



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