

To: Warden and Members of County Council

From: Director of Public Works

Pattullo Industrial Park Wastewater Servicing - Alyea Sewage Pump Station Construction

RECOMMENDATIONS

- 1. That Oxford County Council authorize an additional \$1,858,781 for the County's cost share of the multi-year construction of the Alyea Sewage Pump Station, being led by the City of Woodstock and located in the Pattullo Industrial Park;**
- 2. And further, that as part of the multi-year contract award, County Council approve the budgetary commitment of \$2,168,312 in 2023, in advance of the 2023 budget process.**

REPORT HIGHLIGHTS

- The purpose of this report is to obtain County Council approval to increase the multi-year funding commitment by \$1,858,781, for the County's cost share of the Alyea Sewage Pump Station (SPS) which is being constructed by the City of Woodstock (City) on behalf of the County.
- The City's Southeast Woodstock Settlement Expansion Justification, Secondary Plan and Servicing Study – Wastewater Servicing Report identified the Alyea SPS as one of the projects required to service the Pattullo Avenue Industrial Park (External Area 2).
- The City received competitive contractor pricing for the Alyea SPS during their recent construction tender. The low bid cost submission received was within the construction cost estimate which was updated upon completion of detailed design (December, 2021).
- Construction is anticipated to begin in May 2022 and be completed in 2023.

Implementation Points

Upon Council approval for the required funding, it is anticipated that the City will proceed to execute a contract with their low bidder for the construction of the Alyea SPS.

Financial Impact

In year construction of the County's share of the Alyea SPS was planned in the 2022 Business Plan. The City recently indicated that a multi-year construction will be required, with approximately 50-60% of the construction occurring in 2022 prior to full completion in 2023. Accordingly, a multi-year funding commitment will be required to support the City's award of this contract.

The low bid for the tendered work was \$5,179,250 (excluding HST). The contract costs and funding sources for this project are summarized in Table 1, based on the County's share of 85%.

Table 1: Funding Summary for Alyea SPS Construction – County Share

Budget Summary Account/Description	2022	2023	Total Amount
950151 Pattullo Industrial Park – Alyea SPS Construction Fees	\$2,641,500	\$1,761,000	\$4,402,500
Construction Contingency (10%)	264,150	176,100	\$440,250
Non Refundable HST	51,140	34,093	85,233
Subtotal	\$2,956,790	\$1,971,193	\$4,927,983
City of Woodstock Engineering Fees (10%)	295,679	197,119	492,798
Total	\$3,252,469	\$2,168,312	\$5,420,781
2022 Approved Budget	\$3,562,000	-	\$3,562,000
Estimated (Surplus) Shortfall	(\$309,531)	\$2,168,312	\$1,858,781

Based on the information provided above, additional funding is required to cover the cost of the construction contract. This project was budgeted to be debenture funded upon project completion due to significant investment requirements within the Woodstock Sanitary system over the 10 year capital horizon, and to take advantage of current low interest rates.

At an estimated interest rate of 3.5% over a 15 year period, the combined annual principal and interest payments would be approximately \$472,000. The total interest payable over the 15 year period is estimated at \$1.42 million.

The annual capital cost estimates, funding sources and operating impacts will be updated in the 2023 Business Plan and Budget.







Communications

Report No. PW 2022-25 was shared with City staff and will be circulated to the City of Woodstock to inform them of County Council’s resolution.

In terms of operational communication, County staff will continue to liaise with the City throughout the project work and will request quarterly updates regarding the progress of the project (i.e., budget variance, risk, schedule, etc.). This information will form part of Corporate Services’ standardized quarterly reporting to County Council on the 2022 Business Plan and Budget.

With the City as project lead, public communication will be led and executed by the City. The County has offered to share City project updates on its social media channels and on the Oxford County website and is prepared to provide any communication support that may be requested.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
1.ii.		3.ii.		5.i.	

DISCUSSION

Background

The City’s Southeast Woodstock Settlement Expansion Justification, Secondary Plan and Servicing Study – Wastewater Servicing Report (December, 2019) was prepared to develop a sanitary servicing strategy for future industrial employment lands within this area. Based on the Secondary Plan and Servicing Study, a ten year infrastructure phasing plan was initially developed to service this area which included the need for the Alyea SPS. The Alyea SPS project site location is shown in Attachment 1. The City is the project lead and will be constructing the Alyea SPS on behalf of the County.

The preliminary conceptual cost estimated for the Alyea SPS was \$4,100,000 based on capital requirements known at the time of the above mentioned Secondary Plan and Servicing Study. As approved in the County’s 2022 Business Plan and Budget, the County is cost sharing this project with the City at 85%, representing an original budgeted amount of \$3,562,000.

The share percentage is based on an acknowledgement between the City and County to use wastewater generation flow estimates (from the Southeast Wastewater Secondary Plan and Servicing Study) to compare local service area (External Area 2) flow versus the future total employment lands flow to the Alyea SPS in order to derive and assign a cost share percentage. The City share was agreed to be 15% and the County share set at 85%.

Accordingly, the County budget cost share of the Alyea SPS includes 85% cost share of the final construction costs (including construction contingency). The County is also responsible for reimbursing the City for its engineering fees (10% of final construction costs) incurred during capital delivery and procurement.

Comments

After the 2022 Business Plan and Budget capital project submission, detailed design work continued for the Alyea SPS. The final detailed design was finalized in December 2021 and was used to generate an updated capital cost estimate for the Alyea SPS (\$5,500,000, excluding HST). The City proceeded with project procurement and tendering process in accordance with their local Purchasing Policy. The project tender closed February 23, 2022 with four contractor bid submissions received, including a low contractor bid of \$5,179,250 (excluding HST).

As this complex project has the possible risks that would be associated with any construction project of this scale and scope, it is expected that the City's purchasing and risk management policies will be readily applied to mitigate any potential risks related to the exposure of financial loss.

Should the contract budget increase not be authorized, servicing of the City's Pattullo Avenue Industrial Park will be potentially delayed and such employment lands may not be realized as expected. If delayed, capital costs may potentially further increase in the future given the uncertainty within current market conditions regarding labour and material supply.

Conclusions

Staff support the City's recommendation to award the Alyea SPS project to their low bid contractor, whose competitive bid price was appropriately within the updated capital construction cost estimate.

SIGNATURES

Report Author:

Original signed by:

Don Ford, BA, CMM III, C.Tech.
Manager of Water and Wastewater Services

Departmental Approval:

Original signed by:

David Simpson, P.Eng., PMP
Director of Public Works

Approved for submission:

Original signed by

Michael Duben, B.A., LL.B.
Chief Administrative Officer

ATTACHMENT

Attachment 1: Alyea SPS Project Site Location