

# STAFF REPORT TO COUNCIL

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**DATE:** December 31, 2020  
**TO:** MAYOR AND COUNCIL  
**NAME AND TITLE:** IAN WELLS, ACTING DEPUTY CITY MANAGER  
**SUBJECT:** George Street Parkade  
**ATTACHMENT:** None

**RECOMMENDATION:**

That Council RECEIVES FOR INFORMATION the staff report dated December 31, 2020, from the Acting Deputy City Manager, titled “George Street Parkade.”

**PURPOSE:**

The purpose of this report is to provide Council with additional information on the George Street Parkade capital project (“George Street Parkade”).

At the December 7, 2020 regular Council meeting, Council directed Administration to return a further report to Council regarding the George Street Parkade capital project on timelines, reports to Council and the Standing Committee on Finance and Audit, budget increases, changes to delegation of authority regarding budget amendments, City labour costs, details related to steel tariffs and sewer and water upgrades.

**STRATEGIC PRIORITIES:**

This report supports Council’s Priorities of “Sustainable Fiscal Management”, “Sustainable Infrastructure Management”, and “Diversifying our Economy.”

**DISCUSSION:**

The specific information Council has requested in relation to the George Street Parkade is provided below in categories to offer a clear and concise explanation of each item.

**Steel Tariffs**

Factors affecting the cost increase in the George Street Parkade included the US tariffs, an extremely busy and volatile construction market with a shortage of skilled labour, and an increase in construction costs that amounted to an overrun of \$2,947,334.97.

In addition to the above referenced information, Table 1 below provides a detailed breakdown of further expenditures associated with the cost increase.

**Table 1: Costs Associated with George Street Parkade**

<b>Division</b>	<b>Costs</b>
Soft Costs (civil and geotechnical consultants etc.)	\$ 119,978.09
General Requirements (equipment rentals crane, site safety etc.)	\$ 262,542.72
Sitework (demolition, excavation, compaction etc.)	\$ 602,135.96
Concrete/Steel	\$ 1,502,708.89
Masonry	\$ 10,123.58
Metals	\$ 9,417.51
Woods & Plastics	\$ 14,130.28
Thermal Moisture Protection	\$ 93,523.66
Doors & Windows	\$ 13,371.10
Finishes	\$ 4,854.96
Specialties	\$ 296.97
Conveying Systems	\$ 12,475.80
Mechanical	\$ 228,353.60
Electrical	\$ 73,421.83
<b>TOTAL</b>	<b>\$ 2,947,334.96</b>

**Municipal Infrastructure Costs**

Improvements to municipal infrastructure were required to facilitate the construction of multi-family housing, provide capacity for future development and redevelopment projects in the downtown, and address issues associated with aging infrastructure (i.e. maximum capacity, poor condition, high risk of failure).

The City worked with local contractors to provide the following municipal infrastructure improvements:

- The replacement and re-routing of the storm water piping system (about 60 years old).
- The re-routing and upgrading of the sanitary sewer (removal of lift station that would have required replacement in the immediate future).
- The installation of a new sewer line across Queensway Street and along Lower Patricia Boulevard to provide additional capacity (critical to downtown expansion).
- The replacement of an old watermain on 7<sup>th</sup> Avenue adjacent to City Hall. (The previous watermain had been rated by the City to be at a very high risk for failure owing to its age (about 60 years old) and its cast iron construction).

The infrastructure works noted above were done in conjunction with the private utility relocations needed for the George Street Parkade. Combining the install of the municipal works and private utility works aimed to minimize the disruption to local businesses.

The following provides details regarding the sanitary sewer, storm and water main work and the City labour costs associated with that work,

**A. Sanitary Sewer Main**

The sanitary sewer relocation project included the installation of approximately 1100 metres of new sanitary sewer main along 7th Avenue, Patricia Boulevard, and Lower Patricia Boulevard. The project rerouted an existing sanitary sewer main, allowed for additional area of land for the new multi-family development, and provided the capacity increase necessary for future development in the southern

portion of downtown (an area that includes Parkhouse Condominiums, Hyatt Hotel, Student Housing, the new pool, and other properties that have active development proposals in progress).

The project also decommissioned about 200m of deficient, aging sewer main that was installed in the 1950s as well as the removal of a sewer lift station adjacent to the Fire Hall #1 building. The sewer lift station would have required retrofitting when Fire Hall #1 is demolished. Eliminating the sewer lift station with the installation of a gravity sewer main reduced operational (pumping and lift station operator) costs, maintenance costs, and life cycle costs (periodic replacement of pumps, controls, electrical components).

#### **B. Water Main**

The watermain that was located in the portion of 6<sup>th</sup> Avenue that was closed for the George Street Parkade was installed in 1956, was asbestos cement, and undersized (minimum watermain size is 200mm). Since 6<sup>th</sup> Avenue and 7<sup>th</sup> Avenue were going to be excavated for the sanitary sewer realignment it was prudent to also replace the 64 year old watermain within these areas at that time.

#### **C. Storm Sewer Main**

The storm sewer that was located in the portion of 6<sup>th</sup> Avenue that was closed for the George Street Parkade, and the section of 7<sup>th</sup> Avenue from Dominion Street to George Street was installed in 1963. Similar to the water main, because 6<sup>th</sup> Avenue and 7<sup>th</sup> Avenue were going to be excavated for the sanitary sewer realignment, it was prudent to also replace the 57 year old storm sewer within these areas at that time.

#### **D. Other Works**

In addition to the water, sewer and storm relocations, the District Energy System was also extended from George Street to the George Street Parkade.

The excavation resulting from the utilities relocation works in 7<sup>th</sup> Avenue from Dominion Street to the George Street intersection allowed for revitalization of this section of 7<sup>th</sup> Avenue in front of City Hall. The revitalization included:

- Widening the sidewalk on the north side of 7<sup>th</sup> Avenue
- The addition of street trees utilizing tree cell technology
- Installation of four new planters
- New decorative street lighting
- Narrowing of 7<sup>th</sup> Avenue between Dominion Street and the George Street intersection to provide street calming
- Enhancing and enlarging the area around the Cenotaph
- Installation of bollards along the south side of 7<sup>th</sup> Avenue
- New pathway and lighting between City Hall and Patricia Boulevard.

#### **E. City Labour Costs and Total Municipal Infrastructure Cost**

The City labour costs in relation to the replacement and relocation of utilities was \$259,937.00, with the majority of the work being done through contracted services. City labour costs for the George Street Parkade were \$50,684 and this amount is included in the George Street Parkade costs.

The overall costs related to the replacement and relocation of utilities, off-site works, and the District Energy connection was \$11,705,050.

## **George Street Parkade – Project Timelines and Staff Reports**

- At the December 18, 2017 City Council Meeting, Council approved the construction of the George Street Parkade as part of the Sale Agreement and Partnering Agreement approved by Council.
- In January 2018, the City entered into a design build contract to construct the George Street Parkade. The original estimated cost for the George Street Parkade was \$12.6 million. This figure was based on a quantity surveyor’s estimate in the summer of 2017.
- At the March 11, 2019 City Council Meeting, Council amended the Financial Plan by adding the George Street Parkade Construction Project. Council approved the initial preliminary budget of the construction costs in the amount of \$12,612,657 and approved the funding source to be the Endowment Reserve.

Also, Council amended the Financial Plan by approving an additional \$4,500,000 of expenditures in Project #3160 Downtown Utilities Relocation - Sewer Project with the funding source to be the Sewer Capital Expenditure Reserve.

- At the April 29, 2019 Finance and Audit meeting, the Standing Committee received a Report on Sustainable Finance Guidelines, which recommended that Cumulative budget amendments in a calendar year of up to 5% of the total operating budget may be approved by the City Manager. If the cumulative budget amendments in a calendar year total 5% of the total operating budget, subsequent budget amendments must be approved by Council.
- At the April 29, 2019 City Council Meeting, Council approved that the initiatives contained in the report dated April 11, 2019 from the City Manager titled “Downtown Initiatives” continue to be endorsed by Council.
- At the May 13, 2019 Council Meeting regarding Sustainable Finance Guidelines, Council approved that Cumulative budget amendments in a calendar year of up to 5% of the total operating budget may be approved by the City Manager. If the cumulative budget amendments in a calendar year total 5% of the total operating budget, subsequent budget amendments must be approved by Council.
- At the June 24, 2019 Council Meeting, Council approved the Annual Report for the year ended December 31, 2018. Please see below an excerpt from Page 23 of the Annual Report approved by Council on June 24, 2019:

### **2018 – Top 10 Capital Projects by Level of Expenditure**

<b>Projects</b>	<b>Original Budget</b>	<b>Approved Amendments</b>	<b>Total Approved Spending</b>	<b>2018 Actual</b>	<b>Total Actual</b>
George Street Parkade	12,613,000		12,613,000	8,905,421	8,905,421

- In September of 2019, the Developer provided further price updates for the George Street Parkade based on tender prices for Mechanical/Electrical/Fire Suppression and Membrane Roofing. The new estimated cost to complete the George Street Parkade was \$22.5 million.
- At the November 18, 2019 Finance and Audit meeting, the Standing Committee received a Financial Report on Significant Capital Projects, which contained the George Street Parkade construction costs, showing the Total Actual as of November 5, 2019 at \$16,372,186.

- At the August 31, 2020 Council Meeting, Council approved the Annual Report for the year ended December 31, 2019. Please see below an excerpt from Page 24 of the Annual Report approved by Council on August 31, 2020 which contains the George Street Parkade construction costs, showing the Total Actual for the year ended December 31, 2019.

### 2019 Top 10 Capital Projects by Level of Expenditure

Projects	Project Status	2019 Expenses	Cumulative Spending
George Street Parkade Construction	Ongoing	9,062,150	17,967,571

- At the August 31, 2020 Council Meeting, Council further directed Administration to submit a report to Council regarding the reasons for the cost overrun, including a breakdown of expenses, on the George Street Parkade capital project.

### Budget Amendments

Table 2 and Table 3 below provide a breakdown of the George Street Parkade and Utilities budget and timing of the budget amendments.

Capital Project Names	Original Budget Approved by Council		Council Amendments		City Manager Use of Delegated Authority		Total Budget	
	Amount	Date	Amount	Date	Amount	Date	Amount	Amount
George St Parkade Construction	\$12,612,657	Dec 18, 2017	\$ -		\$5,354,572	2019	\$ 17,967,229	\$ 17,967,229
George St Parkade DES Connection	20,000	Jan 29, 2018	-		38,165	2018	58,165	88,037
					29,872	2019	29,872	
Downtown Utility Relocates-General	3,216,317	Jan 29, 2018	-		11,090	2017	3,227,407	3,227,407
Downtown Utility Relocates-Sewer	602,768	Jan 29, 2018	4,500,000	Mar 11, 2019	752,062	2019	5,854,830	5,854,830
Downtown Utility Relocates-Water	90,415	Jan 29, 2018	-		398,402	2019	488,817	488,817
Off-Site Works	20,209	2017 Carryforward					159,313	759,313
	100,000	Jan 29, 2018					100,000	
	500,000	Feb 11, 2019	-		139,104	2019	500,000	
Water Main Replacement	1,000,000	Jan 29, 2018					1,000,000	1,600,000
	600,000	Feb 11, 2019	-				600,000	
<b>Grand Totals</b>	<b>\$18,762,366</b>		<b>\$ 4,500,000</b>		<b>\$ 6,723,267</b>			<b>\$ 29,985,633</b>

Capital Project Names	2017	2018	2019	2020	Total Actual	Total Budget	Over/(Under) Budget *
George St Parkade Construction	\$ -	\$ 8,905,421	\$ 9,062,150	\$ 4,490,866	\$ 22,458,437	\$17,967,229	\$ 4,491,208
George St Parkade DES Connection	-	38,165	29,872	529,101	597,138	88,037	509,101
Downtown Utility Relocates-General	11,090	1,349,592	1,315,589	399,400	3,075,671	3,227,407	(151,736)
Downtown Utility Relocates-Sewer	-	5,091,386	752,062	-	5,843,448	5,854,830	(11,382)
Downtown Utility Relocates-Water	-	74,158	414,659	-	488,817	488,817	-
Off-Site Works	-	-	259,313	433,322	692,635	759,313	(66,678)
Water Main Replacement	-	626,324	381,017	-	1,007,341	1,600,000	(592,659)
<b>Grand Totals</b>	<b>\$ 11,090</b>	<b>\$ 16,085,046</b>	<b>\$ 12,214,662</b>	<b>\$ 5,852,689</b>	<b>\$ 34,163,487</b>	<b>\$29,985,633</b>	<b>\$ 4,177,854</b>

### SUMMARY AND CONCLUSION:

This report provides Council with information regarding the timelines, budget increases, changes to delegation of authority regarding budget amendments, and cost details related to infrastructure replacement, City labour, and steel tariffs for the George Street Parkade capital project.

### RESPECTFULLY SUBMITTED:

Ian Wells, Acting Deputy City Manager

### APPROVED:

Walter Babicz, Acting City Manager

Meeting Date: 2021/01/11