



Staff Report

Operations Department

Report To: Committee of the Whole
Meeting Date: June 2, 2020
Report Number: CSOPS.20.034
Subject: Combining Projects - Victoria St & Louisa St with Elma St & Alice St Reconstruction Projects
Prepared by: Michael Campbell, Construction Coordinator

A. Recommendations

THAT Council receive Staff Report CSOPS.20.034, entitled "Combining Projects – Victoria St & Louisa St with Elma St & Alice St Reconstruction Projects";

AND THAT Council direct staff to combine the two projects and enter into negotiations with Tatham Engineering Limited for the Final Design and Project Management for the combined projects.

B. Overview

Due to the uncertainties of advancing projects during the Provincial *Emergency Management and Civil Protection Act* and the pending Environmental Compliance Approval (ECA) application to be submitted to the Ministry of Environment, Conservation and Parks (MECP), it is unlikely construction will commence in 2020 for the Elma St & Alice St Reconstruction Project.

There are several design options and decisions that need to be made for both projects. Decisions made for one reconstruction project will influence the design of the other. The Town's Senior Management Team (SMT) recommended that staff consider negotiation with the current consulting engineer to combine the Victoria St & Louisa St Reconstruction project with the Elma St & Alice St Reconstruction project and tender the work in early 2021.

Tatham Engineering are currently engaged by the Town for the final design and project management of Elma St & Alice St Reconstruction as well as the preliminary engineering for Victoria St & Louisa St Reconstruction.

C. Background

The existing municipal infrastructure on Elma St and Alice St is in poor condition; some of the sewer works were installed in 1926. The project will be the first major reconstruction project in Thornbury that falls under the Thornbury Road Infrastructure Project (TRIP) umbrella. TRIP has seen a significant amount of consideration leading up to the final design currently underway by

Tatham Engineering. Tatham require some direction on a few design choices before the drawings can be advanced to 95% and a submission can be made for the ECA which is a critical and typically lengthy item required for construction to start.

The existing municipal infrastructure on Victoria St and Louisa St is also in poor condition; some of the sewers were installed in 1928. As the design has advanced for the two projects it has become clear that the project work will significantly overlap each other due to piece meal servicing installed in the past 80 years. Elma St was identified as a project long before TRIP was considered. Following staff's assessment of TRIP, Elma St and Alice St were selected as the first streets to be reconstructed as a reasonable size of project that could be constructed in one summer. As the design has evolved it is now clear that Elma St, Alice St, Victoria St and Louisa St should be one project.

D. Analysis

With Elma St & Alice St Reconstruction stalled as it approaches 95% design and Victoria St & Louisa St Reconstruction in preliminary design, the Town needs to consider how to combine the work. A discussion with Tatham is required to sort out where the preliminary engineering stands and what effort would be required to have the Victoria St & Louisa St design catch up to the Elma St & Alice St design.

Staff suggests that consideration be given to engage Tatham in the final design and project management of Victoria St & Louisa St. Based on the proposal from Tatham for the final design and project management for Elma St & Alice St, the Town should expect the value of the Engineering Scope Change (ESC) for the final design and project management for Victoria St & Louisa St final design and project management to be between \$500,000 and \$600,000. By dropping some of the redundant steps in the preliminary engineering assignment, the Town could realize some additional savings.

The Town's Purchasing Policy POL.COR.07.05 permits negotiation when Single Sourcing with a vendor.

Single sourcing is a method of procurement whereby there is more than one vendor able to supply and a purchase order is issued, or contract awarded without a competitive bidding process.

Single Sourcing will be permitted if one or more of the following circumstances apply:

- when competitive procurement may be found to be impractical

The use of Single Sourcing for work exceeding \$25,000 must be approved by Council. Also, for a department to Single Source exceeding \$25,000, an operating strategy, outlining the rationale, must be presented with Purchasing input for approval by Council. The input from Purchasing would address how the Town's procedures are considered and risk minimized.

The Town's Purchasing Policy permits the CAO, Department Head and Manager of Purchasing and Risk Management to award contract in excess of \$250,000. Following successful

negotiation with Tatham, and provided that the value of the work is within budget, staff will complete the Engineering Scope Change. The award will be included in the Monthly Financial Report to Council, prepared by Finance.

The budget for Elma St & Alice St was approved in 2018 and for Victoria St & Louisa St in 2019. The budget breakdown is as follows:

	Elma & Alice	Vic. & Louisa	Total	Spent/Comm	Remaining
Prelim Eng.	\$28,100	\$148,200	\$176,491	\$148,491	\$27,809
Final & PM	\$675,600	\$762,100	\$1,437,700	\$508,709	\$928,991
Construction	\$4,503,700	\$5,135,300	\$9,639,000	\$0.00	\$9,639,000
Contingency	\$450,400	\$524,100	\$964,500	\$50,004	\$914,496
Budget	\$5,657,800	\$6,559,700	\$12,217,500	\$707,205	\$11,510,295

Engineering Budget/Cost Analysis

The preliminary engineering for Elma St & Alice St was awarded to WSP Canada for less than the capital budget value. The preliminary engineering assignment completed for less than the upset cost estimate provided by WSP.

The final design and project management assignment for Elma St & Alice St Reconstruction was awarded to Tatham. The project was awarded with a \$500,000 upset limit from a capital budget of \$675,600. The award also included a contingency of \$50,000 out of the \$450,400 contingency budget. Contingency monies are not spent unless an Engineering Scope Change is approved by the Director of Operations and the upset limit for the Engineering Services Agreement is changed. There is a significant amount of work ahead on this project, but it looks promising that there will be savings on the engineering from the capital budget.

The preliminary engineering assignment for Victoria St & Louisa St was awarded for 2.4% over the capital budget. A traffic study for the intersections of Beaver St, Victoria St and Louisa St was added to the preliminary engineering assignment.

During negotiation with Tatham, the Town could realize savings by considering elimination of redundancies in the preliminary/final design process. The Town could shut down the preliminary engineering assignment and accelerate final design in order to “catch up” to Elma St & Alice St. The two engineering assignments could be combined, and the economies of scale could be realized.

With Elma St and Alice St engineering coming in well under the capital budget through a competitive bid process, it seems likely a negotiated price for Victoria St & Louisa St should result in a savings from the capital budget.

Conclusion

Due to the overlap between the two projects the focused responsibility of one consultant and one constructor for the two projects should prove beneficial. From the engineering standpoint, coordinating the design to make the projects come together and the economies of scale during the construction should be significant but maybe difficult to accurately quantify. During construction, the staging of the work to construct sewers or watermain in a fashion that the many servicing issues can be addressed without disruption to homeowner's services will be extremely valuable.

Staff seek approval of the concept to combine the two projects from Council. If the concept is endorsed, staff will proceed to negotiate with Tatham.

E. The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational & Operational Excellence
Objective #3 To Consistently Deliver Excellent Customer Service
Objective #4 To Be a Financially Responsible Organization
Objective #5 Constantly Identify Opportunities to Improve Efficiencies and Effectiveness

Goal #5: Ensure Our Infrastructure is Sustainable
Objective #2 Avoid Unexpected Infrastructure Failure and Associated Costs and Liability
Objective #3 Implement Best Practices in Sustainable Infrastructure
Objective #4 Ensure that Infrastructure is Available to Support Development

F. Environmental Impacts

The construction activities will release greenhouse gases.

The sanitary sewer replacement will reduce processing of ground and surface water caused by inflow and infiltration into the existing system.

G. Financial Impact

The Elma St & Alice St Reconstruction (2018) and Victoria St & Louisa St Reconstruction (2019) projects are two major capital projects approved by Council over the past few years. In 2019 Staff submitted a grant proposal for these streets as a combined project. The combining of the budgets doesn't impact the budgets overall or the funding sources. The funding sources are as follows:

- Infrastructure and Public Works Asset Replacement Reserve Fund \$640,800
- Ontario Community Infrastructure Fund Grant \$1,258,750
- Wastewater Asset Replacement Reserve Fund \$1,866,000
- Water Asset Replacement Reserve Fund \$2,043,900
- Roads and Related Development Charges \$2,249,400
- Long-Term Debt \$4,130,550

Please note that some of the funding has been spent and committed.

H. In Consultation With

Sam Dinsmore, Deputy Treasurer, Manager of Accounting and Budgets
Serena Wilgress, Manager of Purchasing and Risk Management

I. Public Engagement

The topic of this Staff Report has not been subject to a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. Comments regarding this report should be submitted to Michael Campbell, cc@thebluemountains.ca.

J. Attached

1. Map of Reconstruction Area

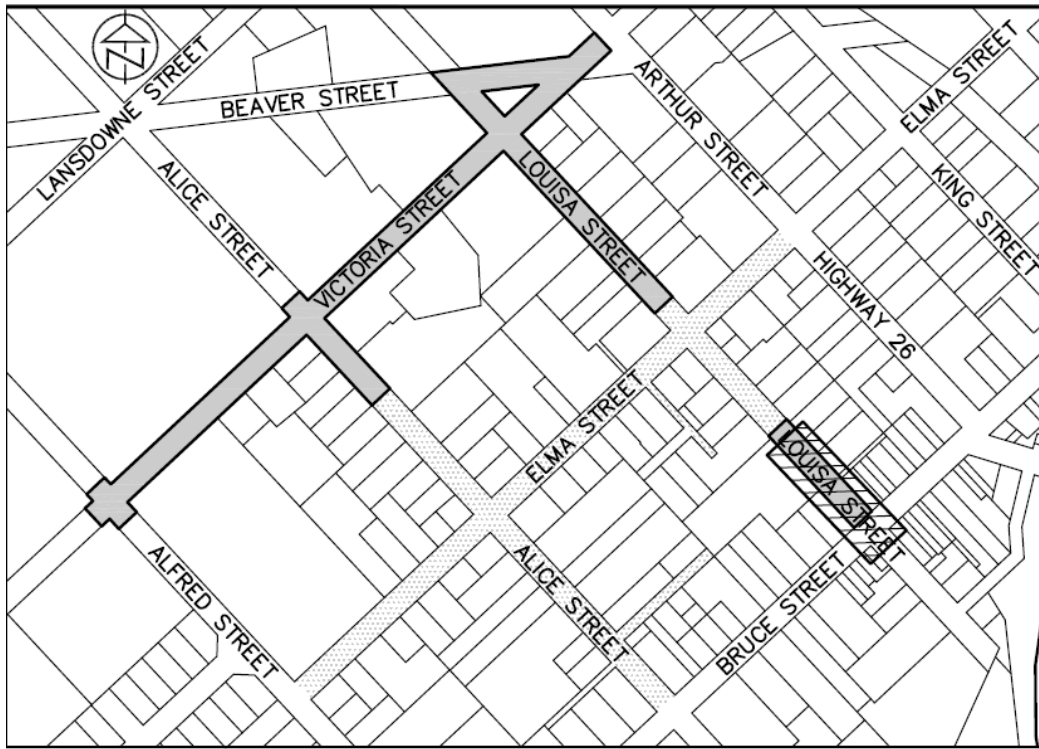
Respectfully submitted,

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Shawn Carey
Director of Operations

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Map of Victoria St & Louisa St Project Area



Map of Elma St & Alice St Project Area

