



# REPORT

## Treasury Department

**TO:** Finance Committee

**FROM:** Donna Condon, Treasurer

**DATE:** May 16, 2022

**REPORT:** TR-11/22                      **FILE NO.** Budget

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**SUBJECT:** Brock Street Culvert Replacement Update.

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### BACKGROUND:

The Township of Uxbridge ("Township"), has completed the process of replacing the Brock Street culvert (the 'Project'). The Township secured funding from the Federal, Provincial and Regional governments to assist the Township in funding this significant Project. The replacement of the Brock Street culvert has resulted in a significant reduction in the flooding levels downtown and a corresponding reduction in the LSRCA Regulated Area. The new culvert has a service life of at least 75 years.

In 2012, the '2012 Downtown Uxbridge Flood Reduction Municipal Class Environmental Assessment (EA)', estimated that construction costs for this Project would cost \$10 million. In July 2018, the Township estimated that the total cost of the Project would be \$17.6 million (Report TR-26/18), which was significantly higher than the \$10 million EA estimate as a result of the following;

- the \$10 million estimate was in 2012 dollars;
- the \$10 million estimate did not include costs such as building demolition costs, temporary parking, paving the parking lot, non-recoverable HST, land costs (purchase or easement), contamination costs and project contingency; and
- the EA cost estimate was done at a very high level and did not factor in all elements of the Project, as the detailed design of the Project was completed in 2018 (ie. such as dewatering was expected to cost \$1.4 million etc.).

The chart below outlined the changes in cost estimates for the Project, since the July 2018 estimate. The “cost estimates” below include costs incurred to date, as well as the Township’s estimate of costs to be incurred to complete the Project. The cost estimates were based on information and circumstances that the Township was aware of at the time and included certain Township estimates and assumptions.

<b>\$17.6M</b>	<b>Project Cost Estimate - July 2018 - Report TR-26/18</b>
\$3.0M	Acquisition of property - 23/31 Brock St.
\$1.5M	Escalation/delay adjustment costs
\$0.4M	Steel cost premiums
\$0.8M	Contamination costs
\$0.4M	Engineering/project management, change orders and other costs
<b>\$23.7M</b>	<b>Project Cost Estimate - September 2019 - Report TR-28/19</b>
\$1.1M	Contamination costs
\$0.4M	Project management and inspection costs
\$0.3M	Change orders and other costs
<b>\$25.5M</b>	<b>Project Cost Estimate - August 2020 - Report TR-30/20</b>

## DISCUSSION:

The purpose of this report is to provide the actual cost of the Project to date and to update Council with the confirmed funding sources for the Project.

### Update on the Actual Cost of the Project

The actual cost of the Project to date is \$24.2 million, as detailed in Appendix A. Appendix A includes:

- The detailed Project “Budget Estimate” of \$17.6 million as at July 2018, which was the Township’s best estimate of the cost of the Project, based on the information that the Township had available at that date.
- The detailed Project “Actual Costs” includes the actual cost paid to date including the environmental assessment, planning and study costs, detailed design costs, construction costs, approved change orders, utility relocation costs, non-recoverable HST, project management costs, the cost of acquiring the 23/31 Brock St. property, cleaning up contaminated land and other land costs. “Actual Costs” also include the construction holdback and the estimate of future costs committed to date (in agreement #2194).
- “Actual Costs” in Appendix A, include actual costs incurred during the period from January 1, 2010 to April 30, 2022.
- 'Actual Costs' **do not** include salaries, wages and benefits of Township employees that worked on the Project, interest expense on debentures issued to fund the Project, invoices in dispute, change orders in dispute, invoices yet to be received by the Township (other than the construction holdback and committed costs in Agreement #2194), cost of current or future claims covered or expected to be covered by the Township's insurance policy (via DMIP – Durham Municipal Insurance Pool) and the cost of any current or future claims, which have yet to be settled and any related future legal costs.

- Appendix A shows change orders to the Project of \$4.3 million, including contamination costs of \$1.6 million, redi rock wall costs of \$0.6 and building settlement monitoring costs of \$0.4 million.
- The Township was unsuccessful in obtaining a land easement (which was budgeted at \$350,000) on the property known as 23/31 Brock St. The Township purchased this property (for \$3.0 million) which was required to complete the Project. It is the intention of Council to sell 23/31 Brock St. in the near future and the proceeds from this sale will be used to pay down debentures issued to fund this Project.
- Staff will continue to monitor this Project and should circumstances change with current or future claims or invoices related to this Project, “Actual Cost” will be adjusted, when the cost has been quantified/known and the Township has agreed to the payment.

#### Update of Funding Sources for the Project

The Township has funded this Project through the following sources of funds:

- \$5,022,412 grant through the New Building Canada Fund – Small Communities Fund (SCF) – funded by both the Federal and Provincial governments;
- \$5,250,000 funding from the Region of Durham (Members of Council and Staff worked closely with the Region to secure \$2.5 million in additional funding in 2020, which was in addition to the Regions’ original funding commitment of \$2.75 million for this Project);
- \$726,569 in funding from the Ontario Community Infrastructure Fund – Formula (OCIF);
- \$770,207 from the Township’s Brock St. Culvert levy, property taxes, future proceeds from the sale of the Old Fire Hall (per Report TR-28/17) and other;
- \$800,000 from the Township’s Asset Preservation Fund;
- \$1,745,813 (to date) in engineering development charges (DC’s) collected by the Township; and
- \$9,900,000 in debentures:
  - Through Report TR-28/19, dated September 9, 2019, Council approved the issuance of a \$2.4 million serial debenture for a 5-year term (with a balloon payment of \$1.9 million due at the end of the 5-year term, with an option for an additional 10-year term). This debenture was issued in November 2019, it has an annual interest rate ranging from 1.95% to 2.15%, the average annual payment is \$186,000, resulting in total financing charges of \$227,500 for the 5-year term;
  - Through Report TR-28/19, dated September 9, 2019, Council approved the issuance of a \$4 million serial debenture for a 10-year term. This debenture was issued in November 2019, it has an annual interest rate ranging from 1.95% to 2.45%, the average annual payment is \$452,000, resulting in total financing charges of \$517,000.
  - Through Report TR-28/19, dated September 9, 2019, Council approved the issuance of a \$3.5 million serial debenture for a 15-year term. This debenture was issued in October 2020, it has an annual interest rate ranging from 0.45% to 1.9%, the average annual payment is \$261,000 resulting in total financing charges of \$419,000.

The Township is funding debenture payments related to this Project, through the following sources of funds:

- the Township's Capital Projects levy, the Brock St. Culvert levy, future engineering DCs collected, net rental income received from 23/31 Brock St. and the annual Asset Preservation levy; and
- for the 5-year term, \$2.4 million debenture (issued in 2019) with a balloon payment in the final year, it is Council's current plan to sell the property known as 23/31 Brock St and use the net proceeds from the sale to pay off the balance of this debenture. Should this Council or a future Council decide not to sell 23/31 Brock St., or to sell a portion of the lands, then alternate sources of funding will be required, to either pay off this debenture or the balloon payment could be refinanced for another term.

## **RECOMMENDATION**

THAT Report TR-11/22 be received for information.

Respectfully Submitted by:

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Donna Condon, CPA, CA  
Treasurer