

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 11, 2018**

Item 4, Report No. 4, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on April 11, 2018.

#### **4                                      BLOCK 11 PROPERTIES INC. REIMBURSEMENT FOR CONSTRUCTION OF ROAD    CROSSING STRUCTURES**

**The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager, Planning and Growth Management, dated April 3, 2018:**

#### **Purpose**

This report provides a summary of a third-party review of certain cost items related to the construction of the valley road crossings in Block 11 and seeks Council approval to reimburse Block 11 Properties Inc. an additional \$3,994,730 less the cost of the peer review from Capital Project DT-7045-11.

#### **Recommendations**

1. That staff be authorized to reimburse Block 11 Properties Inc. an additional \$3,994,730 (less the City's cost for the peer review) for works associated with the construction of the valley road crossings in Block 11 from Capital Project DT-7045-11.

#### **Report Highlights**

- Block 11 Properties Inc. has submitted additional information in support of their request for reimbursement of certain costs associated with the construction of valley road crossing structures in Block 11.
- Staff recommends Block 11 Properties Inc. be reimbursed an additional \$3,972,820, (\$3,994,730 - \$21,910) based on the results of a third-party engineering review with funding from City-wide Development Charges.

#### **Background**

***Block 11 Properties Inc. entered into an agreement with the City to design and construct seven valley road crossings in Block 11***

On August 11, 2006, Block 11 Properties Inc. entered into a Spine Servicing Agreement with the City. Pursuant to subsection 18.15 of this Agreement, Block 11 Properties Inc. agreed to design and construct seven valley road crossings as part of the initial phase of development such that the primary road network would be established at the outset of development within the Block. The City agreed to reimburse Block 11 Properties Inc.

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the value of the works from Development Charge funds.

Most of the crossing structures were designed and constructed between 2005 and 2006. The final crossing (Bridge “C”) was completed in 2011. All valley road crossings are now assumed by the City (crossings “A”, “B”, “C”, “D”, “E” & “G” on April 21, 2015, and crossing “F” on January 24, 2017). The locations of the valley crossings are illustrated on Attachment 1.

#### ***Block 11 Properties Inc. submitted a request to be reimbursed for the seven valley crossings in the amount of \$20.9 million***

In April 2009, Block 11 Properties Inc. submitted documentation indicating the cost associated with the design and construction of the seven valley road crossings totaled \$20.9 million. Upon review, staff determined approximately \$15.8 million was clearly attributable to the works and was eligible for reimbursement from Development Charges. The remaining costs (approximately \$5.2 million), mostly related to dewatering requirements during construction, required a further detailed review.

#### ***Council authorized the initial reimbursement of \$15,784,550 to Block 11 Properties Inc. for the valley crossings***

On December 14, 2009, Council authorized staff to execute an agreement with Block 11 Properties Inc. to facilitate the initial reimbursement of \$15,784,550 for the valley road crossings subject to certain conditions as set out in the staff report (Refer to link). Staff was also authorized to retain a consulting engineering firm to assist with the review of additional cost items to determine if the costs were eligible for reimbursement.

On February 27, 2013, Block 11 Properties Inc. and their engineering consultants submitted supplemental documentation to support the remaining reimbursement claim. Upon review of the supplemental information, staff determined it was necessary to retain an engineering consultant with experience in bridge construction to assist in the review of the additional costs due to the complexity of the crossing works and extensive dewatering operations.

On June 18, 2014, the Spine Services Agreement was amended to further detail the terms and conditions for reimbursement.

#### **Previous Reports/Authority**

[BLOCK 11 BRIDGE / CULVERT VALLEY ROAD CROSSINGS AND PRESSURE DISTRICT 6 EAST RUTHERFORD ROAD TRUNK WATERMAIN REIMBURSEMENT OF DEVELOPMENT CHARGE FUNDS - DEC 2009](#)

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#### **Analysis and Options**

***WSP Canada Inc. was retained by the City to undertake a peer review of the additional cost items***

In June 2015, the City retained WSP Canada to assist in the review of the additional cost items, primarily related to the dewatering process undertaken during construction of the valley crossings. Prior to commencement of the peer review, staff identified certain items included in the original claim related to crossings “C” and “G” (totaling approximately \$280,000) to be local development related costs. As a result, the total reimbursement claim was reduced accordingly.

***Based on the conclusions of the City’s peer review, it is recommended a final payment of \$3,994,730 (less peer review costs) be made to Block 11 Properties Inc.***

Throughout the peer review process, City staff and WSP worked with Block 11 Properties Inc. and their consulting team to ensure all necessary documentation was provided to substantiate the remaining cost claims. Due to the difficulty in locating specific documentation for various items, confirming certain claims was a challenging task for the City’s consultant and required several phases of analysis. The initial peer review reports dated February 2016 and January 2017 identified the need for additional supporting documentation largely related to two valley crossings (Bridges “E” and “G”), where the need for extensive dewatering was encountered during construction.

Upon further detailed review of the submitted claims, WSP identified additional claim items related to the Bridge “G” dewatering works (totaling approximately \$360,000) to be local development related costs. These were also excluded from the total claim. A final peer review memorandum was issued by WSP on August 3, 2017 confirming the total amount related to dewatering activities. Based on the conclusions of the peer review, it is recommended a final payment in the amount of \$3,994,730 be made to Block 11 Properties. This amount represents a reduction of approximately 22.5% of the original claim amount of \$5,155,450. The Landowners have indicated to staff they are satisfied with the recommendations of the peer review and the resulting reimbursement amount.

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A breakdown of additional costs for reimbursement by valley crossing is summarized in the Table below.

<b>BLOCK 11 VALLEY ROAD CROSSING - COST SUMMARY TABLE</b>		
Crossing Structure	Additional Costs Subject to Peer Review	Recommended Additional Adjusted Cost Per Peer Review
Crossing A Bridge Structure - Marc Santi Blvd	\$0	\$1,690
Crossing D Bridge Structure - Marc Santi Blvd	\$101,200	\$103,950
Crossing G Bridge Structure - Thomas Cook Ave	\$1,863,000	\$1,369,940
Crossing B Con Span Structure - Lebovic Campus Dr.	\$414,000	\$392,780
Crossing C Bridge Structure - Valley Vista Dr.	\$1,546,750	\$921,460
Crossing E Culvert Structure - Valley Vista Dr.	\$1,230,500	\$1,209,880
Crossing F Culvert Structure - Marc Santi Blvd	\$0	(\$4,970)
Sub-Total	\$5,155,450	<b>\$3,994,730</b>
Less: Peer Review Costs		(\$21,910)
<b>TOTAL</b>	\$5,155,450	\$3,972,820

#### **Financial Impact**

The valley road crossings are identified as growth-related projects within the engineering component of the approved 2003, 2008 and 2013 Development Charges (DC) Background Studies and related By-laws. Funding for the valley road crossings capital project is from City-Wide Development Charges.

The Block 11 Spine Services Agreement required Block 11 Properties Inc. to design and construct seven valley road crossings as part of the initial stage of development in Block 11. A subsequent amending Spine Servicing Agreement was executed to establish the principles and terms for reimbursement of the final design and construction costs.

To date, the City has reimbursed Block 11 Properties Inc. \$15,784,550 for the work. The total certified cost of the valley road crossings is \$19,779,280 (\$3,994,730 + \$15,784,550). The balance of the certified costs was subject to a City initiated peer review which has now been completed. The consulting costs associated with the peer review will be paid by Block 11 Properties Inc. and will be deducted from the City's final reimbursement amount.

Based on the peer review, staff are recommending an additional and final reimbursement to Block 11 Properties Inc. in the amount of \$3,994,730 (less the peer

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review consulting fees) from Capital Budget DT-7045-11 with funding from City-wide Development Charges. The approved 2018 Capital Budget allocates additional funding to Capital Budget DT-7045-11 to cover this expense.

#### **Broader Regional Impacts/Considerations**

Not applicable

#### **Conclusion**

Block 11 Properties Inc. have submitted additional information to substantiate their total claim for all works relating to the construction of the valley crossings in Block 11. The City retained the engineering firm of WSP Canada Inc. to peer review this additional information. Based on this review, staff is recommending Block 11 Properties Inc. be reimbursed a further \$3,994,730 (less City peer review costs). This expenditure will be charged to Capital Budget DT-7045-11 with funding from City-wide Development Charges.

This report has been prepared in consultation with Rita Selvaggi, Interim Director of Financial Planning and Development Finance, Deputy City Treasurer.

**For more information**, please contact: Andrew Pearce, Director of Development Engineering, ext. 8255

#### **Attachment**

1. Block 11 Valley Road Crossings – Location Plan

#### **Prepared by**

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Michael Frieri, Manager, Engineering Planning and Studies, ext. 8729

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)