

COMMUNICATION 135151

Received From: Mike Walker, Development Review Officer
Addressed To: Committee of the Whole
Date: June 25, 2024
Topic: DS2-2024-Sanitary Sewer Upsizing

BACKGROUND

The approved 2024 capital budget allocates \$401,574 for the Town's Sanitary Sewer Upsizing Project 26. These funds are designated for construction, inspection, soil testing, and a contingency amount to address any change orders which may arise during the project construction. The project involves replacing a 300mm diameter sanitary sewer with a 400mm diameter pipe that extends along the drive aisle of the Independent Grocer and proceeds westerly across McNeely Avenue. This is a development driven project which is required to support future development applications along Franktown Road and commercial properties along Highway 7.

Project 26 was included in the Core Servicing Cost-Sharing By-law 61-2022 that derived from the Highway 7 cost sharing agreement executed in 2021 between the Town and multiple developers. As outlined in the cost-sharing arrangement, the Town was designated as the project's initial funder with funds expected to be recovered by property owners along Franktown Road and Highway 7 once development occurs, as these properties will directly benefit from and necessitate the sewer upsizing.

Staff have engaged JL Richards and Associates to review the current theoretical pipe capacity of the sanitary sewer. The analysis concluded that based on existing conditions, the pipe is nearing maximum capacity. The study concluded that the current design represents a limiting factor for future development within the area.

DISCUSSION:

Tender DS2-2024 Sewer Upsizing Project was posted on MERX, inviting bidders to submit pricing for two (2) options.

- Option 1 requires completion by October 2024;
- Option 2 postpones the project to 2025, with a start date in May 2025 and completion in August 2025.

The Town requested pricing for both options due to several design details and constraints that increased the project's cost beyond the allocated 2024 budget.

The advertisements were posted on MERX for a period of three (3) weeks. A total of three (3) tender submissions were received at the time of closing. Results received were as follows:

COMPANY	TOTAL PRICE (with HST)
Option 1	
Thomas Cavanagh Construction LMT.	\$1,009,090.00
GIP Paving	\$1,274,181.33
R.W. Tomlinson LMT.	\$1,647,223.67
Option 2	
Thomas Cavanagh Construction LMT.	\$1,009,090.00
GIP Paving	\$1,220,132.92
R.W. Tomlinson LMT.	\$1,708,758.40

The lowest bid from Thomas Cavanagh Construction Limited (TCCL) is presently being recommended by staff for award of the contract. TCCL has completed numerous projects for Carleton Place in the past.

Temporary Access Agreement:

Additionally, the sewer being replaced is located on Choice’s property (Independent Grocer) within a legal easement that grants the Town the right to enter, construct, maintain, inspect, reconstruct, or replace the sewer. The Town requires a designated staging area for the contractor to place equipment and materials on-site, outside of the legal easement boundaries. Choice has agreed to provide space on its property provided the Town executes a “Temporary Access Agreement,” which includes compensation of \$1,800.00 + HST per month of use and an initial access fee of \$2,500.00 + HST. These costs are listed in the table below and included in the project's overall costs as "staging fees."

FINANCIAL IMPLICATIONS

The Tender price submitted by TCCL of \$893,000.00 plus HST is not within funds allocated for this project in the approved 2024 Budget. Considering the Town’s net of HST, inspection, soil testing, staging fees and a contingency amount of \$50,000 which will be used to address any change orders that arise during the project, the total cost is \$721,901.42 over budget, as per the following table:

ACTIVITY	AMOUNT
Tender Amount without HST	\$893,000.00
Inspection and Detail Design	\$45,978.25
Staging Fees	\$7,900.00
Soil Testing	\$3,100.00
Subtotal	\$949,978.25
Net HST	\$123,497.17
Contingency	\$50,000.00
Total	\$1,123,475.42
Project Budget	\$401,574.00
Over Budget Amount	\$721,901.42

It should also be noted that the increased costs of this project will result in the need to amend Cost Sharing By-law 61-2021 to reflect the true value of the work. An updated draft copy of “Schedule C” of the by-law is appended to this report to show the distribution of the fair share contributions to the impacted properties based on the current bid prices. Staff will bring forward the final amended schedule following the completion of the works in order to ensure that the full true cost of the construction is recouped.

Options for Council’s consideration include:

Option 1 – Complete project this year and award tender for Option 1 pricing

Council can instruct Staff to award the tender to the lowest bidder under Option 1 pricing and have the project completed this summer. The budget shortfall of \$721,901.42 could be paid for out of the South of 7 Reserve (current balance \$285,986), Land Sale Reserve (current balance \$700,000) and Year-end Surplus or Strategic Reserve (current balance \$137,489) These are funds specifically set aside for these types of circumstances. Only the amount required would be taken from the reserves to offset the cost of the project. This option would also include the approval to execute a “Temporary Access Agreement” with Choice Properties.

Option 2 – Complete project in 2025 and award tender for Option 2 pricing (Recommended)

Council can instruct Staff to award the tender to the lowest bidder under Option 2 pricing and push the project to 2025 with pre-budget approval. This would allow the funds to be pre-approved within the 2025 budget for capital projects. In discussions with the Town’s Treasurer, it is understood that the budget shortfall of \$721,901.42 could be paid from the South of 7 Reserve (current balance \$285,986), Land Sale Reserve (current balance \$700,000) and Year-end Surplus or Strategic Reserve (\$137,489). Only the amount required would be taken from the reserves to offset the cost of the project. This option would also include the approval to execute a “Temporary Access Agreement” with Choice Properties.

Staff's recommendation is to proceed with Option 2 for tender award to Thomas Cavanagh Construction LMT to complete all the works in 2025 and pre-approve the funds from 2025 budget which may or may not include using reserves as described in option 2.

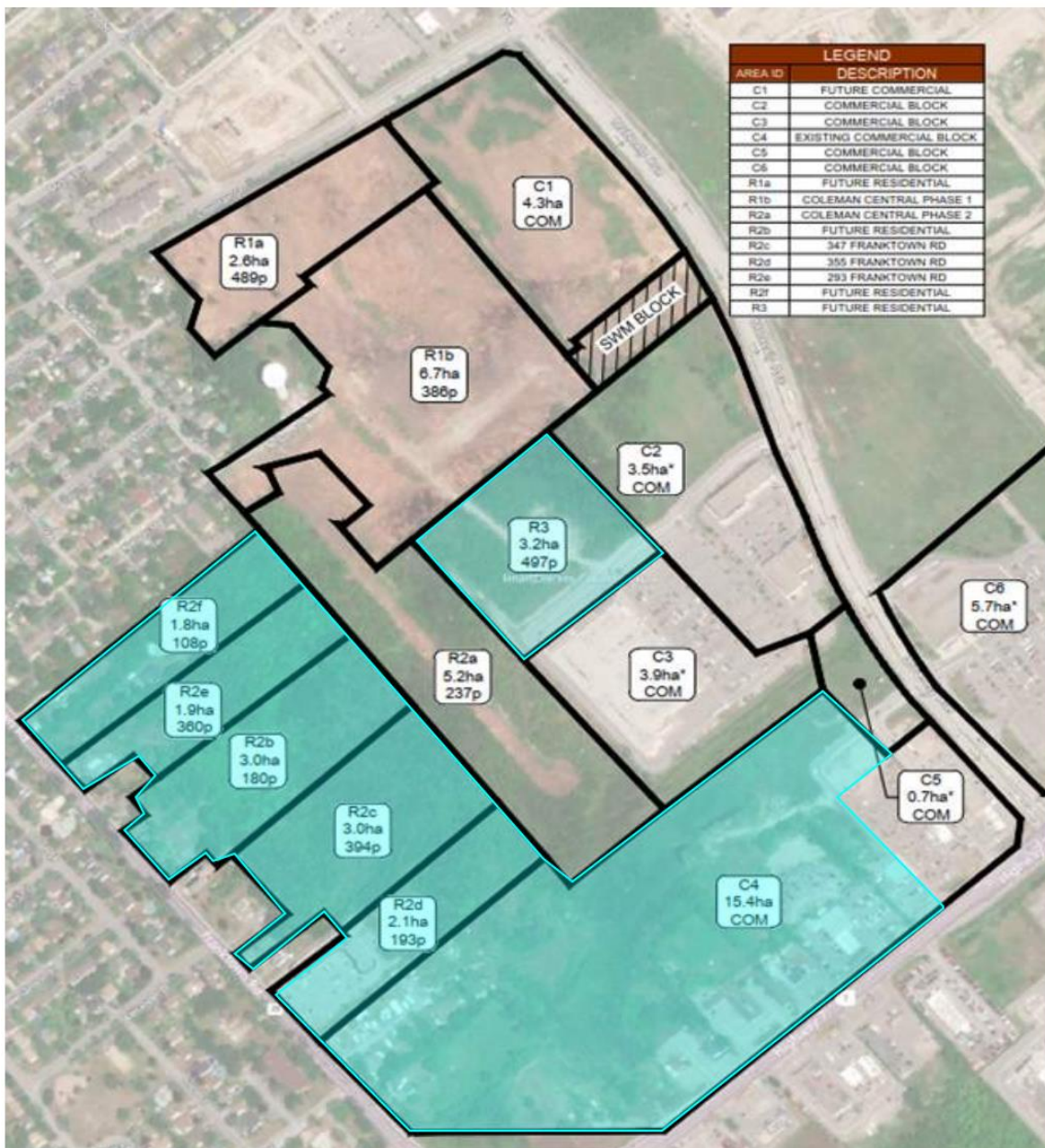
If Council cancelled the current tender and re-tendered in 2025, it is anticipated that the value of the works would increase as it is preferable for the bidder to pre-schedule their work for the next season.

This project is Project 26 from the South of 7, Core Infrastructure Cost Sharing Agreement. As the owner of the Employment Lands, the Town is required to initially fund this project in full. The full cost of the project will be collectible from other property owners subject to By-law 61-2022. However, the trigger for collection is at the development approval and therefore there is no guarantee of the timing of these collections and some amounts may never be collected. As an estimate, staff anticipates recovering 25% of the invested funds within the next 3 years and 70% within 10 years with the remaining 30% collected after 10 years.

Option 3 – Do not complete the work Staff do not recommend any options whereby this project would be eliminated as we have committed to having this project completed within the cost sharing agreement which is registered on title and is noted as a project to be completed within the Core Servicing Cost Sharing By-law 61-2022. The restated Cost Sharing Agreement states that the Town shall upgrade the sewer north of Highway 7 “before flows from the area exceed the capacity of the existing sanitary sewer”. The Agreement further states “The Town shall not be liable for any claims, actions, or liabilities by the owners of land within the contributing area resulting from the failure to complete the projects provided it makes “commercial reasonable efforts to proceed with construction”.

If the pipe is not upsized, further connections cannot be made to facilitate development in the contributing area as shown in Figure 1. This will include commercial redevelopment on the north side of Highway 7, residential development to the north of Walmart, and residential infill development along Franktown Road. Staff are actively reviewing two (2) subdivision files which would not be able to proceed (355 and 347 Franktown Road) and pre-consulting on three (3) additional proposals for commercial and residential development.

Figure 1 – Area Served by Pipe Upsizing:



Note: Areas shown in blue on the map represent lands which cannot be developed without the pipe upsizing

STAFF RECOMMENDATION:

THAT Council approves proceeding with Option 2 for the award of Tender DS2-2024 Sanitary Sewer Upsizing Project to Thomas Cavanagh Construction Limited in the amount of \$893,000.00 plus HST in accordance with the Development Review Officer’s Report dated June 25, 2024 and pre-approving funds for the 2025 budget, and THAT Council authorizes entering into a “Temporary Access Agreement” with Choice Properties.