

STAFF REPORT: Engineering and Public Works



REPORT TO: Council
MEETING DATE: March 2, 2009
REPORT NO.: EPW.09.009
SUBJECT: Grey Road 19 Roundabout and Mountain Drive Construction Contract Award
PREPARED BY: Reg Russwurm, Director of Engineering and Public Works

A. Recommendations

THAT Council approve the Town of The Blue Mountains' portion of the Grey Road 19 Roundabout and Mountain Drive Construction be included within the 2009 Capital Budget at a cost of \$561,530 in the Roads Budget and \$195,112 in the Water Budget for the new servicing of the Blue Mountain Resort Orchard Lodge, and

THAT Council approve the County of Grey to award the Town of The Blue Mountains' portion of the Grey Road 19 Roundabout and Mountain Drive Construction known as Part B: Mountain Drive and New Servicing to E.C. King Contracting for an amount to not to exceed \$456,642.00 subject to the provision of security in a form satisfactory to the Director of Financial Services from Blue Mountain Resorts in the amount of \$195,112, as outlined in Report EPW.09.009 "Grey Road 19 Roundabout and Mountain Drive Construction Contract Award".

B. Background

The County of Grey in partnership with the Town and Blue Mountain Resorts (BMR) is undertaking the construction of a new Roundabout at the intersection of GR19 / GR119 and Mountain Drive, and the reconstruction of a 100m portion of Mountain Drive north of the proposed Roundabout which also includes the provision of water and sanitary servicing of the future BMR Orchard Lodge.

The construction contract is configured as:

Part A: Roundabout Construction

Part B: Reconstruction of 100m of Mountain Drive and the installation of new servicing to the proposed BMR Orchard Lodge.

For the Part A works, the County, BMR and Town have executed an agreement that outlines that the Part A costs will be shared on a 40/40/20 basis with the Town's upset limit set at \$300,000 and BMR's upset limit at \$600,000. This is less than the original 20% upset value of \$320,000 contemplated in Report EPW.07.116 attached for reference. The County will absorb any cost overruns.

For the Part B works, the Town will be fully responsible for costs however will recover all the new lodge servicing costs from BMR as outlined in the tables below.

To summarise all Town costs on this project, the following chart has been prepared.

<u>Description</u>	<u>Funding Source</u>
---------------------------	------------------------------

Part A: Roundabout

Project Cost	\$1,478,657
20% Town share	\$295,731

\$300,000 Agreed upset limit

Part A Funding Allocation

	\$90,000	(30% of \$300k per MDA)	Intrawest
	\$175,000	(70% of \$250k)	DC
	\$35,000	(70% of \$50k)	Gas Tax
	\$300,000		

Part B: Mountain Drive Reconstruction and New Servicing

Project Cost	
Road Works	\$261,530
New Servicing	\$195,112
Sub-Total	\$456,642

Part B Funding Allocation

	\$183,071	(70% of Road Works)	DC
	\$78,459	(30% of Road Works per MDA)	Intrawest
	\$195,112	(100% of New Servicing)	BMR
	\$456,642		

Total Town Related: \$756,642

MDA: Master Development Agreement with Intrawest for the Village Development
 DC: Development Charges

The County received tenders on February 12 and intends to receive Grey Council award subject to approval by the Town for Part B of the works.

C. The Blue Mountains' Strategic Plan

Town's Strategic Plan Goal # 2 "Addressing the Town's Municipal Infrastructure needs" is in part satisfied by the recommended action.

D. Environmental Impacts

The construction of a Roundabout is accepted in the transportation industry as having a beneficial environmental impact over traditional intersection improvements because there is less vehicle idling and fewer stop/starts.

E. Budget Impact

Roads Budget

The Draft 2009 Capital Budget provides \$536,000 for the Town's direct share of the road works made up of the Town portion of the Roundabout and all of Mountain Drive. The tendered costs however amount to \$561,530 consisting of:

\$300,000	- upset by agreement for Part A: Roundabout
<u>\$261,530</u>	- tender for Part B: Mountain Drive and New Servicing
\$561,530	

<u>\$536,000</u>	- Draft 2009 Capital Budget
------------------	-----------------------------

\$25,530	- shortfall in Draft 2009 Capital Budget
----------	--

Staff recommend that the project be deemed to be included in the 2009 Capital Budget and that the budget be set at \$561,530 which is \$25,530 more than contemplated in the Draft 2009 Capital Budget. The shortfall will be shared 70% Development Charges and 30% IntraWest.

Water Budget

The Draft 2009 Capital Budget provides \$150,000 for the new servicing to the future Orchard Lodge. The tendered value amounts to \$195,112. All costs associated with new servicing works will be fully paid for and secured by Blue Mountain Resorts in a form satisfactory to the Director of Finance.

Staff recommend that the project be deemed to be included in the 2009 Capital Budget and that the budget be set at \$195,112 which is \$45,112 more than contemplated in the Draft 2009 Capital Budget. The shortfall will be 100% paid by BMR.

F. Attached

1. EPW.07.116 "County Road 19 Roundabout Cost Sharing Update and Utility Relocation Agreement"

Respectfully submitted,

Reg Russwurm
Director of Engineering and Public Works

STAFF REPORT: Engineering and Public Works Department



REPORT TO: COUNCIL
MEETING DATE: December 10, 2007
REPORT NO.: EPW.07.116
**SUBJECT: County Road 19 Roundabout Cost Sharing
Update and Utility Relocation Agreement**
**PREPARED BY: Reg Russwurm, Director of Engineering and
Public Works Department**

A. Recommendations

THAT Council approve entering a Utility Relocation Agreement for the relocation of utilities in the vicinity of the intersection of Grey Road 19, Mountain Drive and Scenic Caves Road at a cost sharing arrangement of 40% County of Grey, 40% Blue Mountain Resorts and 20% Town with an estimated Town cost of \$40,000 as outlined in Report EPW.07.116,

THAT the Mayor and the Clerk be authorized to execute the Utility Relocation Agreement upon the recommendation of the Director of Engineering and Public Works and the Town Solicitor,

THAT Council approve funding the direct roundabout project costs to be shared with the County and Blue Mountain Resorts at the intersection of Grey Road 19, Mountain Drive and Scenic Caves Road at 20% of the direct roundabout project costs to an upset limit of \$320,000.00 consisting of \$271,000 development contribution and \$49,000 Federal Gas Tax Revenue Program as outlined in Report EPW.07.116, and

THAT Council approve the addition to the Roundabout Project a portion of the reconstruction of Mountain Drive at an estimated cost of \$150,000.00 and the installation of watermain and sanitary systems funded by Blue Mountain Resorts as outlined in Report EPW.07.116.

B. Background

Roundabout Background

Blue Mountain Resorts (BMR) is proposing to develop the Orchard Hill area of the ski resort and will involve the construction of a ski lodge and large parking lots. This development, along with increasing background traffic growth, will add significant traffic load to the intersection of Grey Road 19, Mountain Drive and Scenic Caves Road.

On November 19, 2007 Town Council passed resolutions outlined in Report EPW.07.112 in summary to:

1. Agree in principle to 40% County, 40% BMR and 20% Town cost sharing formula,
2. Instruct that all costs be funded from developer contribution

3. Request the project be deferred until the Development Charges Study can be updated expected for the 2009 Budget Year.

Report EPW.07.112: County Rd 19 & Mountain Drive Intersection Cost Sharing is attached for reference.

After the November 19, 2007 Town Council meeting, Staff had continuing discussions with the County and BMR and studied alternate funding options. The purpose of this report is to update Council on the progress of the project and to receive additional direction.

On Tuesday November 27th, 2007 County Council passed several resolutions related to this project. The County has endorsed; i) the Roundabout as the preferred option for the intersection improvements; ii) that a \$400,000 limit on County contribution previous passed be rescinded; and, iii) that the cost sharing plan be as follows:

County of Grey - 40%
Blue Mountain Resort - 40% up to \$600,000 as an upset limit;
Town of The Blue Mountains - 20%.

Utility Relocation Agreement

In addition to the above resolutions, County Council also passed a resolution to permit the relocation of utilities as necessary to be undertaken in advance of the Roundabout construction agreement in the proportion of 40% County, 40% BMR and 20% Town cost share. The utility works need to be completed early in 2008 to permit a summer 2008 construction timeframe for the Roundabout if all other issues (planning, site plan and cost sharing) are resolved in time. The utility relocation costs are estimated to be \$200,000.00 and therefore the Town's share will be approximately \$40,000.00. These costs will form part of the overall cost sharing agreement and have been included in cost estimates to date. The County is currently finalising the Agreement and Staff recommend that the Agreement be executed upon the recommendation of the Director of Engineering and Public Works and the Town Solicitor.

Project Update and Town's Cost Share

In order for the Orchard Lodge to be open for the 2009/2010 skiing season, BMR must begin on the lodge in fall 2008. Part of that decision to begin is the commitment from the municipal partners to participate in the construction of the Roundabout. As a result, the Town's request to delay the project until summer 2009 places a particular uncertainty on the project. Since the November 19, 2007 Town Council meeting, additional information has become available that places the Town in a favourable position to waive the requirement to delay construction until 2009 as outlined below.

- a. The cost estimate on the project can be reduced to \$1,600,000.00 by not constructing the fly-by until traffic warrants exist and to close Mountain Drive and Scenic Caves Road to reduce the contractor's traffic control costs;

- b. The scaled distance on the engineering drawings that is equivalent to the distance along the existing Mountain Drive that will be reconstructed with the Roundabout is 125m and therefore the Town can access \$250,000 (125m x \$2000/m) from developer contributions. (Recall that the previous estimate was 100m for a total of \$200,000 based on conceptual drawings);
- c. The County's assertion that costs will be less if their own forces are used for a significant portion of the works;
- d. The ability to access Federal Gas Tax Revenues for contribution to the construction of a Roundabout

The use of Federal Gas Tax Revenues (Gas Tax) for this project is justified given that road infrastructure is an eligible project for Gas Tax, but road projects must "enhance sustainability outcomes". According to Burnside and Associates who have experience with Roundabout design and have reviewed industry literature, the continuous movements through the intersection results in a reduction in fuel use and a reduction in greenhouse gas. Formal confirmation from the Association of Municipalities of Ontario (AMO) has not been received on the project funding but all indications are that the application would be successful. Staff will work with Burnside and Associates to gather the data required to make and receive approval of the application from AMO.

In Report EPW.06.209 provided as Attachment 2, Council approved the direction on the use of the Federal Gas Tax Revenues subject to an annual review. Section 5 of the report summarised proposed spending and provided for \$122,000 to be allocated to Energy Projects over 2008 and 2009. It is recommended that a portion of these funds be used to help fund the Town's share of the Roundabout.

Although the County expects to realise cost savings by using their own forces, the cost uncertainty associated with the construction industry recently, in particular asphalt pricing, cautions Staff to recommend continuing to use the \$1,600,000 estimate as an upset cost that the Town can pre-endorse to participate in the project. The Town's 20% cost share is therefore \$320,000. Since \$250,000 can be recovered through development contributions at 70% Development Charges and 30% Intrawest as per the Master Development Agreement with Intrawest, the shortfall is \$70,000 which can be funded 70% from Gas Tax (\$49,000) and 30% by Intrawest.

At the November 19, 2007 Town Council meeting, it was mistakenly proposed that the sharing would be without capping by any party. BMR has asserted that their funding must be limited to \$600,000. Therefore, Staff can not continue to endorse a cost sharing formula that may lead to a greater contribution than the 20% the Town has committed to. Staff recommends the Town's contribution be limited to the lesser of 20% of project costs or \$320,000.

Mountain Drive Continuation

The current Mountain Drive Phase II Reconstruction Project under final design by Ainley and Associates (referred to as Ainley project) terminates the full urbanisation of the roadway approximately 200m west of County Road 19. Based on the preliminary Roundabout design,

there is about 75m of Mountain Drive that will still have to be reconstructed. Refer to Attachment 3 for a depiction of the limits of the various works.

It is recommended that the 75m between the end of the Ainley project and the Roundabout be added to the Roundabout Project. At an estimated linear cost of \$2,000/m, the cost of reconstruction of Mountain Drive from the end of the Ainley project to the Roundabout will be \$150,000.00 (75m x \$2000/m). Like the other portions of Mountain Drive, this cost will be funding by 70% Development Charges and 30% Intrawest.

In the event that the Roundabout is not reconstructed in 2008, the Ainley project contemplates provisional items to reconstruct the road base and pavement only on Mountain Drive from the end of the full urbanisation to Scenic Caves Road. This would minimise any duplicate costs when the Roundabout is ultimately built. If the Roundabout proceeds in 2008, this partial reconstruction work will not be done as part of the Ainley project and would be more cost effectively built as part of the Roundabout project. Only the minimal temporary transition work would be undertaken in the Ainley project.

Watermain Extension

In order to provide water supply and fire protection to the Orchard Lodge and the residential units contemplated along Scenic Caves Road, a watermain will be required to be constructed from Grey Road 19 to the end of the watermain installed as part of the Ainley project. The approximate length is 200m. The final sizing will be determined during the site plan development of the Orchard Lodge. In addition, Intrawest will be encouraged to construct a suitable watermain to their possible residential units along Scenic Caves Road to avoid disrupting the Roundabout in the future and to realize significant cost savings now. Watermain work will be paid 100% BMR/Intrawest as part of the site plan. The Town's planned work along Mountain Drive as part of the Ainley project and through the Plan 915 reconstruction satisfies the Town's existing water supply and fire protection needs. The estimated cost is \$60,000.

Sanitary System

The provision of sanitary services will be finalised during the development of the Orchard Lodge Site Plan. It has been contemplated that a private sanitary pumping station and forcemain will transfer sewerage from the lodge across the BMR parking lot to the existing gravity sanitary system on CR 19 on at least a temporary basis. Details on this proposal and the long term solution will be reviewed during the site plan servicing discussions. Sanitary works may be added to the Roundabout Project depending on the scope of works.

Summary of Town Cost and Funding Source

To summarise all Town costs on this project, the following chart has been prepared.

<u>Description</u>			<u>Funding Source</u>
Direct Roundabout	\$1,600,000	estimated project cost	
20% Town share	\$320,000		
Direct Roundabout funding breakdown			
	\$96,000	(30% of \$320k per MDA)	Intrawest
	\$175,000	(70% of \$250k)	DC
	\$49,000	(70% of \$70k)	Gas Tax
	\$320,000		
Mountain Drive	\$105,000	(70% of \$150k)	DC
Continuation	\$45,000	(30% of \$150k)	Intrawest
	\$150,000		
Watermain	\$60,000		
	\$60,000		BMR
Sanitary	unknown		BMR
Total Town Related:	\$530,000		

MDA: Master Development Agreement with Intrawest for the Village Development
 DC: Development Charges

The total amount of developer related funding on for the direct Roundabout Project costs is \$271,000 comprised of 70% of \$250,000 (\$175,000) plus 30% of \$320,000 (\$96,000).

Other Issues

In addition to the discussion around costs and cost sharing, there are significant planning, site plan, land transfer and re-zoning hurdles that must be cleared before the work can begin. In order to ensure the works can begin, there can be no slow up in the pace of the overall project. The County and the Developer have been encouraged to proactively move the project along. Staff will not support the County issuing the tender and especially not awarding the contract until all planning and site plan issues have been dealt with. There may be more flexibility if the County does the work with their own forces, but in principle Staff would not recommend construction proceeding until it is known that the above issues have been addressed.

C. The Blue Mountains' Strategic Plan

Town's Strategic Plan Goal # 2 "Addressing the Town's Municipal Infrastructure needs" is in part satisfied by the recommended action.

D. Budget Impact

The 2007 Capital Budget did not include this project. It is recommended that Council pre-approve the project costs and funding sources for inclusion in the 2008 Capital Budget as outlined in EPW.07.116.

At the end of 2009, it is expected a total of \$497,000 will have been received from the Federal Gas Tax Revenue Program of which \$122,000 has been allocated by Town Council to non-specified Energy Projects. The purpose of the Energy Project funding was to undertake energy audits and to increase energy efficiency. Therefore, \$49,000 is available to fund a portion of the Roundabout construction in part because this initiative will provide for more energy efficiency travel.

Due to the less than expected revenue to the Development Charges Reserves, the \$280,000 [(\$250,000 + \$150,000) x 70%] that is to be funded from Development Charges will remain unfinanced until the Development Charges Update is completed expected for late 2008 or early 2009 and the units are registered to actually recover the roads portion of the Development Charges. Since the DC Background Studies are based on 10 year forecast cycles, it is expected to take 10 years to fully recover capital funds.

E. Attached

1. Report EPW.07.112 - County Rd 19 & Mountain Drive Intersection Cost Sharing without attachments.
2. Report EPW.06.209 – Use of Federal Gas Tax Revenues without attachments
3. Limits of works for preliminary Roundabout Project

Respectfully submitted,

Reg Russwurm
Director of Engineering and Public Works