspection services since 1999, which results in a great wealth

of corporate memory that staff does not have. This is very rare and highly unusual in the Consulting Engineering world, where staff turnover is usually quite high.

- The volume of work for subdivision development applications in Newmarket has matured, and the number of greenfields available for development of new subdivisions is decreasing, as most properties are now developed. As a result, it would be unadvisable to proceed to a RFP and risk having a new consultant who is not familiar with the Town's engineering standards, development practices, development coordination procedures, inspection requirements, etc. The learning curve required for a new consultant at this stage would end up costing the Town and developers significantly, as the transition from one consultant to another is being made. The Town has lived through one such transition in the checking and inspection consultant, and has learned from the experience that the process can be very lengthy, challenging and even damaging for the Town and the developers. As the Town positions itself to start building upwards (instead of outwards) in its mission to intensify, an RFP would better serve the development community if it was aimed at new services that would involve high-rise development and site-plan applications. This is something to consider for the very near future.
- RJB has always performed above expectations as the Town's Checking and Inspection Consultant for numerous years and have had exceptional consistency in their staff and service levels. Evaluations of RJB's performance received from the Town's Development Coordinator (HBR Planning Centre Inc.) and from staff have been very positive, based on the quality, efficiency and timeliness of the services provided by RJB.
- RJB is the only consultant of its caliber and size to have their office located in Newmarket and therefore, they can be at a meeting or on a development site within 30 minutes of being requested to attend for unforeseen situations.
- The fact that RJB is the only local consultant with the ability to act as a checking and inspection consultant keeps costs down for developers in terms of travel time for the consultant's staff and mileage expenses to travel to the development sites and to the Town offices for meetings or to conduct inspections. This also ensures timeliness in the checking and inspection consultant's response to urgent issues that require their presence on the site or at the Town offices.
- RJB has immediate access to specialists in many areas of specialized expertise that are often needed for subdivision review (e.g., environmental specialists, noise specialists, structural specialists, etc.).
- RJB has located their office in Newmarket specifically as a result of being the successful proponent for the Checking and Inspection Consultant Services contract, hence showing their commitment to providing excellent and timely service to the Town of Newmarket.

- RJB has knowledge of all current and past subdivision applications and development and is completely familiar and knowledgeable regarding the Town's Engineering Standards. This makes turn-around times very quick and efficient for developers and for the Town.
- RJB's extensive knowledge in all aspects of the development approvals process benefits developers by helping them to move forward efficiently and effectively with their subdivision applications and by allowing them to obtain a subdivision agreement in a timely fashion (ensuring that all Town standards and requirements are met with minimum engineering design submissions).
- RJB has been a key member of the Town's Development Coordination Committee that meets every two weeks and therefore, they know the functioning of the Town's process and have grown to excel in the process.
- RJB has in-house expertise in subdivision design, traffic management, storm water management, environmental sciences and many other fields that are required. This enables them to expedite the work and provide the detailed engineering review of all components of development applications in a proactive and timely manner.
- RJB has always managed to ensure the Town's best interests while respecting the challenges that face developers.
- RJB has demonstrated extremely good communication skills in terms of the flow and accuracy of information transferred between the developers, peer reviewers and the Town and in keeping the Town informed of all issues that may arise
- Renewing or extending RJB's Agreement with the Town without going to a competitive RFP process is completely supported by the Town's Procurement Bylaw. The renewal would only have to meet ONE of the conditions set out in the Single Source section of the Procurement Bylaw, but it actually meets four of the clauses in the "Single Source" section under the Town's By-Law. Section 13.6 of the Town's Procurement Bylaw, entitled "*Single Source*", states that "*Single Source purchasing may be conducted for the procurement for goods service(s) or construction of any contract value without the competitive Bid process, when any of the following circumstances apply:*"
 - i. *For reasons of standardization, warranty, function or service, such as: technical qualifications* (in this case, the technical qualifications that RJB possesses are required for this service and RJB is completely knowledgeable of the standards, specifications, history and background required for the work whereas a new consultant would not.);
 - iii. *Where compatibility with an existing product, equipment, facility or service is a paramount consideration* (in this case, compatibility with the service provided by the Development Coordination Committee is essential to ensuring that the service is provided seamlessly, efficiently and in a timely and continual basis without any

delays; RJB has proven its functionality and compatibility within that existing service therefore the service to Developers and to the Town can continue without interruption only if RJB is to continue the work);

- v. *Where the contractor possesses the unique and singularly available capability to meet the requirements, such as, skills related to and/or existing knowledge of the nature of the service* (in this case, RJB possesses the unique capability to meet the requirements such as existing knowledge of the nature of the service; a new contractor would require an extended period of time to reach the level of knowledge, the nature of the services and the background required to perform the work; therefore, there would be a significant lapse in time during which the work would not be done efficiently and in a timely manner as the new consultant would be learning the ropes. There would be unacceptable delays as Developers would have to wait for their applications and plans to be reviewed notwithstanding the additional financial burden on the Developers of paying for two checking and inspection consultants through the transition period.);
- vi. *Ability to deliver at a particular time* (in this case, RJB is the only contractor who can deliver continuously and seamlessly as required by the development application process due to the reasons outlined above).

Option #2 – Proceed to a Request for Proposals (RFP) for Professional Engineering Consultant Checking and Inspection Services:

In this option, Requests for Proposals (RFP's), could be sent out, by invitation, to a number of pre-qualified engineering consulting firms who are experienced in municipal engineering checking and inspection services. Staff would review the RFP's received and provide a report to Council with a recommendation to execute an agreement with the consultant who has provided the best (not necessarily the lowest-cost) proposal.

Going to a RFP process at this stage could cause great difficulties to the Town and to developers, without necessarily producing any advantages or cost savings over the current process. Here is a summary of thoughts to consider if going to a RFP process for a checking and inspection consultant:

- Changing the Professional Engineering Consultant Checking and Inspection Services at this time would have a significant financial burden because for a significant period of time, the Town would have to keep BOTH the existing and new consultants on board during the several months required for the transition. This would be needed so that the existing

consultant could wrap up the numerous projects that they are currently working on, as well as discussing files with the new consultant and “training” them to learn the process and the standards.

- The transition would cause difficult delays for developers. The new consultant would need several months to learn the processes and be up to speed on development files and standards involved. They would also need to become familiar with the Town's Official Plan, Secondary Plan, as well as our Engineering Standards and Specifications for subdivisions and developments. To avoid any delays to Developers, the two consultants (RJB and the new firm) would have to work in tandem until the new consultant could take over all functions of the “Checking and Inspection Consultant” for the Town.
- The exact costs and length of delays cannot be quantified at this time, as they would depend on the number and complexity of reviews that need to be handled and how fast the new consultant would be able to become familiar with all of the information required to continue the work. Based on the Town's past experience with changing its checking and inspection consultant, it is expected that these costs and delays would be significant.

Option #3 – Provide new in-house resources to manage subdivision development application reviews:

This option would require time for Engineering Services to hire additional staff to carry out the review of development applications and field monitoring. Additional staff required to manage development applications would consist of a ‘Development Engineer’ (to oversee the development review process), a ‘Storm Water Management Engineer’ (to review all storm water management studies/reports), 2 to 3 ‘Technical Coordinators’ (to review the engineering design for roads/grading, individual lot grading, servicing, etc.) and 1 to 2 ‘Site Inspectors’ (to carry out field monitoring on the progress and adherence to Town Standards). Hiring of staff to manage subdivision development applications in-house would have a significant impact on the Town's budget for wages. However, the additional costs would be offset by engineering fees collected from the developers as part of their development applications. There is also an issue of space requirements that is difficult to meet

Even if the Town had internal staff to review subdivision development applications, the assistance and support of an external consultant would still be required for specialized designs and for environmental, noise, soils and other types of reviews.

Another disadvantage of this option at this particular juncture is that staff could be hired for this process, but as mentioned above the Town is currently in the phasing-out stage for subdivisions in

our greenfields and is moving towards intensification, requiring other specializations. So, even if staff is hired at this time, it may be necessary to re-train or replace them gradually when new skills are required to review intensification applications.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

Well Equipped and Managed

Provide thorough and timely consideration of applications for development and redevelopment in accordance with statutory requirements through the management of the application process that includes co-ordination with and across all impacted Town departments.

CONSULTATION

There has been no internal or external consultation as part of this report, except for the canvassing of other local municipalities within Ontario to discuss their processes with them.

HUMAN RESOURCE CONSIDERATIONS

Staffing levels are not impacted as a result of the recommendations in this report.

BUDGET IMPACT

Operating Budget (Current and Future)

Based on the recommendation provided in this report, there would be no impact to the Operating Budget.

Capital Budget

Based on the recommendation provided in this report, there would be no impact to the Capital Budget

CONTACT

For more information on this report, contact: Rick Bingham, Manager, Development Engineering, at extension 2505 or email rbingham@newmarket.ca.



Rick Bingham, C.E.T.

Manager, Development Engineering



for Rachel Prudhomme, M.Sc., P.Eng.

Director of Engineering Services



Peter Noehammer, P.Eng.

Commissioner, Development and Infrastructure Services