Staff Report

Report To:	General Committee
Meeting Date:	February 21, 2023
Prepared By:	Phil Wood, Director of Operations Travis Raison, Project and Asset Coordinator
Report Number:	2023-6
Subject:	Project Update - Reynolds Park

Recommendation

THAT Council approve a projected budget shortfall of $53,500 in the Reynolds Park rehabilitation project; and

THAT the budget shortfall be funded by reserves or development charges as applicable.

Background

The redevelopment of the former Reynolds Coal Storage site into a new City passive park began November and December of 2022. The construction contractor finished the 2022 calendar year with approximately half of the overall construction work completed.

Throughout City projects staff continuously monitor expenses to ensure the budgets are maintained and unplanned expenses are mitigated. To date, the total project expenses for the Reynolds Park project remain within the approved budget. However, staff have identified sub-components of the project which have incurred expenses that exceed the assigned budget allotment. As a result, completion of the project as planned is projected to be over budget. Staff are working to mitigate additional expenses moving forward. In accordance with the Budgetary Control Policy staff are obligated to report overbudget conditions to Council.

The objective of this report is to:

- Report the budget/expense deviations to Council in detail
- Obtain approval from Council to adequately fund the completion of the project

Analysis

Construction Contract & Scope:

The construction contract for the Reynolds Park rehabilitation project was awarded to LA Knapp Construction Inc. following public tender of the project scope by staff in 2022.

Staff reported the results of the tender process and were approved by Council to proceed with the project by way of staff report 2022-164 to the Finance and Administration Committee on August 16, 2022.

The project scope of work includes:

- Site work, including:
  - Excavation and earth moving
  - Tree and vegetation removal
  - Compaction
- Granular fill, including:
  - Transportation and installation of granular A & B material
  - Grading, compaction surface preparation
- Backfill, including:
  - Transportation and installation of clean fill
  - Grading and erosion control
- Concrete work, including:
  - Forming and pouring of sidewalk and curb
- Asphalt work, including:
  - Transportation and installation paving of HL3 and HL8 asphalt
  - Paving of new parking area, entrance, Brock Trail and Water St.
- Finishing work, including:
  - Final grading of top soil and hydro-seeding
  - Line painting
  - Drainage

Each of the listed components in the construction contract was accounted for in the tender packages through estimation during design. The value each component was tendered as a unit price component based on estimated quantities. It is common for the result of each contract component to vary between the estimated unit quantities in the design and the actual unit quantities delivered and installed. Staff routinely manage the project with the objective of bringing the entire project scope to completion within the established budget.

Quantities of unit materials, for example granular or fill, are verified by the weigh bills from scales at quarry yards and verified by City staff during the project as a control measure. During this review discrepancies can be found and managed.

<u>Project Progress:</u>

To date, the construction contractor has completed:

- Site excavation
- Tree and vegetation removal
- Granular fill installation, grading and compaction
- Fill installation and grading

- Site grading in accordance with the design

Invoices have been received from the construction contractor for the identified completed project items. While reviewing the invoices and weigh bills for fill and granular materials used on the project, staff identified a deviation between the estimated quantities from the design. This discrepancy indicates that the contractor required more material than estimated to construct the park to the design. Based on the quantities review by staff, the fill and granular materials result in a net deficit for those project components.

Rationale:

The estimated quantities in the design detailed the fill required to achieve the site grading for drainage as well as the level of soft cap dictated in the environmental site assessment. The additional fill and granular materials were required because staff were unable to utilize and reuse excess fill from the Garden St. reconstruction. Reuse of this material was intended to save costs on the Reynolds Park project as well as eliminate waste and trucking costs to dispose of useful soil.

Staff were required to test the excess Garden St. soil in accordance with the recent soil regulation O.Reg. 406/19. Testing of the Garden St. fill revealed that it contained levels of salt contamination that rendered it unacceptable to be installed within 30m of the St. Lawrence River. As a result of soil testing, the Garden St. fill material was stock pilled elsewhere in the City and additional clean fill was required to move the project forward.

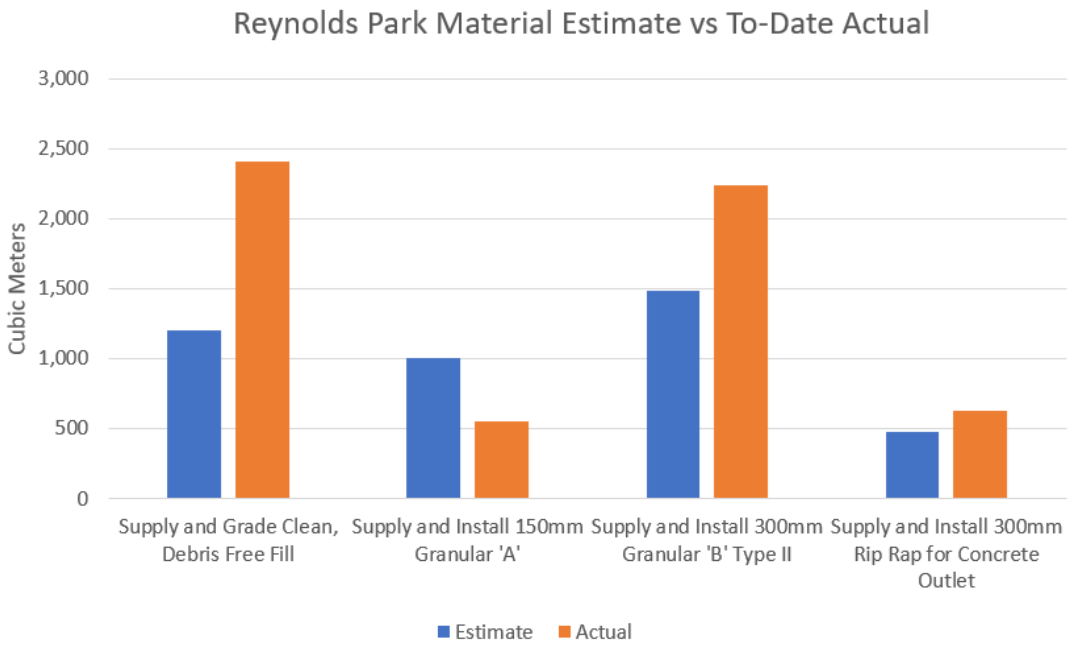
Project Status:

Due to the ineligibility of the Garden St. excess fill, additional fill and granular material were required to complete the lot plan and grading which has resulted in costs that exceed the allotted budget.

The Reynolds Park project is currently within budget. However, with expenses still to come for installation of asphalt and concrete, the expenses are projecting a budget deficit.

Financial Implications

As indicated the quantities of fill materials required in Reynolds Park to date has put pressure on the overall project budget. To illustrate the differences from estimate to as constructed, staff have prepared the following chart for reference:



From the above chart it can be seen that the differences between estimate versus installed are most notable for:

- Clean, debris free fill material, and
- 300 mm granular 'B' type II

In terms of work completed to date as it relates to the overall budget, the following chart indicates the state of the project as of the invoices processed in January 2023.

Project Progress	Completed Work			Not Completed	Expected Variance
Scope Component:	Budget/estimate:	Expense to date:	%	Expenses:	Variance:
Site Work	70,572.00	66,450.00	92%	5,322.00	(1,200.00)
Fill	32,175.00	62,686.00	97%	975.00	(31,486.00)
Granular	75,551.00	84,218.03	85%	11,160.00	(19,827.03)
Concrete	102,970.00	-	0%	102,970.00	-
Asphalt	67,322.00	-	0%	67,322.00	-
Finishing	27,143.00	-	0%	27,143.00	-
Total:	375,733.00	213,354.03		214,892.00	(52,513.03)
				Total with net HST	**(53,437.26)**

Form the above charts it can be observed that the projected budget shortfalls amount to $52,512.03 (plus net HST) resulting from the additional fill and granular materials required.

Staff intend to explore mitigation opportunities to manage the project expenses that remain. This may result in some capital savings by removing components of the contract through negotiation with the contractor and may include components that City staff could complete at a later date. For example line painting, benches, waste receptacles etc. could be done at a later date to save costs to the project.

Council approval is requested to address the projected budget shortfall by approving additional budget allotment to be funded by reserves or development charges as applicable.

Policy Alignment

All procurement activities associated with the Reynolds Park Rehabilitation project are subject to :

- Procurement Policy POL.F.20.139
- Budgetary Control Policy POL.F.20.181

In accordance with the City Budgetary Control Policy, Section 4 - Capital Budget; Department Heads shall request authorization from council should additional expenditures be required.

Conclusion

Approximately half of the construction work of the Reynolds Park rehabilitation project was completed in December 2022. Staff have reviewed the expenses to date and have identified where granular and clean fill materials were required in excess of the quantities that were estimated and budgeted.

Staff planned to use excess soil and fill from other City projects such as the Garden St. reconstruction project as a cost effective means of supply of backfill for the Reynolds Park project. Staff are obligated by the 2019 provincial excess soil regulations to test all excess soil and fill prior to transport and reuse on another work site. Following testing of the excess fill material the presence of salt contamination was documented rendering the available excess soils unsuitable for use in close proximity to the river and therefor was not used at Reynolds Park.

As a result, additional fill materials were required to completed the Reynolds Park design and grading plans. The total expenses for fill materials exceeds the budget allocations for fill materials.

Currently the project expenses remain within budget. However, considering the remaining work and the shortfall of budget allotted for fill materials, the project will be over budget when the remaining work is completed.

Staff will continue to actively manage the project expenses with the objective of mitigating costs where it can be for the remaining project scope. Staff request Council approve additional $53,500 funded by reserves to account for the projected budget shortfall.

Approved by:	Status:
Travis Raison, Project and Asset Coordinator	Approved - 16 Feb 2023
Phil Wood, Director of Operations	Approved - 16 Feb 2023
Lynda Ferguson, Director of Finance & IT Services	Approved - 17 Feb 2023
Sandra MacDonald, City Manager/City Clerk	Approved - 17 Feb 2023