

FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – JUNE 5, 2019

COMMUNICATIONS

Distributed June 4, 2019

Item

- C1. Memorandum from the Deputy City Manager, Public Works and the Deputy City Manager, Planning and Growth Management dated June 3, 2019. 9

Distributed June 5, 2019 (at the meeting)

- C2. Presentation material titled “Water, Wastewater and Stormwater Operations Audit” 3

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Please note there may be further Communications.

C 1
COMMUNICATION
FAA- JUNE 5/19
ITEM - 9

DATE: June 3, 2019

TO: Mayor and Members of Council

FROM: Zoran Postic, Deputy City Manager, Public Works
Jason Schmidt-Shoukri, Deputy City Manager, Planning and Growth Management

RE: **FINANCE ADMINISTRATION AND AUDIT COMMITTEE - JUNE 5, 2019
(ADDENDUM) ITEM 9
KIRBY ROAD EXTENSION BETWEEN DUFFERIN STREET AND
BATHURST STREET CLASS ENVIRONMENTAL ASSESSMENT
STUDY**

Purpose

To provide additional information regarding the cost of the Kirby Road Extension Class Environmental Assessment Study (EAS) and recommend Rizmi Holdings Limited (RHL) be reimbursed a portion of the study cost.

Recommendations

That additional recommendations be added as follows:

1. That staff be authorized to reimburse Rizmi Holdings Limited an initial amount equivalent to 80% of the upset limit for the Kirby Road Extension Class Environmental Assessment Study pursuant to the Agreement dated November 11, 2016, as amended by the Amending Agreement dated April 23, 2018 between the City and Rizmi Holding Limited once the Environmental Study Report is filed, funded from Capital Project DT-7112-14 - Kirby Road Municipal Class EA;
2. That staff review the submission and request from Rizmi Holding Limited to be reimbursed for the additional costs associated with completing the Kirby Road Extension Class Environmental Assessment Study and report back to Council once the Kirby Road Extension Class Environmental Assessment Study has received final approval by the Ministry of Environment Conservation and Parks; and
3. That Mayor and City Clerk be authorized to enter into a second amending agreement to amend the Agreement dated November 11, 2016, as amended by the Amending Agreement dated April 23, 2018, between Rizmi Holdings Limited and the City, in accordance with this Memorandum from the Deputy City Manager, Public Works and Deputy City Manager, Planning & Growth Management, in a form satisfactory to Legal Services.

Background and Analysis

In 2015, RHL expressed interest in advancing the EAS Kirby Road Extension earlier than could be achieved by City staff to support the proposed development of its surrounding lands. Accordingly, RHL made a proposal to the City to undertake the Class Environmental Assessment (EA) on the basis that RHL would be the sole proponent of the study. Once the Class EA study was completed and the City, Region and relevant agencies were satisfied with the results, the City could endorse the recommendations of the study and file the notice of completion as a co-proponent thereby satisfying the need for municipal involvement in the study.

In December 2015, Council authorized Rizmi Holdings Limited to undertake the Kirby Road Extension between Dufferin Street and Bathurst Street Class Environmental Assessment Study for the total cost of \$325,000

On December 15, 2015, Council approved recommendation #3 at Committee of the Whole, (Item 10, Report No. 44) which read:

“That Rizmi Holdings Limited be reimbursed for the cost of retaining professional consulting services associated with undertaking the Kirby Road Extension Class EA Study to an upset limit of \$325,000 (exclusive of HST) or the actual cost of the study whichever is lesser only after the Class EA study receives final approval...”

An agreement formalizing Council’s decision was executed on November 11, 2016.

On May 28, 2019, Rizmi Holdings Limited (RHL) submitted documentation for additional costs with a total project costs of \$1,143,191.73

RHL has now substantially completed the Kirby Road EA. The final edits to the Environmental Study Report are being done now and it is anticipated that the EA study will be filed for public review in the next couple of months.

On May 28, 2019, RHL provided documentation regarding the total costs incurred to-date in undertaking the Kirby Road EA. RHL has requested reimbursement of \$1,143,191.73, which is \$818,191.73 greater than the approved upset limit for the study of \$325,000 as set out in the agreement.

Staff will undertake a review of RHL's additional cost documentation

Given the magnitude of RHL's claim, staff will undertake a review of the supporting documentation provided. The review will determine whether any of these costs are reimbursable. Staff will report back to Council on the review of RHL's request for reimbursement of the additional costs, once the Kirby Road EA is approved.

Staff recommend that an initial reimbursement be made to Rizmi Holding Limited in the amount of \$260,000

The project officially commenced on May 11, 2017 with the issuance of a Notice of Study Commencement. It is expected that the Environmental Study Report (ESR) will be finalized this summer. Once the ESR has been finalized, a majority of the effort to deliver the project will have been completed. To offset some of the cost incurred by RHL to undertake this study over the past two years, staff recommends reimbursement of \$260,000 be made to RHL once the ESR has been filed with the Ministry of Environment Conservation and Parks. This reimbursement amounts to (80%) of the \$325,000 (excluding HST) upset limit for the Kirby Road Extension Class Environmental Assessment Study pursuant to the agreement between the City and RHL. Funding for the reimbursement is included within the approved budget of Capital Project DT-7112-14 - Kirby Road Municipal Class EA.

Respectfully submitted,



for Zoran Postic
Deputy City Manager, Public Works



Jason Schmidt-Shoukri
Deputy City Manager, Planning and
Growth Management