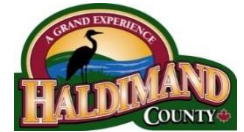

HALDIMAND COUNTY

Report ENG-08-2019 Budget Reallocation – Caledonia Road Resurfacing and Cast Iron Watermain Replacement Project



For Consideration by Council in Committee on May 7, 2019

OBJECTIVE:

To seek Council approval for the reallocation of capital funding for the Argyle Street and Haddington Street resurfacing and Renfrew and Fife cast iron watermain replacement contract.

RECOMMENDATIONS:

1. THAT Report ENG-08-2019 Budget Reallocation – Caledonia Road Resurfacing and Cast Iron Watermain Replacement Project be received;
2. AND THAT the Tax Supported Capital Budget for the Caledonia Road Resurfacing and Cast Iron Watermain Replacement Project be amended as outlined in report ENG-08-2019.
3. AND THAT the Rate Supported Capital Budgets for Caledonia Road Resurfacing and Cast Iron Watermain Replacement Project be amended as outlined in report ENG-08-2019.

Prepared by: Lloyd Rollinson, Project Manager, Municipal Infrastructure

Reviewed by: Kristopher R Franklin, Manager of Engineering

Respectfully submitted: Tyson Haedrich, M. Eng., P. Eng., General Manager of Engineering & Capital Works

Approved: Donald G. Boyle, Chief Administrative Officer

EXECUTIVE SUMMARY:

The Caledonia Road Resurfacing and Cast Iron Watermain Replacement Project tender closed within the overall approved capital budget, however, the tender prices for the cast iron watermain replacement, sewer repairs and road resurfacing on Fife Street and Renfrew Street closed above the approved budget for their respective components. In order to fund the shortfall and be in compliance with Procurement Policy 2013-02 a budget reallocation is required. The road portion can be funded through savings within existing projects, and the water and sewer component funding from the CRRF-Water and CRRF Sewer Reserves.

BACKGROUND:

The Caledonia Road Resurfacing and Cast Iron Watermain Replacement Project tender includes the following work:

- Argyle Street South - Forfar Street to Celtic Drive, resurfacing, replacement of curbs and sidewalks
- Haddington Street – Argyle Street to Wigton Street, resurfacing, replacement of curbs and sidewalks

- Fife Street – Peebles Street to Argyle Street – watermain replacement, sanitary sewer repairs, road resurfacing
- Renfrew Street – Wigton Street to Berwick Street - watermain replacement, sanitary sewer repairs, road resurfacing
- Berwick Street – Forfar Street to Renfrew Street - watermain replacement, sanitary sewer repairs, road resurfacing

The work on Argyle Street also includes the installation of a section of storm sewer to service the proposed Wendy's restaurant located at 289 Argyle Street South. This work is being completed by the County to avoid cutting into the newly constructed road when the development proceeds later this year. The cost of the installation will be recovered through a development agreement and will be initially funded from savings from an existing storm sewer project.

ANALYSIS:

The Caledonia Road Resurfacing and Cast Iron Watermain Replacement Project tender (ENG-19-031) closed April 16, 2019 with the following two bids:

Bidder	Bid Price Received (including full HST)
Dufferin Construction Company	\$3,767,800.47
Coco Paving Inc.	\$5,115,510.00

The lowest acceptable bid for the tender was received from Dufferin Construction Company in the amount of \$3,393,021.03 (including non-rebateable HST). The total combined budget for all components of the project is \$3,750,000.

The Argyle Street and Haddington Street related components of the project are within the 2019 Tax Capital Budget, however, the Renfrew Street and Fife Street components have funding requirements above the 20% Procurement Policy threshold that allows staff the authority to reallocate funds without a report to Council.

Based on the tender review staff believe that the higher bid costs for the cast iron watermain replacements are a result of increased competition for underground subcontractors due to the high volume of work tendered by neighboring municipalities and private developers this year.

FINANCIAL/LEGAL IMPLICATIONS:

To fund the bid amount of \$3,393,021.03 (including non-rebateable HST) staff have identified savings in CRR Storm Sewer and CRR Roads Infrastructure within existing projects. However, no existing savings are available to fund the CRRF Water and CRRF Sewer component deficits. Funding for these components will require a transfer from the respective reserve accounts.

The following revisions to the tax supported capital budget and rate supported capital budget are required to fund the project:

Project Expenditures	Current Approved Budget	Change	Proposed Revised Budget
Argyle Street and Haddington Street			
Argyle Street Storm Sewer	\$0	\$200,000	\$200,000
Haddington – Argyle to Wigton – Road Reconstruction	\$680,000	(\$110,000)	\$570,000
Argyle/Haddington Intersection Improvements	\$1,020,000	(\$244,440)	\$775,560
Fife Street West – Peebles to Argyle			
Watermain	\$300,000	\$80,000	\$380,000
Sewer	\$40,000	\$40,000	\$80,000
Road Reconstruction	\$80,000	\$150,000	\$230,000
Renfrew Street East – Wigton to Berwick			
Watermain	\$360,000	\$90,000	\$450,000
Sewer	\$60,000	\$60,000	\$120,000
Road Reconstruction	\$100,000	\$180,000	\$280,000
Alder Street – Cedar to West – Dunnville			
Storm Sewer	\$2,981,500	(\$253,080)	\$2,728,420
Total Capital Expenditures	\$5,621,500	\$192,480	\$5,813,980

The related financing impacts for the projects included above, are shown below:

Project Financing	Current Approved Budget	Change	Proposed Revised Budget
CRR Storm Sewer	\$2,356,160	\$0	\$2,356,160
DCRF Storm Sewer	\$40,400	(\$3,430)	\$36,970
DCRF Storm Sewer Debt	\$584,940	(\$49,650)	\$535,290
CRRF Water	\$660,000	\$170,000	\$830,000
CRRF Sewer	\$100,000	\$100,000	\$200,000
CRR Roads Infrastructure	\$1,778,000	\$0	\$1,778,000
DCRF Roads	\$102,000	(\$24,440)	\$77,560
Total Financing	\$5,621,500	\$192,480	\$5,813,980

The Alder Street Reconstruction Storm Sewer component is partially funded through development charges (DCRF-Storm) and development charges debt (DCRF-Storm Sewer Debt), and the Argyle/Haddington Intersection Improvements project is partially funded through development charges (DCRF Roads). In order to transfer funds from the CRR Storm Sewer and CRR Roads Infrastructure, reductions in DC and DC Debt amounts are required to maintain the funding ratios of each project.

In accordance with Procurement Policy 2013-02, Council must approve the reallocation of funds for a capital project with a budget shortfall of \$75,000 or more (or 20% of the approved budget) or where insufficient funds are currently available. Once the funding is approved, staff will proceed with the award of the tender through a purchase order.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: Yes

Policy: No

ATTACHMENTS:

1. None