

APPENDIX 12

COMPONENTS OF AN ENGINEERING REPORT'S COST ESTIMATE

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a) Allowances (Pursuant to the Drainage Act)

- i) Section 29 of the Drainage Act can provide for the payment of allowances to private landowners for lands taken to accommodate expanded or new drainage work features on their properties. As well, Section 29 can provide for payment of allowances to compensate private lands to be used for construction and maintenance access to the drainage works, and/or for a right-of-way alongside the drainage works for construction and maintenance purposes.
- ii) Section 30 of the Drainage Act provides for the payment of allowances to landowners where lands and/or crops of private landowners are impacted by the construction of the drain. These allowances compensate the owner for damages caused by the construction of the drainage work (eg. damages caused by the construction equipment moving within the R-O-W and by the placement of any excavated spoil within or beyond the R-O-W). Section 30 allowances are also made for land and crop damages along access and right-of-way (ROW) routes during construction.

Allowances shown in a Report are normally only paid out or deducted from the final assessment levied once construction is complete. A net payment to an owner would only be made when an allowance(s) is/are greater than the final net assessment. The allowances are a fixed amount and can not be adjusted at the conclusion of construction. Allowances can only be changed if a report is modified prior to its adoption following Drainage Act procedures.

The Drainage Act also does provide for allowances for other purposes but such are not applicable to this project.

b) Construction Cost Estimate

The estimated cost of Labour, Equipment and Materials to construct a proposed drain has to be set out. Normally a construction cost estimate is based on recent costs for comparable work. Cost estimates for provisional items can also be included. A lump sum contingency amount can be included to apply to additional work that may be required due to unexpected field conditions or minor alterations to the project.

c) Engineering Cost Estimate

Engineering cost estimates for the Report Phase are to include all estimated or actual report preparation costs. Allowances for attending the required Council meetings to consider report and to conduct the Court of Revision are to be included in the cost estimate.

Engineering estimates for the Construction Phase services may include: preparing tender documents and the tender call, review of tenders, attending a pre-construction meeting, periodic construction inspection, contractor payments, final inspection, post-construction follow-up, final cost analyses, providing assistance to the Municipality during report processing if and as required, and preparing and signing provincial grant applications.

The Construction Phase services of the Engineer may also include costs to assist the Municipality in processing the work of the Report through to finalization.

The cost shown for report preparation is usually not altered at the conclusion of a project unless a report is referred back or a report is appealed to an Appeal body such as the Drainage Tribunal, either of which would result in additional costs. Also any amount shown for meetings is an estimate. The final cost will be based on the actual time required for meetings.

The estimate shown for construction phase services is based on past experience, assumes good construction conditions and a Contractor who completes the construction in an efficient manner, and assumes a reasonable assistance being required by the Engineer in post construction project finalization, and in assistance to the Municipalities. The final cost for the construction phase services will vary as per the actual time spent after the report adoption and/or during and following drain construction.

d) Estimate of Section 73 Administration (Other) Costs

Section 73(1) of the Drainage Act outlines that the following costs incurred by a municipality can be included in the cost of the drain: “cost of any application, reference or appeal and the cost of temporary financing.” However, Sections 73(2) and 73(3) of the Act state that the cost of services

provided by municipal staff and Council to carry out the Act process can not form part of the final cost of the drain.

An estimate of Administration Costs is included to cover the above referenced items from Section 73(1) and primarily provides for interest charges on financing the project until it is completed.

This administration cost estimate may not be adequate to cover legal or engineering costs incurred by or assessed to the municipality should the project be appealed beyond the Court of Revision though such costs normally form part of the final drain cost.

The policy for Provincial Grant purposes indicates that municipal costs for photo-copying and mailing required to carry out the required procedures under the Act can be included in the drain cost estimate.

e) Harmonized Sales Tax

The Harmonized Sales Tax (HST) will apply to most costs on this project. The Municipality is eligible however for a significant refund on HST paid. The resulting net 1.76% HST is included in the cost estimate in this report.

In a Preliminary Report, the components of the cost estimate do not have to set out in detail but the cost estimate provided should recognize the components.