



ENGINEERING DEPARTMENT MEMORANDUM

TO: MAYOR J. LEHMAN AND MEMBERS OF COUNCIL

FROM: B. ARANIYASUNDARAN, P. ENG., PMP, DIRECTOR OF ENGINEERING

NOTED: A. MILLER, RPP, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH
MANAGEMENT

M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RE: DUNLOP STREET EAST CORRIDOR IMPROVEMENTS (MULCASTER STREET
TO TORONTO STREET) (WARD #2)

DATE: JULY 9, 2019

The purpose of this memorandum is to provide members of Council with an update on the Dunlop Street East Corridor Improvements.

Purpose & Background

Aggregate funding requirements that exceed the lesser of 10% of the capital project's approved budget or \$500,000 require Council approval in accordance with the Capital Project Financial Control Policy contained within Policy # FIN-017-101 Financial Policies Framework.

Tenders have been received for the Dunlop Street East Corridor and the award of the tender will result in project expenditures exceeding the approved project budget by greater than 10% (and \$500,000) of the approved budget.

Dunlop Street is a vital component and attraction to downtown Barrie. With proposed intensification in the downtown, maintaining and enhancing this corridor is an essential component in the success of the downtown revitalization and the City of Barrie's Downtown Commercial Master Plan.

The project involves the reconstruction of the Dunlop Street East right of way, including new pavement structure, upgrades to the storm drainage, cathodic protection of existing watermain, flushing and cleaning of sewers, enhancement of the pedestrian environment via sidewalk replacement/widening and creation of a flexible boulevard, curb replacement, landscape/streetscape programming replacement, street lighting and concrete duct replacement.

A Class Environmental Assessment was undertaken in 2015 to examine options to improve the pedestrian environment by studying alternative streetscape configurations with the goal of creating more pedestrian space through wider sidewalks on Dunlop Street between Toronto Street and Mulcaster Street.

The study's key recommendations included the implementation of a reconfigurable streetscape that maintains two-way traffic and includes reconfigurable parking areas that can be used for either pedestrian space or parking depending on time of year and demand.

At its June 22, 2015 meeting Council adopted the "Dunlop Street Corridor Improvement (Toronto Street to Mulcaster Street) Municipal Class EA Phases 1 and 2" (15-G-152) with a preference to a design involving a reconfigurable street between Toronto Street and Mulcaster Street (Alternative 5 in the Class EA).

Subsequent to the approval of the Class EA, the City retained the consulting firm C.C. Tatham to undertake the detailed design and tender package of Dunlop Street Corridor Improvement (Toronto Street to Mulcaster Street).

The design concept focuses on safe pedestrian movements and accessibility throughout the Dunlop Street corridor, as well as ensuring the businesses are better serviced through enhanced lighting, visibility and service opportunities, as in the inclusion of on-road/boulevard patios.

The design concept includes pedestrian friendly, aesthetically enhanced streetscape design elements within the boulevard and roadway which include:

- Retail zone features such as patios;
- Amenity zone features such as trees, planters, lighting, trash/recycling receptacles;
- Street furniture;
- Pay and display parking;
- Flexible zone features allow either parking or pedestrian zone depending on how space is to be utilized; and
- A patio program with features that demonstrate operational flexibility and ease of implementation on a seasonal basis.

The project incorporates renewal of existing infrastructure based on existing condition and state of good repair including:

- Water servicing;
- Sanitary and Storm Sewers;
- LID upgrades to conform to current design standards;
- Utility upgrades (gas, telephone, cable, electricity, internet);
- Conformance to AODA requirements; and
- Roadway improvements to accommodate transit service vehicles.

At the Council meeting of June 25, 2018 staff proposed to report back to Council with a business case and funding options for this project (ENG015-18).

At the Council meeting of April 8, 2019 Council approved changes to the spending plan and funding options for this project (ENG003-19) as follows:

- Increase total project expenditures from \$ 9,279,065 to \$10,520,000.
- Receive Third Party contribution of \$300,000 from the BIA over six years with the upfront costs of the contribution to be borne by the City.
- Fund \$345,000 from the Tourism Reserve as a replacement for a shortfall in Third Party funding specified by Council in Motion 15-G-152 for the Flexible Street component.
- Fund \$87,846 from Water Capital Reserve and \$382,882 from Wastewater Capital Reserve to account for inclusion of water and wastewater asset renewal within the project scope.
- Fund an additional \$14,033 and \$111,173 from Tax Capital Reserve (TCR) and Tax Funded Debt, respectively.

Analysis

Various meetings have been held with the BIA April 1, 2019 and the BIA continues to be supportive of the project with the noted Third Party contribution over 6 years.

The tender for this construction contract was published on May 10, 2019 and the tenders closed on June 27, 2019. Close of the tender was extended to provide for clarifications, which is not an unusual practice but did add to the timeline for closing the tender.

Two bids were received at \$11,072,050 and \$11,602,267 exclusive of the non-refundable portions of the HST. Both bids were compliant with the procurement process. The spread between the two bids was 4.8%.

The lowest tender is not unbalanced. An unbalanced tender is one in which the tenderer allocates excessive costs to items that are to be completed early in construction.

Deleting cost of provisional items (that are duplications in the amount of \$167,100) from the lowest tender would provide an adjusted tender cost of \$10,904,950. The adjusted tender cost would still result in the overall project cost exceeding the approved project budget.

Further deletions of provisional items in the amount of \$299,680 may be possible at the discretion of the City. These will be confirmed during the early stages of construction.

This work was bid as a Contract A tender which is the standard practice for construction projects. As such, the tender is binding for the City as well as the vendor so we have little ability to negotiate or change the contract prior to award. One of the requirements of a Contract A tender is that it is awarded as bid.

A comparison of the project costs based on the lowest tender versus the pre-tender estimate prepared by the project team is provided below.

	Pre-Tender	Post Tender
Project Costs		
Design and associated fees	\$0.625M	\$0.625M
Construction costs:		
• Asset Renewal	\$7.802M	\$9.873M
• Flexible Street	\$1.018M	\$1.032M
Contract Admin & Inspection	\$0.160M	\$0.160M
Miscellaneous (Project Management and administration, Stakeholder engagement, Permits)	\$0.127M	\$0.127M
Contingencies:		
• Asset Renewal	\$0.519M	\$0.980M
• Flexible Street	\$0.083M	\$0.076M
Non-recoverable HST	\$0.186M	\$0.227M
Total Project Costs:	\$10.520M	\$13.100M

Possible reasons for the increases compared with the pre-tender estimates are summarised as follows:

- Inclusion of additional requirements since the consultant's estimate related to requirements for business disruption mitigation, 24 hour site monitoring, requirement for a project ambassador/public relations officer, and two safety ambassadors. The lowest bid provided a total of \$128,075 for these items.
- Number of bidders – only two bids were received. This could be due to market conditions and the challenging nature of the project.
- The number of tenders for construction is higher in 2019 in the local market. It should be noted that the City of Toronto has launched its busiest construction season ever according to the Daily Commercial News.
- Underestimation of the costs of some of the contract items by the Design Consultant.

Construction cost estimates have been divided into asset renewal costs and flexible street costs.

The asset renewal costs include such items as removals, sewer and water remedial work, road construction (two paved lanes), traffic signals, street lights, sidewalks, street furniture and tree replacement.

The flexible street costs are the “enhanced streetscape costs”. The flexible street cost includes such items as flexible lane surfacing, street light element illuminating the sidewalk, removable bollards, trash and recyclable receptacles and concrete planters.

The division of the asset renewal and the flexible street costs are provided in the table above. The table indicates that most of the project cost increases are attributable to the asset renewal components of the project based on the tenders received.

City staff and the consultant team have reviewed the tenders and are preparing the documentation for the award of contract subject to the approval of City Council to increase the project budget. This was deemed necessary should Council want the project to proceed this year.

Funding

A summary of the budget allocation and available funding, at this time, as per the approved Motion 19-G-076, is as follows:

Project Budget & Funding Source

	Asset Renewal	Flexible Street	Total
Project Costs			
Design and associated fees	\$0.575M	\$0.050M	\$0.625M
Streetscape Construction Estimate	\$9.873M	\$1.032M	\$10.905M
Contract Admin & Inspection	\$0.147M	\$0.013M	\$0.160M
Miscellaneous (Project Management and Administration, Stakeholder Management, Permits)	\$0.117M	\$0.010M	\$0.127M
Contingencies	\$0.980M	\$0.076M	\$1.056M
Non-recoverable HST	\$0.209M	\$0.018M	\$0.227M
Sub-Total:	\$11.900M	\$1.200M	\$13.100M
Funding Source			
City Budget	\$9.320M*	\$0.400M*	\$9.720M
<u>Third Party Contributions:</u>			
Main St Revitalization Grant (AMO)		\$0.155M	\$0.155M
BIA Contribution **		\$0.300M	\$0.300M
Municipal Accommodation Tax Contribution		\$0.345M	\$0.345M
Sub-Total:	\$9.320M	\$1.2M	\$10.52M
Net:			-\$2.580M

*City budget for utilities and construction (Request and Forecast)

** Contribution to be paid over 6 years

To fund the shortfall of \$2.580M, reductions from other Capital Projects in the 2019 Capital Plan will be required. Staff will report these reductions back to General Committee and City Council as part of the capital status report. These reductions will come from projects with the following funding sources:

- Tax Capital Reserve (TCR)
- Tax Funded Debt
- Water Capital reserve
- Wastewater Capital Reserve

Reductions from other Capital Projects in the 2019 Capital Plan in each of the above categories will be based on corresponding increases to the Project (EN1167 Dunlop Street East Corridor Improvements) from each of these funding sources based on the detailed apportionment of the project costs by asset type.

Schedule

To initiate construction as planned according to the schedule outlined below, the award of tender to the successful bidder is required before July 12, 2019. If the contract is not awarded by this date, the project will have to wait until 2020 because of various “lead time” requirements and the “start/stop” restrictions in the Dunlop Street Corridor.

The construction phasing is currently planned as follows:

- Phase 1A - Section between east of Mulcaster Street to just east of Owen Street
 - Start work September 10, 2019 to stop work by November 8, 2019
 - Complete remaining work early in 2020, as weather permits
- Phase 1B – Owen Street intersection culvert, Owen Street Intersection to Bayfield Street and Five Points Intersection
 - Start work after completion of Phase 1A
- Phase 2 – Section between Bayfield Street and Toronto Street
 - Start work after completion of Phase 1B

Staff will mitigate impacts on the local businesses and the patio season and have developed the schedule accordingly. However, it is subject to weather conditions and assumptions made, such as a shorter patio season in 2019.

A Communications Plan has been developed to ensure appropriate and proactive engagement with affected businesses during construction.

Financial

The total expenditures approved for Project EN1167 (Dunlop Street East Corridor Improvements – Toronto to Mulcaster) is \$10.52M.

Various project amendments are required to move forward with the project as proposed in this staff report:

- Approved project spending must be increased from \$10,520,000 to \$13,100,000. The increase consists of \$2,580,000 in new spending, and
- The project funding plan must be amended to match the proposed costs, timing, scope, and solution for the asset renewal component. This will be reported as part of the Capital Status Report.



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The Third Party contribution of \$300,000 from the BIA will be received over six years. Upfront costs will be borne by the City.

As previously approved by Council in April 2019, \$345,000 from the Tourism Reserve will be applied to the project.

A portion of the project will be funded from Water and Wastewater Capital Reserves based on the detailed breakdown of the construction and other soft costs. The overall funding from these sources will be derived from reductions to other projects in the 2019 Capital Plan.

Funding from Tax Capital Reserve (TCR) and Tax Funded Debt will be adjusted to make up the remaining funding requirement. The overall funding from these sources will be derived from reductions to other projects in the 2019 Capital Plan.