

**STAFF REPORT:           ENGINEERING AND PUBLIC WORKS DEPARTMENT**



**REPORT TO:**            **Infrastructure and Recreation Committee**  
**MEETING DATE:**      **August 10, 2010**  
**REPORT NO.:**         **EPW.10.075**  
**SUBJECT:**             **Thornbury Water Treatment Plant Project  
Budget Increase REVISED**  
**PREPARED BY:**       **John Caswell – Manager of Water and  
Wastewater Services**

**A. Recommendations**

THAT Council receives Report EPW.10.075 entitled “Thornbury Water Treatment Plant Project Budget Increase” and,

That Council approves increasing the Thornbury Water Treatment Plant Pall Membrane by \$120,000.00 from \$4,781,635.00 to \$4,901,635.00 to cover additional Engineering costs.

**B. Background**

The Town retained Henderson Paddon & Associates (purchased by Genivar Consultants LP in August 2008 – Genivar) to complete the design and contract administration services related to the Thornbury Water Treatment Plant Pall Membrane Upgrade. The upset fee was approved at \$156,835.00 plus GST (\$126, 835, 00 Engineering Fees and \$30,000.00 Contingency Fee. An Engineering Agreement was signed by the town and Henderson Paddon & Associates on January 17, 2007. Report EPW.06.196 is attached for reference.

The RFP that was issued in October 2006 was to assess the existing plant, re-establish the plant’s rated capacity by installing two (2) Pall membrane units and related works and to determine the ultimate capacity of the plant within the existing footprint. The two Pall membrane units were to replace the existing Neptune conventional filtration units.

Genivar has requested an increase in Engineering Fees for two reasons.

1. Additional Fees for “Extra Work” outside the scope of the RFP
2. Additional Fees for changes in the scope of work in the original RFP
3. Additional Disbursements

Staff are currently in negotiations with Genivar with respect to additional fees. Due to the municipal election, Staff request that the project budget be increased in order to resolve claims in 2010. Staff will bring a further report to Council if staff feel additional fees are warranted.

Summary of Costs To Date:

|  |             |
|--|-------------|
| Approved Pall Membrane Plant Budget 2008 W1                      | \$4,600,000 |
| EPW.08.67( Revised) PallMembraneTender award and budget revision | \$4,641,635 |
| Approved Peel Street Water Main Loop 2008 Budget W7              | \$ 140,000  |
| Total Approved Budget  | \$4,781,635 |
|  |             |
| Construction costs to date                                       | \$4,352,461 |
| Outstanding Construction Costs                                   | \$ 27,538   |
| Engineering costs to date  | \$ 113,132  |
| Misc. Costs and Preliminary Pall Engineering                     | \$ 148,968  |
| Total costs to date  | \$4,642,100 |
|  |             |
| Approved budget  | \$4,781,635 |
| Less costs to date   | \$4,642,100 |
| Remaining Budget   | \$ 139,535  |

Engineering Fee Request:

|   |           |
|---|-----------|
| Approved Engineering Costs              | \$156,835 |
| Additional Work to Contract             | \$ 77,147 |
| Claim for Additional Work outside Scope | \$ 87,355 |
| Disbursements                           | \$ 19,005 |
| Total Requested Engineering Fee         | \$340,342 |
| Engineering Fees Paid to date           | \$113,132 |
| Outstanding Fees                        | \$227,210 |

Budget Increase:

|                               |           |
|-------------------------------|-----------|
|                               |           |
| Outstanding Engineering fees  | \$227,210 |
| Outstanding Construction Fees | \$ 27,538 |
| Less Remaining Approved funds | \$139,535 |
| Total Over Budget             | \$115,213 |

Staff met numerous times with GENIVAR regarding the fee increase and requested they provide detailed cost breakdowns of the additional engineering fees for both the expanded scope of design to provide a full membrane facility and additional services outside of the design of the full membrane facility itself. Staff recommend increasing the project budget by \$120,000.00 to allow for the finalization of this project subject to further negotiations.

**C. The Blue Mountains' Strategic Plan**

Town's Strategic Plan Goal #2, "Addressing the Town's Municipal Infrastructure needs".

**D. Environmental Impacts**

The water treatment plant upgrade precludes the need to construct a new building at a different location resulting in very significant savings in capital costs. The upgrade has utilized more efficient motors on pumps which will consume less hydro. There is no further need to use Aluminum Sulphate in the treatment process. High levels of aluminum can have negative impacts in humans.

**E. Budget Impact**

The original funding formula for the Water Treatment Plant Expansion included contributions from a Provincial Grant of \$500,000.00 the remaining costs to be split between Development Charges (34%) and User Rates (66%). The increase in the project budget of \$120,000.00 will be funded from User Rates through long term debt.

The User Rate portion of the project is already being funded through internal debt and the additional funding would be added to the overall repayment of existing debt adding an extra 6 months to the overall repayment plan.

Finance and Information Services has reviewed the report and feels the funding is appropriate.

**F. Attached**

Respectfully submitted,

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