

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 11, 2018

Item 7, 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.

7 CAPITAL BUDGET AMENDMENT DE-7175-17 EDGELEY POND AND PARK CONSTRUCTION

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 and the Chief Financial Officer and City Treasurer, dated April 3, 2018:

Purpose

To seek Council approval for a budget amendment to Capital Project DE-7175-17 for the Edgeley Pond and Park construction.

Recommendations

1. That Capital Project DT-7121-13 VMC Edgeley Pond be consolidated with DE-7175-17 Edgeley Pond and Park Construction;
2. That a capital budget amendment to Capital Project DE-7175-17 Edgeley Pond and Park Construction in the amount of \$6,646,648 inclusive of administration recovery and applicable taxes be approved, to be funded as follows:
 - a. \$1,678,062 to reflect the remainder of the Clean Water and Wastewater Fund grant received for this project;
 - b. \$1,195,652 in funding from local benefiting landowners as approved in the Black Creek Financial Strategy; and
 - c. \$3,772,934 from debenture financing
3. That the additional costs associated with the Edgeley pond and park construction be taken into consideration in determining future updates to the Black Creek Financial Strategy and assessing the need to reopen the Area Specific Development Charge By-Law
4. That the inclusion of this matter on a Public Committee or Council agenda with respect to increasing the Capital Budget identified as “Capital Budget Amendment, Edgeley Pond and Park Construction” is deemed sufficient notice pursuant to Section 2(1)(c) of By-Law 394-2002.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 11, 2018

Item 7, FAA Report No. 4 – Page 2

Report Highlights

- The design of the Edgeley Pond and Park project has advanced to the 60% completion stage.
- A value engineering exercise was completed between the 30% and 60% design stages to evaluate the function, cost, and objectives of the design with the purpose of reducing the overall project cost and to reduce the risk of future cost escalations.
- Based on the current 60% design, phase 1 of the project is estimated to cost \$23.8 million, which exceeds the current budget.

Background

The Edgeley Pond and Park is one of the most complex projects that the City has undertaken, with a design that responds to a wide range of stakeholder needs while resolving challenging technical requirements.

The Edgeley Pond and Park project is a first-of-its-kind project for Vaughan. The goal of the project is to build an iconic and sustainable open space at the centre of the new downtown, the Vaughan Metropolitan Centre (VMC).

Through this project, the City is advancing the construction of essential stormwater infrastructure to manage flooding risks and unlock development potential, while creating a signature public destination that captures the imagination of all VMC residents and visitors within a green environment.

The scope of the Edgeley Pond and Park design is larger than solving water management issues – it is also about exploring innovative landscape approaches that integrate a multilayered and complex passive recreation network within the pond area, while creating a strong public realm connection with the emerging urban context.

This visionary design will be implemented over time. The first phase of the project has been scoped to address immediate flooding mitigation works, while providing the beginnings of public space for use and activation by residents and visitors of the VMC.

The design of the Edgeley Pond and Park was initiated in 2017 with the objective of commencing construction in 2018.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 11, 2018

Item 7, FAA Report No. 4 – Page 3

Analysis and Options

The detailed design of the Edgeley Pond and Park has advanced to the 60% completion stage

At the last update report to the VMC Sub-Committee in February 2018, the City's consulting team presented the project at a 60% detailed design submission stage. Through the design process, a value engineering exercise was completed between the 30% and 60% design stages to evaluate the function, cost, and objectives of the design with the purpose of reducing the overall project cost and to reduce the risk of future cost escalations.

The 60% detailed design drawing package also includes a phasing strategy to facilitate the construction of areas of the project that can be undertaken immediately, and implement a plan for construction of future areas of the project that will be completed in coordination with adjacent private development projects.

The 60% design package includes a project phasing plan

The project will be constructed in at least two phases. Phase 1 includes all civil works required to manage stormwater functionality and unlock development potential. Phase 2 will include the construction of two major pedestrian/cycling bridges and the north-east creek bank adjacent to the future linear park. Phase 2 works can be implemented when the park lands immediately adjacent to the east of the pond become available. Once Phase 2 can be constructed, a detailed cost estimate will be completed to inform future budget requests.

Cost control measures have been employed throughout the project

Extensive cost control measures have been implemented to ensure that the net value of the planned assets is cost effective without compromising the engineering function and recreational integrity of the project. The design went through a detailed value engineering process between the 30% and 60% design stages that resulted in a \$5.6 million overall cost reduction.

The cost estimate prepared in conjunction with the 60% design submission sets the total cost of Phase 1 at \$23.8 million inclusive of contingencies, administrative recovery and HST costs, which exceeds the current budget envelope for the project. The updated cost estimate revealed that the civil works required to mitigate flooding are more expensive than had been allocated in the Black Creek Financial Strategy (BCFS). Other components of the project came in under budget. Due to the complex funding methodology that was established through the BCFS, it is not practical to reallocate

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 11, 2018

Item 7, FAA Report No. 4 – Page 4

funds from one construction component to another to offset and reapportion surplus funds, which is discussed further under the financial section of this report.

Previous Reports/Authority

[Edgeley Pond and Park Project update Ward 4Vaughan Metropolitan Centre June 2016](#)

[Edgeley Pond and Park Project Award of Contract Ward 4 Vaughan Metropolitan Centre September 2016](#)

[Edgeley Pond and Park Project update Ward 4Vaughan Metropolitan Centre June 2017](#)

[Edgeley Pond and Park Project update Ward 4 Vaughan Metropolitan Centre October 2017](#)

[Edgeley Pond and Park Project Update Vaughan Metropolitan Centre February 2018](#)

Financial Impact

The design of the Edgeley Pond and Park is being funded from capital project DT-7121-13 with a budget of approximately \$2.87 million. The construction of the Edgeley Pond and Park project is a component of the Black Creek Financial Strategy (BCFS), which was approved by Council in May 2016. Capital project DE-7175-17 for the construction of the Edgeley Pond and Park was approved with a project budget of \$21.1 million with funding aligned with the cost allocation methodology in the BCFS. The total combined budget approved for the design and construction is \$23.96 million. This budget includes funding for some components of the pond and park that will not be constructed as part of Phase 1 works. Once funding for these items are excluded, the resulting budget available for Phase 1 is \$19.5 million.

The cost estimate prepared in conjunction with the 60% design submission sets the total cost of Phase 1 at \$23.8 million inclusive of design, contingencies, administrative recovery and applicable taxes. The cost increase is mainly attributable to the design of stormwater management and civil components of the project and the preservation of certain natural heritage features.

When compared to the overall budget for Phase 1, the increase in project cost is \$4.3 million. However the BCFS is based on a complex cost allocation model with various components having different funding allocations. Consequently, it is not practical to reallocate funding across components with different funding profiles. Based on this, the budget shortfall for the components in Phase 1 with the same funding profiles is \$6.647 million.

The cost overages are occurring mainly on project components that are funded by both the Stormwater Rates and the ASDC – Lands Draining into Edgeley Pond. As the BCFS

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 11, 2018

Item 7, FAA Report No. 4 – Page 5

is still in its implementation infancy, a determination of the need for updates to the BCFS will be required based on an assessment of actual costs. The need to re-open the ASDC By-Law at a future date will also need to be considered.

A capital budget amendment of \$6.647 million to capital project DE-7175-17 is being recommended to provide sufficient funds in the project to carry out Phase 1 works, which is to be funded as follows:

- (a) \$1,678,062 funded from Clean Water and Wastewater Fund (CWWF) grant funding received for this project. The City received a total of \$2.469 million from the CWWF of which \$1.67 million was planned to relieve existing funding for the project. Given the additional costs of Phase 1 works, it is being recommended that the \$1.678 million be used to fund the additional costs and the existing funding for the project remain whole.
- (b) \$1,195,652 funded from local benefiting landowners for the North East Culvert Works as approved in the BCFS. The adjacent landowners agreed to reimburse the City 25% of the costs for the NE Culvert Works. The value above is the estimated amount of the reimbursement outlined in the BCFS. The current budget in the capital project does not include this reimbursement but given that the culvert works are included in the Phase 1 costs, this amount should be added to the capital project.
- (c) \$3,772,934 funded from debentures. The need to update the BCFS and re-open the ASDC By-Law at a future date will be assessed based on actual costs for the project. At that time, a final determination of funding sources to repay the debentures will be made and could include a variety of sources such as the Stormwater Rate, DC's and grant funding.

Broader Regional Impacts/Considerations

The development of the Edgeley Pond and Park supports the Region of York Official Plan vision of building sustainable communities where the natural environment is protected and enhanced, while promoting the health and well-being of residents in accessible and safe communities.

The Edgeley Pond and Park combines essential stormwater management infrastructure with valuable open space that will provide passive recreation to the Vaughan Metropolitan Centre residents and visitors. This and other design considerations are in accordance to the Region's Official Plan objectives related to stormwater management, creating healthy and vibrant communities within high density areas – designated regional centres.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 11, 2018

Item 7, FAA Report No. 4 – Page 6

Conclusion

It is recommended that Capital Project DE-7175-17 be increased by \$6.647 million. As a result of the complex funding methodology within the BCFS and the nature of the cost overruns, the budget must be assessed at the individual component level as opposed to the total budget for the project. The capital budget amendment will support the timely construction of the Edgeley Pond and Park Phase 1 works.

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

Attachments

None

Prepared by

Jennifer Cappola-Logullo, VMC Project Manager, Development Engineering, ext. 8433

Gerardo Paez Alonso, VMC Project Manager, Parks Development, ext. 8195

Amy Roots, VMC Project Manager, Planning, ext. 8035

Nelson Pereira, Senior Financial Analyst, Development Finance, ext. 8393

Item:



Finance, Administration and Audit Committee Report

DATE: Tuesday, April 03, 2018

WARD(S): 4

**TITLE: Capital Budget Amendment DE-7175-17
Edgeley Pond and Park Construction**

FROM:

Jason Schmidt-Shoukri, Deputy City Manager, Planning and Growth Management
Laura Mirabella, Chief Financial Officer and City Treasurer

ACTION: DECISION

Purpose

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