



Staff Report

Operations

Report To: Committee of the Whole Meeting
Meeting Date: March 29, 2022
Report Number: CSOPS.22.028
Title: Drake's Path Wastewater Servicing Extension Tendered Costs and Affordability
Prepared by: Mike Humphries, Senior Infrastructure Capital Project Coordinator

A. Recommendations

THAT Council receive Staff Report CSOPS.22.028, entitled "Drake's Path Wastewater Servicing Extension Tendered Costs and Affordability";

AND THAT Council approve an increase in the project budget of \$291,625 from \$454,600 to \$746,225.

B. Overview

The purpose of this Staff Report is to provide Council with a follow-up report to CSOPS.22.005 entitled "Drake's Path Wastewater Servicing Extension PIC 2 Follow-up" outlining the tendered costs and affordability for the Drake's Path Wastewater Servicing Extension and to consider a budget increase prior to awarding the construction contract.

C. Background

In 2018, staff were developing a "Water and Wastewater Servicing Extension Plan" which identified twenty-four (24) service extension areas within the Town's designated Urban Area (as per the Town's Official Plan). This plan identified Drake's Path for wastewater servicing within 5 years. The project was brought forward at the request of residents and was added to the 2018 Budget with design in 2019 and construction in 2020 but the project was delayed. The engineering design is complete, and the project was tendered for construction on February 17, 2022, and closed on March 3, 2022.

Drake's Path is located in the Craigleith Service Area within the Town of The Blue Mountains. It was serviced with municipal water in the early 1990's and the Town has now identified this area to extend wastewater servicing. This servicing extension will include the installation of approximately 280m of wastewater main consisting of gravity sewer from the existing main on Grey Road 19 and service laterals to each property line with the restoration of disturbed areas to existing conditions (gravel road/grassed boulevard). The project will also include a gravel turnaround and minor localized drainage improvements.

D. Analysis

This project was approved in the 2019 Budget at an estimated \$454,600. This included \$54,500 for engineering, \$363,700 for construction and \$36,400 for contingency. The awarded engineering costs are \$103,892 which now leaves \$350,708 for construction. The Town's consultant WT Infrastructure provided a 90% Engineer's Estimate at PIC #2 of projected project costs of \$720,000 for sanitary servicing and \$150,000 for the cul-de-sac for a total of \$870,000. This included engineering, construction, and contingency. The final pre-tender construction estimate by WT was \$851,870. This includes an increased contingency but does not include engineering.

The actual costs after the closing of the construction tender are \$531,950 for the sanitary servicing, \$110,383 for the cul-de-sac for a total of \$642,333.13. This is over 25% less than the pre-tender estimate. The engineering costs are \$103,892 for a total project cost of \$746,225.13 which is approximately \$123,775 under the 90% estimate presented to the residents.

To date, the Town has conducted two Public Information Centres with the residents of Drakes Path. There were some enquiries regarding financing but there seems to be support for the project moving forward. Once the construction tender closed, staff recalculated the costs and mailed letters to the benefitting property owners on March 9, 2022, with the updated per unit costs. A copy of this letter is included as Attachment #1. Staff asked that benefitting property owners provide their input as written submissions to the Town by March 20, 2022, so they could be appended to this report for Council consideration. These are included as Attachment #2.

The total servicing cost which does not include the cul-de-sac is \$618,180 (made up of \$531,950 construction and \$86,230 share of engineering design work). Based on 20 benefitting properties the project cost per equivalent property would be \$30,909. There is also a capital charge of \$5,322 for a total of \$36,231. The affordability is discussed later in this report in Section G - Financial impacts.

The original budget was developed in 2018 using 2017 benchmark costing and has not been updated since being approved in 2019. In the last 2-3 years construction costs have been increasing dramatically due to the global pandemic, supply shortages, labour increases, inflation and increased engineering and construction costs due to the new excess soil regulation which came into effect in 2021. Although the project exceeded the 2019 approved budget, the project costs came in well under the projected pre-tender estimate and are considered competitive. It is important to note that this project was moved forward in the 5-year plan at the request of residents in 2018 and residents provided feedback to Council during the 2019 Budget deliberations. Based on this support by residents, staff recommend increasing the project budget by \$291,625 to allow for staff to award the tender and proceed to construction as soon as possible.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

It is generally accepted that municipal wastewater servicing (sewers) which transport the sewage to a wastewater treatment plant are preferred over private septic systems. Private septic systems (especially those that are old and/or poorly maintained) have a risk of contaminating the local soil and groundwater.

G. Financial Impacts

The chart below compares to original budget versus the required budget now that the tender results are in:

	2019 Original Budget	Required Budget	Difference
Expenses			
Engineering	\$54,500	\$103,892	\$49,392
Construction	\$400,100	\$642,333	\$242,233
Total Expenses	\$454,600	\$746,225	\$291,625

Funding			
Water Asset Replacement Reserve Fund	\$48,500	\$31,937	(\$16,563)
Infrastructure and Public Works Asset Replacement Reserve Fund	\$102,000	\$96,108	(\$5,892)
Property Owners	\$304,100	\$618,180	\$314,080
Total Funding	\$454,600	\$746,225	\$291,625

Using the tendered costs, staff have calculated a cost per unit and an annual repayment cost for those property owners. A total cost of \$36,231 would be levied back to the property owners, using a 25-year term at 3.31% (Town's current borrowing cost), and would result in a \$2,153 annual repayment which is above the 5% Affordability Criteria, at 6.38%, but below the 10% unaffordable threshold.

The Affordability Policy outlines that additional analysis needs to occur when the annual payment associated with the servicing extension is between 5 and 10%. This analysis includes:

- Consideration of local support of the servicing extension;
- Consideration of other factors such as health and safety that may impact the necessity of the works; and,
- Consideration of additional financial support from the Town in order for the project to proceed to meet the affordability threshold of 5%.

Staff are recommending moving forward with awarding the tender as is. Given the fact that the homeowners requested that this project be initiated, staff believe that there is a enough local support to move forward even while being over the 5% affordability.

H. In Consultation With

Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets

Allison Kershaw, Manager of Water and Wastewater Services

Serena Wilgress, Manager of Purchasing and Risk Management

I. Public Engagement

The topic of this Staff Report has been the subject of a Public Meeting and/or Public Information Centre which took place on **November 25, 2021**. A recording of this meeting can be viewed at <https://www.thebluemountains.ca/building-business-development/current-projects/municipal-infrastructure-projects/drakes-path#meetings>

All registrants for the Public Information Centre have been added to the Project's email subscription list, and will receive notice of this Staff Report. Anyone interested in the project can sign up for the project subscription list at:

<https://www.thebluemountains.ca/building-business-development/current-projects/municipal-infrastructure-projects/drakes-path#subscribe>

Any comments regarding this report should be submitted to Mike Humphries, Senior Infrastructure Capital Project Coordinator
engineeringdesigntechnologist@thebluemountains.ca.

J. Attached

1. Attachment 1 Letter to Residents
2. Attachment 2 Benefitting Property Owners Input
3. Attachment 3 WT Tender Award Memo

Respectfully submitted,

Mike Humphries
Senior Infrastructure Capital Project Coordinator

Shawn Carey
Director of Operations

For more information, please contact:
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Report Approval Details

Document Title:	CSOPS.22.028 Drake's Path Wastewater Servicing Extension Tendered Costs and Affordability.docx
Attachments:	- Attachment 1 Letter to Residents.pdf - Attachment 3 WT Tender Award Memo.pdf
Final Approval Date:	Mar 10, 2022

This report and all of its attachments were approved and signed as outlined below:

Shawn Carey - Mar 10, 2022 - 9:34 AM