
HALDIMAND COUNTY

Report ENG-03-2022 Budget Revision – 2022 Surface Treatment Program For Consideration by Council in Committee on April 19, 2022



OBJECTIVE:

To obtain approval for a budget amendment to the capital funding for the 2022 Surface Treatment Program.

RECOMMENDATIONS:

1. THAT Report ENG-03-2022 Budget Revision – 2022 Surface Treatment Program be received;
2. AND THAT the revised budget as outlined in Report ENG-03-2022 be approved.

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

Approved: Craig Manley, MCIP, RPP, Chief Administrative Officer

EXECUTIVE SUMMARY:

The 2022 Surface Treatment Program requires a budget revision to increase total funding for the projects. This funding increase is related to higher than estimated bid prices that are a result of increased material costs, especially asphalt which is tied to the price of oil. Based on the relatively narrow range of the three lowest bids staff believe the tendered prices represent fair market value and are recommending awarding the tender.

The proposed budget amendment impacts only the capital reserve fund balances noted within the report and therefore have no impact on the proposed rates included in the 2022 Tax Supported Capital Budget and Forecast.

BACKGROUND:

The 2022 Surface Treatment Program tender includes the following work:

- Jarden Rd - Highway 3 to Haldimand Road 17 - hot mix padding, surface treatment, replacement of culverts, ditching and grading.
- Burke Rd – Haldimand Road 17 to Highway 3 - hot mix padding, surface treatment, replacement of culverts, ditching and grading.
- Haldimand Rd 74 - Concession 12 Walpole to Haldimand Road 20 - hot mix padding, thin lift asphalt resurfacing, replacement of culverts, ditching and grading.
- Concession 13 Walpole - Haldimand Road 74 to Haldimand Road 55 - hot mix padding, thin lift asphalt resurfacing, replacement of culverts, ditching and grading.
- Concession 13 Walpole - Haldimand Road 20 to Haldimand Road 55 - hot mix padding, thin lift asphalt resurfacing, replacement of culverts, ditching and grading.

- Concession 7 Rd - Haldimand Road 53 to Haldimand Rd 12 - hot mix padding, road resurfacing, replacement of culverts, ditching and grading.
- Concession 3 Walpole - Haldimand Road 53 to Cheapside Road - hot mix padding, road resurfacing, replacement of culverts, ditching and grading.

Section 3.03 of Procurement Policy 2013-02 provides the parameters for relocating budgets funds for capital projects to address budget deficits. If the scope of work changes or if the budget shortfall exceeds \$75,000 or 20% of the approved project budget, a report to Council is required to authorize the proposed amendments.

ANALYSIS:

The Rural Road Resurfacing project tender (ENG-22-2022) closed April 5, 2022 with the following four bids:

Bidder	Bid Price Received (including full HST)
Associated Paving & Materials Ltd	\$6,502,834.60
Brennan Paving & Construction Ltd.	\$4,516,700.47
Coco Paving Inc.	\$4,526,271.27
Dufferin Construction Company	\$5,009,368.88

The lowest acceptable bid for the tender was received from Brennan Paving & Construction Ltd in the amount of \$4,067,428.66 (including non-rebateable HST). The total approved budget for all components of the project is \$2,845,000.00 creating a cumulative funding shortfall of \$1,222,428.66.

Based on the tender review staff believe that the higher than estimated bid prices are a result of increased material costs, especially asphalt which is tied to the price of oil. Based on the relatively narrow range of the three lowest bids staff believe the prices represent fair market value and are recommending awarding the tender to Brennan Paving & Construction Ltd as the lowest compliant bidder.

Staff have reviewed prior year project funding and have not been able to identify savings to offset the budget shortfall, however, staff are projecting a net surplus of funds following the completion of 2022 capital projects based on other tender results including Hot Mix Asphalt Paving, Bridge Rehabilitations, Urban Overlay and Granular Conversion. Following the completion of the 2022 projects, the surplus will be returned to the applicable Capital Replacement Reserve Funds and will offset the increased cost to the 2022 Surface Treatment Program. Staff did review the option of reducing the scope of the 2022 work and retendering, however, given that prices are expected to continue to rise, staff are recommending to proceed to award with the existing tender.

FINANCIAL/LEGAL IMPLICATIONS:

The 2022 Council Approved Tax Supported Capital Budget included a total of \$2,845,000 related to these projects. For the above noted reasons, staff propose a revision to the budget as follows:

	2022 Approved Budget	Additional Funds Required	Proposed Revised Budget
Capital Expenditures:			
383026 - Jarden Rd - Hwy 3 to Hald Rd 17	\$250,000	\$55,000	\$305,000
383027 - Burke Rd - Rd 17 to Hwy 3	\$150,000	\$25,000	\$175,000
383034 - Hald Rd 74 - Conc 12 Walpole to Road 20	\$1,000,000	\$340,000	\$1,340,000
383040 - Conc 13 Walpole - Hald Rd 74 to Hald Rd 55	\$300,000	\$90,000	\$390,000
383076 - Conc 13 Walpole - Hald Rd 20 to Hald Rd 55	\$375,000	\$95,000	\$470,000
383036 - Conc 7 Rd - Hald Rd 53 to Hald Rd 12	\$300,000	\$135,000	\$435,000
383039 - Conc 3 Walpole - Hald Rd 53 to Cheapside	\$150,000	\$360,000	\$510,000
383046 - Dry Lake Road - Hwy 3 to Hald Rd 9	\$320,000	\$165,000	\$485,000
Total Capital Expenditures:	\$2,845,000	\$1,265,000	\$4,110,000
Financing:			
<u>Federal Gas Tax Reserve Fund:</u>			
383026 - Jarden Rd - Hwy 3 to Hald Rd 17	\$250,000	\$0	\$250,000
383027 - Burke Rd - Rd 17 to Hwy 3	\$150,000	\$0	\$150,000
383034 - Hald Rd 74 - Conc 12 Walpole to Road 20	\$500,000	\$0	\$500,000
383036 - Conc 7 Rd - Hald Rd 53 to Hald Rd 12	\$25,000	\$0	\$25,000
<u>Total Federal Gas Tax Reserve Fund:</u>	<u>\$925,000</u>	<u>\$0</u>	<u>\$925,000</u>
<u>CRR – Roads Infrastructure:</u>			
383026 - Jarden Rd - Hwy 3 to Hald Rd 17	\$0	\$55,000	\$55,000
383027 - Burke Rd - Rd 17 to Hwy 3	\$0	\$25,000	\$25,000
383034 - Hald Rd 74 - Conc 12 Walpole to Road 20	\$0	\$170,000	\$170,000
383040 - Conc 13 Walpole - Hald Rd 74 to Hald Rd 55	\$300,000	\$90,000	\$390,000
383076 - Conc 13 Walpole - Hald Rd 20 to Hald Rd 55	\$375,000	\$95,000	\$470,000
383036 - Conc 7 Rd - Hald Rd 53 to Hald Rd 12	\$275,000	\$135,000	\$410,000
383039 - Conc 3 Walpole - Hald Rd 53 to Cheapside	\$150,000	\$360,000	\$510,000
383046 - Dry Lake Road - Hwy 3 to Hald Rd 9	\$320,000	\$165,000	\$485,000
<u>Total CRR – Roads Infrastructure:</u>	<u>\$1,420,000</u>	<u>\$1,095,000</u>	<u>\$2,515,000</u>
<u>Recoveries – Norfolk:</u>			
383034 - Hald Rd 74 - Conc 12 Walpole to Road 20	\$500,000	\$170,000	\$670,000
<u>Total Recoveries - Norfolk:</u>	<u>\$500,000</u>	<u>\$170,000</u>	<u>\$670,000</u>
Total Financing:	\$2,845,000	\$1,265,000	\$4,110,000

Haldimand Road 74 is a boundary road with Norfolk County. The boundary road agreement for this road states that each municipality is responsible for 50% of the cost of capital replacement of the road works. The increase in cost to Norfolk County for this project is \$170,000 bringing their total contribution to this project to \$670,000. Staff have been in contact with Norfolk County to advise them of the increased project costs.

The remaining funding for this budget amendment is to be funded from Capital Replacement Reserve – Roads Infrastructure. There are currently sufficient funds within this reserve fund to accommodate this increased cost.

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:

None