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Staff Report

Infrastructure & Public Works

Report To: **Committee of the Whole**
Meeting Date: January 30, 2017
Report Number: CSPW.17.024
Subject: Project Management Assistance for the Clean Water and Wastewater Fund Program
Prepared by: Reg Russwurm, Director of Infrastructure and Public Works

A. Recommendations

THAT Council receive Staff Report CSPW.17.024 entitled "Project Management Assistance for the Clean Water and Wastewater Fund Program for their information".

B. Overview

The purpose of this report is to inform Council of Staff's plan to retain a consultant to assist Infrastructure and Public Works (IPW) deliver the five projects the Town has applied for under the Clean Water and Wastewater Fund (CWWF) program and, as a result, enable IPW Staff assigned to the projects to better meet their other responsibilities.

C. Background

In October 2016 the Town made application under the CWWF program as approved by Council and outlined in Staff Report FAF.16.92 for five projects. They are listed below along with the Town's current assigned project manager.

1. Clarksburg Servicing Master Plan Environmental Assessment – Reg Russwurm
2. Thornbury West Stormwater Master Plan Environmental Assessment – Mike Campbell
3. Craigleith and Thornbury Wastewater Plant UV Replacements – Maurice Dempster
4. Thornbury Water and Wastewater Plant Roof Replacements – John Caswell
5. Elgin Street Sewage Pumping Station Renovations – Mike Humphries

Similar to other funding programs, there are conditions attached to the funding. The key conditions related to this report are:

1. Projects must be incremental - the project would have been delayed until funding was available or the project was waiting for upper government funding.
2. Works completed prior to March 31, 2018 are eligible for funding however an extension may be granted for up to 25% of the project value incurred after March 31, 2018.

Since a primary goal of the funding program is economic development, implicit is that the Town's otherwise planned capital works would not be greatly diminished. However, to complete the CWWF projects, Staff recognized that their 2016 to 2018 capital and operational work plans would need to be re-prioritized to take full advantage of the grant opportunity. During the finalization of the Draft 2017 Capital Plan the competing requirements of adding incremental projects and completing other Town priority projects was scrutinized. In the end, a few asset replacement projects where moved to 2018. Two projects, the Water Distribution Master Plan Environmental Assessment (EA) and Price's Subdivision Drainage Improvement and Wastewater Servicing Project, initially considered to be moved to a 2018 start were left within the 2017 Capital Budget. The findings of the EA will be important for updating the Development Charges Background Study in 2019 while there is considerable resident interest in finding a solution to the drainage concerns within the Price's Subdivision. The contemplation of wastewater servicing within the subdivision in conjunction with the drainage works is a natural fit for economies of scale.

IPW Staff are committed to delivering the capital projects, including the CWWF projects, as proposed within the Draft 2017 Capital Project regardless of Council's decision with respect to this report. The concerns arise related to re-prioritizing IPW's other work load and the potential effects. IPW Staff have discussed the implications of the enhanced capital plan and feel the three programs areas that will be mostly affected are:

1. Updating the Engineering Standards,
2. Populating the Asset Management System with new inventory and condition assessment information, and
3. Responsiveness to internal and external inquiries.

Although IPW Staff will work diligently on the programs, the competing needs to advance the capital projects will necessitate a re-balancing of efforts.

A further complicating factor is the pending retirement of the Manager of Water and Wastewater Services. Depending on the timing of his replacement and the time needed to bring the candidate "up to speed", there may be a loss of efficiency during the transition.

There are two primary options available to the Town. One is utilizing the current project management resources available within the Town and the other is retaining external services.

Internal Project Management

The 2017 Capital Budget will be delivered as planned however there is expected to be some slippage in other programs as outlined above. Thought was given to utilizing Staff within Development Engineering Division, however in discussions with the Director of Planning and Development Services, it was felt these roles were fully allocated however they could be used if absolutely necessary with the knowledge that their primary work would be affected.

External Project Management

The Town can access project management skills available within consulting firms. A critical success factor with this option is the relevant municipal experience of the specific consultant. Staff feel that the consultant must have had managerial experience within a municipality to seamlessly transition into the Town's processes and to have the ability to quickly understand the interrelatedness of the CWWF projects to other Town works. Moreover, the consultant will be the Town's primary representative with the public. Their ability to relate and react to the public's concerns and inquiries will be very important. Staff feel that if such a qualified person can't be found, the potential value of this option may not be realized.

With this consultant acting as the Town's project manager, the Staff currently assigned to the CWWF projects will be able to focus on their other work requirements. The consultant would report to the Director of IPW.

It is expected that the consultant will average up to 15 hours per week until the CWWF projects are completed in March 2018. It's possible that there will be some CWWF project management work required beyond March 2018 however it's expected to be relatively minor. At the end of March 2018 a decision can be made on the need to continue with the consultant depending on unspent project budget, expected workload and possibility of cost recovery.

Given the expected number of hours, the rate that a qualified person may require and the value of the Staff time made available, Staff feel an appropriate allowance for external project management services until March 31, 2018 is $90,000. The procurement of external services would be undertaken per the Town's Purchasing Policy

D. Analysis

Staff have considered the cost of retaining external project management services against the potential to recover the costs through the CWWF program as well has time made available to Staff to undertake other added value work. Staff feel that retaining external project management resources to assist Town Staff is appropriate. A Request for Proposals for the services has been released.

It should be understood however, that until the construction tenders are released in the summer, the final costs for the CWWF projects will not be known. In the event that the combined cost of the CWWF projects once construction costs are known, including the external project management services, exceeds the budgeted amounts, Staff will bring a report forward to Council with options for their consideration. The options will include reverting to internal project management.

E. The Blue Mountains Strategic Plan

Goal #1: Create Opportunities for Sustainability

Goal #4: Promote a Culture of Organizational & Operational Excellence

Goal #5: Ensure Our Infrastructure is Sustainable

F. Environmental Impacts

None

G. Financial Impact

Any costs related to retaining a project management consultant is eligible for funding under the CWWF program. Consultant proposals have been received for the five CWWF projects. The proposed fees received for the five CWWF projects when combined with the $90,000 project management allowance is $755,600 which is less than the aggregate budgeted for engineering services related to the five CWWF projects at $1,010,500. This underage will be applied to the construction costs. The total current available for construction is $1,299,400 ($2,055,000 from table below less $755,600).

The fees incurred to provide the external project management services will be assigned to the various CWWF projects based on the time spent on the specific projects. The budget for the various projects were established within FAF.16.92, entitled “Clean Water and Wastewater Fund (CWWF) Grant” is as repeated below.

Project	Budget	Federal	Provincial	Town	Town Funding Source
Clarksburg Servicing Master Plan EA	$600,000	$300,000	$150,000	$150,000	Benefitting Property Owners (1)
Thornbury West SWM Master Plan EA	$300,000	$150,000	$75,000	$75,000	Stormwater Reserve Fund
Wastewater Plant UV Replacements	$435,000	$217,500	$108,750	$108,750	Wastewater Asset Replacement RF
Thornbury Plant Roof Replacements	$360,000	$180,000	$90,000	$90,000	Water & Wastewater Asset Replacement RF
Elgin St and Moore St SPS Renovations	$360,000	$155,807	$77,904	$126,289	Wastewater Asset Replacement RF
Total	**$2,055,000**	**$1,003,307**	**$501,654**	**$550,039**	

(1) Note that capital charges will not be levied back to the benefitting property owners until construction is completed. These costs will be unfinanced until the services are installed.

H. In consultation with

Senior Management Team

I. Attached

None

Respectfully submitted,

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