



SMITHS FALLS

RISE AT THE FALLS

Report # 2021-07

To: Mayor and Council
 From: W. Troy Dunlop, Director of Public Works and Utilities
 Date: January 21, 2021
 Committee of the Whole Date: January 25, 2021
 Title: Beckwith Street Phase 1 Renewal – Year End Update

- For Direction
- For Information
- For Adoption
- Attachment 6 pages

Recommendation: THAT Council of the Corporation of the Town of Smiths Falls receive Report # 2021-01 entitled “Beckwith Street Phase 1 Renewal – Year End Update” for Information.

Purpose: The purpose of this report is to provide Town Council with an update on the budget and project status relating to the Phase 1 Beckwith Street Renewal.

Background: On August 26th, 2019, Town staff presented Report # 2019-107 regarding the non binding discussions with Tomlinson (Ottawa Greenbelt) relating to the Phase 1 Beckwith Street reconstruction tender. Details within the report provided at that time had indicated that staff had participated in several focused meetings with Tomlinson (Ottawa Greenbelt) to discuss potential bid reductions through combination of value engineering efforts, negotiated unit pricing, and scope changes. At that time, staff reported that there were \$1,361,390 plus HST in potential savings for Council’s consideration. This brought the original tendered bid proposal down from \$8,429,000 plus HST to \$7,067,610 plus HST. This translated to an overall price reduction in the order of 16.2%.

Town staff presented a series of options for Council to consider at that time and the pros and cons were addressed with each. At the conclusion of the meeting Option 4 was accepted which directed staff to advance with award of contract under the new pricing structure. This alternative allowed the municipality to advance with grant funding obligations under the Intake 4 Connecting Links agreement. The move also allowed the municipality to work towards safeguarding the Ontario Community Infrastructure Top Up grant set to expire months later on December 31st. On September 3rd, 2019, Town Council passed Bylaw 10071-2019 which included final authorization for execution of an agreement with Tomlinson (Ottawa Greenbelt) for the Beckwith Street Phase 1 project.

The overall budget for the Beckwith Street Phase 1 included expenses totalling \$8,270,800 which included Tomlinson’s (Ottawa Greenbelt) negotiated bid, contract administration, Town sourced materials/services, utility expenses, contingency allowances and non recoverable HST expenses. Overall project funding sources for the project included approved capital funding of \$2,133,136, grant contributions of \$5,425,944, loans of \$247,916 and a shortfall of \$463,804 which would be covered through tax supported reserves from 2020 and/or long term borrowing.

Analysis and Options: The Beckwith Street Phase 1 project commenced on October 7th, 2019 and the underground program continued throughout the winter of 2019/2020 with a planned 3 week shutdown centered on the Christmas and New Years holiday. The winter season at the time was light on snow and cold temperatures and offered key ingredients to support construction through the shoulder season. The arrival of the pandemic in March of 2020 did not halt the project at any time however, Tomlinson did see crew reductions at the early stages of the province’s rolling restrictions. The pandemic did not however give rise for contract claims nor did it have any direct financial impacts on the project.

On October 30th, 2020, the contractor met all requirements for Substantial Performance under the definition of contract when the road was re-opened to public traffic. Other landscaping, streetscape, electrical and related activities were carried out after this date and eventually suspended with the arrival of cold weather. The project was inspected by the contract administrator in November 2020 and a list of deficiencies and incomplete works were identified at that time. Incomplete works on the contract include: i) the completion of perennials, ii) pavement markings for cycle track crossings (green thermoplastic/bike symbols), iii) tactile walking surface indicator repair, and iv) concrete textured crosswalks at Main/Russell. The value of these works, including administration costs are listed at \$189,566 and are included as carry forward capital in the third draft of the 2021 budget presented on January 18th. It should be also noted that the Town will also be independently installing bicycle racks along the street in the spring of 2021 as well. These materials were otherwise purchased and funded in the 2020 expenditures reported.

Budget/Financial Implications: Town staff have been reviewing the project finances over the last several weeks and have summarized expenses below under the three funding streams which include: water utility, wastewater utility and tax supported capital. These summarized costs include Tomlinson’s costs, contract administration, Town sourced materials/services, utility expenses, project contingency, holdbacks and non recoverable HST expenses.

TABLE 1 – UNAUDITED PROJECT EXPENSES (to December 31/2020)

FUNDING SOURCE	APPROVED BUDGET (\$)	ACTUAL COST(\$)	NET CHANGE (\$)	COMPLETE (Y/N)	VARIANCE
Utility (Water)	1,351,145.00	1,237,368.03	113,776.97	Y	(-8.42%) Savings
Utility (Wastewater)	1,619,335.00	1,628,801.66	(9,466.66)	Y	(+0.58%) Deficit
Tax Supported (Roads, Storm, Sidewalks, Curbs, Lighting, Signals and Streetscape)	5,300,320.00	5,074,871.60	225,448.40 Balance (*189,566) Remaining	N	(-0.67%) Savings of \$35,882.40 Forecasted
OVERALL TOTAL (Dec 31/20)	8,270,800.00	7,941,041.29	329,758.71		
FORECAST AT COMPLETION (2021)	8,270,800.00	8,130,607.29	140,192.71		(-1.69%)

Note: All figures are reported net of non recoverable HST.

Key details to report on the overall Project Expenses are as follows:

- The waterworks component of the project was delivered at \$113,776 under budget;
- The wastewater component of the project was delivered at a deficit of \$9,466;
- Tax supported roadworks, lighting signals, and street scape are forecasted to fall \$35,882 under budget; and
- Overall project is forecasted to be delivered at \$140,192 under approved budget.

It should be noted that the Tomlinson contract formed the single largest expense within the overall project. The unit price contract with Tomlinson was originally awarded at \$7,067,610 plus HST and the contract costs billed to December 31st, 2020 were \$7,272,941.54 plus HST. Works expected to be billable under the contract in spring of 2021 are estimated at \$172,291 plus HST.

Changes in the awarded contract costs were otherwise impacted by: i) variances on measured quantities, and ii) extra works / changes in work as defined under general conditions of contract. These changes are otherwise addressed in the construction contingency allowance for the project. Provincially funded projects as an example are permitted to carry a maximum 15% contingency allowance. In this project, the Town carried a 10% contingency allowance to cover contract extras and all Town sourced materials/services on the project.

Variances in measured project quantities on the Tomlinson project to date totalled \$148,396 plus HST. Authorized extras/changes in work otherwise totalled \$229,226.51 plus HST. In combination these added costs on the Tomlinson contract related to use of contingencies totalling 5.34%. Staff are therefore very pleased that a project of this complexity could be delivered at such a low rate. No additional extras are otherwise anticipated in the spring of 2021 as these activities are well defined with fixed costs.

It should be noted that the Town also encountered several funding changes with its revenue sources during the course of project. Key changes are outlined below:

Ontario Community Infrastructure Fund – Top Up 2017 – During the fall of 2019, one of the considerations to award the project and advance the fall construction was the OCIF Top Up Grant. It was outlined at that time that there was a critical need to safeguard the grants for the underground program (water/sewer/drainage) which were otherwise set to expire on December 31st, 2019. The original grant under the OCIF Top up program had a funding contribution that was capped at \$933,850. At the end of 2019, the works were not fully completed and as such the maximum funding received at that time was \$748,882.93. A series of efforts to lobby the Minister of Infrastructure for an extension of the funding agreement proved unsuccessful.

2018 Main Street Revitalization Grant (AMO) – The Town of Smiths Falls was able to allocate fixed grant funding received under the Main Street Revitalization Grant for eligible investments in the Downtown Core. In total, this new grant was introduced into the project and contributed \$47,229.49 towards the ornamental lighting fixtures installed under the contract. This funding was otherwise new to the project in 2020.

In closing, the Beckwith Phase 1 project is forecasted to be complete in the spring at a total cost of \$8,130,607.29 (net HST). This places the project expenses at \$140,192.71 below the original approved budget. Despite this positive news on expenditures, it must also be identified that the net grant revenue changes on the project have resulted in a funding shortfall in the amount of \$137,737.58. The forecasted balance is therefore sits at a modest surplus of \$2,455.13.

Links to Strategic Plan:

Vision Statement

- Item 4 – Investing in infrastructure to keep pace with needs
- Item 5 – Redeveloping our waterfront and downtown

Strategic Priority # 3 – Transportation Networks

- Objective 3.7 – Complete Beckwith Street Redevelopment – Phase 1 and 2

Consultations: Treasurer

Existing Policy:

- Downtown Revitalization and Waterfront Integration Master Plan, 2013

Attachments:

- Attachment – Report # 2019-107 Non Binding Discussions – Ottawa Greenbelt Construction Company (6 pages)

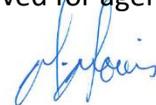
Notes/Action (space for Council Member’s notes):

Respectfully Submitted:



W. Troy Dunlop, C.E.T.
Director of Public Works and Utilities

Approved for agenda by:



Malcolm Morris, CMO
CAO



SMITHS FALLS

RISE AT THE FALLS

Report # 2019-107

To: Mayor and Council

From: W. Troy Dunlop, Director of Public Works and Utilities

Date: August 22nd, 2019

Committee of the Whole Date: August 26th, 2019

Title: Non-Binding Discussions – Ottawa Greenbelt Construction Company

For Direction

For Information

For Adoption

Attachment 1 pages

Recommendation: THAT Council of the Corporation of the Town of Smiths Falls accept the revised costing , as identified in Report # 2019-107, provided by Ottawa Greenbelt Construction Company Ltd. resulting from the non-binding discussions;

AND FURTHER THAT Council of the Corporation of Smiths Falls authorize the Mayor and Clerk to enter into a contractual agreement, based on the outcomes of the non-binding discussions, with Ottawa Greenbelt Construction Company Ltd. to undertake the Beckwith Street Redevelopment Phase 1 construction work.

Purpose: The purpose of this report is to report back on the outcomes of the non-binding discussions with Ottawa Greenbelt Construction Company Ltd. and to seek approval to proceed with the project work.

Background: On May 6th, 2019, Town staff presented Report # 2019-059 to Council in regard to options to be considered following the outcomes of the April 11th tender call for Phase 1 of the Beckwith Street Downtown Renewal. This report was prompted following receipt of an offer from Ottawa Greenbelt Construction Company Ltd. to extend the validity of their tender bid and to enter into non-binding discussions.

On May 21st, 2019, the following resolution was adopted by Town Council:

*Resolution # 2019-05-145 Beckwith Street Development – Phase 1
Moved by P. McKenna, Seconded by W. Alford*

That Council of the Corporation of the Town of Smiths Falls accepts the offer from Ottawa Greenbelt Construction Company Ltd. to extend the validity of their tender proposal 19-PW-001 for 120 days; and

AND THAT Council of the Corporation of the Town of Smiths Falls provides authorization for staff to enter into non-binding discussions with Ottawa Greenbelt Construction Company Ltd. concerning project options for Beckwith Street.

During the months of June and July, Town staff participated in several focused meetings with Ottawa Greenbelt to discuss potential bid reductions through combination of value engineering efforts, negotiated unit pricing, and scope changes. Through these efforts, the parties were able to identify \$1,361,390 plus HST in potential savings which have been summarized for discussion in Attachment A.

Ottawa Greenbelt has also communicated interest in carrying out construction in the lower block of Beckwith in the fall of 2019 and have also expressed interest for an early mobilization in March of 2020 (weather permitting) if an agreement can be reached. Ottawa Greenbelt has also confirmed that all unit prices will be held, free of inflation through to the end of the calendar year 2020.

Analysis and Options:

Staff have spent considerable time investigating the construction market this summer and have also reached out to numerous general contractors. Through these discussions it has become apparent that there is a shortage of water and sewer trades available to meet present market demands. Recent conversations with the Town of Carleton Place have, as an example, identified that two of their major capital projects have seen bid prices come in at 45% to 100% over their original budgets. Carleton Place is also currently proceeding with a reconstruction project with Aecon, as an example that was budgeted at \$1.24M and awarded at \$1.8M.

In light of the recent discussions, staff believe that the \$1,361,390 in potential savings brings the phase 1 pricing down to a reasonable level that appears to be reflective of current market conditions. The combined impacts of the supply and demand, carbon tax, and US tariffs have all created new pressures on construction pricing and have also made budgeting efforts very challenging. Staff have since come to the realization that the Phase 1 project budget prepared with Parsons, of \$5,706,567 may not have fully forecasted all of these realities. Currently, the tender bid of \$8,429,000 (plus HST) has been reduced through collaborative discussions to a revised total of \$7,067,610 (plus HST). Going forward the Town therefore has several options to consider:

Option 1 – Alter Proposed Changes - Council may direct staff to reinstate any of the proposed project features identified in Appendix A however the overall package would have to be reassessed by Ottawa Greenbelt prior to acceptance. This option would however translate into increases in the amended project costs as reported in the budget section.

Option 2 - Negotiate Further Reductions - As part of the non-binding discussions, staff have been careful not to significantly alter the scope of the works that were subject to eligibility of the OCIF Top Up or the Connecting Links funding sources. With that understanding, changes such as moving to smaller phases (ie. two blocks) could not be pursued. A line by line review of the project has been carried out between the parties and staff caution that further cuts will likely

involve moving into aesthetic features (coloured traffic signals, ornamental lights, interlock treatments, tree grates etc...). Safeguarding the elements that contribute to “placemaking” are viewed as a high priority therefore this option is not recommended.

Option 3 – Terminate Discussions – Town Council reserves the right through the non-binding negotiations to terminate discussions and proceed to re-tender the project. While this option may yield further savings through a revised tender call it does introduce significant unknowns and risks to the project delivery. The Town currently has a highly qualified contractor available at this time and also has secured two application based grants for this project that amount to over \$3M dollars. If the Town does proceed to re-tender the project early in 2020, it cannot be assured of any outcomes regarding the qualifications of the low bidder or the associated bid cost. Based on the uncertainties presented, staff are therefore not recommending this Option.

Option 4 – Advance Discussions of Award (Recommended) – Having considered all of the variables impacting pricing, staff believe that the \$1,361,390 in proposed bid reductions provides far more value to the Town over the original bid. The Contractor’s offering of an open construction schedule and fixed pricing through 2020 also provides an attractive offering for the Town in proceeding with the project. The first phase of the downtown is arguably the most complex phase of the Beckwith Street renewal and securing the proper resources will therefore be essential.

Although the project deferral has brought forward many setbacks, the Town should take the opportunity to reflect on some of the positive outcomes. The deferral of the original award of contract as an example will mean that the current bid will now be eligible for \$2.1M in new Connecting Links funding. In contrast, the previous unsuccessful application had only included eligibility capped at \$1.57M.

Budget/Financial Implications: The original 2019 Budget allowance for the Phase 1 project was estimated at \$5,706,567 and was funded by \$2,133,136 from capital reserves, \$3,325,515 in grants and \$247,916 in loans. Table 1 includes an itemized of all of the 2019 Grant Funding sources approved for the project in 2019.

TABLE 1 – Approved Grant Sources – 2019 Budget

GRANT SOURCE	SERVICE AREA	AMOUNT (\$)
OCIF Formula Based Funding	Watermain	\$ 613,765
OCIF Top Up 2017 – Application Based	Sanitary Sewers	\$ 363,680
Federal Gas Tax	Sanitary Sewers	\$96,610
OCIF Formula Based Funding (2018 Carry Forward)	Roads	\$ 63,996
OCIF Top Up 2017 – Application Based	Storm Sewers	\$ 495,462
Rural and Small Municipal Provincial Grant (2019)	Tax Supported	\$ 705,680
One Time Federal Gas Tax Grant (2019)	Tax Supported	\$ 571,915
Partial Allocation 2019 Federal Gas Tax	Tax Supported	\$ 179,527
Federal Gas Tax	Storm Sewers	\$ 234,880
	TOTAL	\$3,325,515

A breakout of the revised project budget using the revised figures and the new Connecting Link grant amounts is outlined in Table 2 below:

TABLE 2 – Revised Project Breakdown

ITEM	PROPOSED (\$)
Ottawa Greenbelt Construction Bid (Excl. HST)	\$ 7,067,610
Contingency Allowance (10%)	\$706,761
Construction Administration (5%)	\$353,380
Subtotal	\$8,127,751
Non Recoverable HST (1.76%)	\$143,048
TOTAL PROJECT COST	\$8,270,800
Approved Capital Funding 2019	(\$2,133,136)
Approved Grant Sources 2019 Budget	(\$3,325,515)
NEW Connecting Link Funding 2019/2020	(\$2,100,429)
Approved Loans 2019 Budget	(\$247,916)
Grant Funding as a % of COST	65.6%
BUDGET SHORTFALL	\$463,804

Based on the recent grant announcement, the phase 1 project has the potential to be funded to a level of 65.6% of the cost with over \$5.4M in grants. If all of the contingencies were utilized in the project the Town would be faced with a \$463,804 funding shortfall based on the 2019 Budget levels. This funding shortfall (if required) would be forecasted to fall within the 2020 fiscal year based on anticipated progress. The Treasurer has also confirmed that the amount would need to be covered through tax supported reserves or long term borrowing.

When reviewing budget considerations, Council needs to be aware of the following key milestones associated with the supporting application based grants:

- Ontario Community Infrastructure Fund - Top Up 2017 – Deadline to report award of contract has passed (June 28th) and that the deadline for completion of project spending is December 31st, 2019. A ministerial delegation at the AMO Conference in Ottawa on August 20th, initiated a dialogue on the necessary steps to extend this deadline and enable the Town to access the full amount of the OCIF grant for sewer separation and watermain replacement components of the project work.
- Connecting Links 2019-2020 - Deadline to report award of first contract is September 30th and the deadline for final release of all payments is March 31st, 2021.

Links to Strategic Plan:

Vision Statement

- Item 4 – Investing in infrastructure to keep pace with needs

- Item 5 – Redeveloping our waterfront and downtown

Strategic Priority # 3 – Transportation Networks

- Objective 3.7 – Complete Beckwith Street Redevelopment – Phase 1 and 2

Consultations: Treasurer, Parsons, and Ottawa Greenbelt Construction Company Ltd.

Existing Policy:

- Downtown Revitalization and Waterfront Integration Master Plan, 2013
- By-Law no. 7850-2004, Policies respecting the procurement of goods and services

Attachments:

- Attachment A – Summary of Changes Under Consideration

Notes/Action (space for Council Member’s notes):

Respectfully Submitted:

Approved for agenda by:

W. Troy Dunlop, C.E.T.
Director of Public Works and Utilities

Malcolm Morris, CMO
CAO

ATTACHMENT A

**SUMMARY OF CHANGES UNDER CONSIDERATION
NON BINDING DISCUSSIONS**

ITEM	NOTES
Traffic Control Plan	Negotiated Reduction
Eliminate Three (3) Variable Message Signs	Scope Change Non-essential to traffic control plan (want vs need)
Mobilization and Demobilization	Negotiated Reduction in Bonding Costs
Storm Sewer Services	Negotiated Unit Price Reduction
Sanitary Sewer Services	Negotiated Unit Price Reduction
Watermain (250mm)	Value Engineering – Relocation of Watermain to Center Lane (Reduced Traffic Control Setups)
Hydrants	Value Engineering – Relocate 1 Hydrant on Main Street
Water Services	Negotiated Unit Price Reduction
Concrete Curb	Negotiated Unit Price Reductions
Cold Weather Paving	Value Engineering - Risk of Cold Weather Paving Significantly Reduced
Milling of HL3 Surface Course Provisional	Value Engineering - Risk of Cold Weather Paving Significantly Reduced
*Eliminate Interlock in Center of Two Major Intersections	Scope Change – Main and Russell Interlock and underlying concrete slab (\$\$\$) Use poured concrete/textured crosswalks
Reduce Structural Soil (Proprietary) Option	Scope Change – reduce volume of structural soil (proprietary) used at each of 32 tree pits
*Eliminate Pedestrian Activated Crossing Signal (PXO) at William Street	Scope Change – the PXO at William has been met with public concern that it will adversely affect commercial traffic flow as an “on demand” feature.

*Note: Items are considered to be visible changes to the Downtown Renewal.