
HALDIMAND COUNTY

Report ENG-01-2023 Budget Amendment - Caledonia Cast Iron Watermain Replacement Project



For Consideration by Council in Committee on January 17, 2023

OBJECTIVE:

To obtain approval for a budget amendment in the capital funding for the Caledonia Cast Iron Watermain Replacement project.

RECOMMENDATIONS:

1. THAT Report ENG-01-2023 Budget Amendment - Caledonia Cast Iron Watermain Replacement Project be received;
2. AND THAT it is the intention of the Council of Haldimand County to recover, in accordance with the *Development Charges Act*, the growth related costs associated with the Gravity Sewer Main Upsizing - Sutherland Street – Argyle Street to East Edinburgh Square Road from future developments, which occur within Haldimand County as a whole;
3. AND THAT the revised budgets as outlined in Report ENG-01-2023 be approved.

Prepared by: Kristopher R. Franklin, Manager, Engineering Services

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 Caledonia Cast Iron Watermain Replacement project includes the replacement of cast iron watermain and sanitary sewer pipes along Sutherland Street East, East Edinburgh Square, West Edinburgh Square, Caithness Street East and Nairne Street.

The project was originally tendered in May 2022, however, only one bid was received with a tender price almost three times the project budget and the bid was terminated. The project was subsequently retendered in November 2022 as some stability had returned to the construction sector and two compliant bids were received with the lowest approximately half the price of the original May 2022 bid.

Based on the lowest compliant bid from R.F. Almas Ltd. a budget amendment is required to increase total funding for the project. This funding increase is related to higher than estimated bid prices in both labour and material costs, especially with sanitary and watermain pipe which are still facing supply chain issues.

The proposed budget amendment impacts the capital replacement reserve funds (CRRF) and development charges reserve fund (DCRF) balances noted within the report and therefore have no impact on the proposed rates included in the 2022 Rate Supported Operating Budgets and Capital Forecast.

BACKGROUND:

The Caledonia North Road Reconstruction project includes the following work:

- Sutherland Street East – Argyle Street North to East Edinburgh Square Road – cast iron watermain replacement, sanitary sewer replacement, minor storm sewer upgrades, replacement of existing curbs and sidewalks and road resurfacing.
- East Edinburgh Square Road – Sutherland Street East to Caithness Street East – cast iron watermain replacement, replacement of existing curbs and sidewalks and road resurfacing. Through this project, the road will be converted to one way northbound.
- West Edinburgh Square Road – Sutherland Street East to Caithness Street East – cast iron watermain replacement, sanitary sewer replacement, replacement of existing curbs and sidewalks and road resurfacing. Through this project, the road will be converted to one way southbound.
- Caithness Street East – West Edinburgh Square Road to East Edinburgh Square Road – sanitary sewer upgrades, replacement of existing curbs and sidewalks as required and road resurfacing. There is also a small retaining wall structure being replaced as part of this project.
- Nairne Street – Caithness Street East South to End – cast iron watermain replacement, sanitary sewer upgrades, road resurfacing.

Section 3.03 of Procurement Policy 2013-02 provides the parameters for reallocating budget funds for capital projects to address budget deficits. Under this policy 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 Caledonia Cast Iron Watermain Replacement project was originally tendered in May 2022, however, only one bid was received with a tender price almost three times the project budget and the bid was terminated. The project was subsequently retendered late in November 2022 as some stability had returned to the construction sector.

The second project tender closed December 6, 2022 with two compliant bids. The lowest acceptable bid for the tender was received from R.F. Almas Ltd, in the amount of \$2,922,340 (including non-rebateable HST) which is less than half the price of the original May 2022 bid. The total approved budget for all components of the project is \$2,022,600 creating a funding shortfall of \$899,740.

Based on the tender review staff believe that the higher than estimated bid prices are a result of increased labour and material costs and in particular watermain and sewer pipe which are facing supply chain issues. There is also a cost impact related to the additional provincial excess soil regulations that came into effect on January 1, 2023 and increase the regulations on disposal of excavated material from construction projects.

FINANCIAL/LEGAL IMPLICATIONS:

The 2022 Tax Supported Capital budget includes \$733,600 related to road reconstruction for this project and the 2022 Rate Supported Operating and Capital budget for Water and Wastewater includes \$780,000 for construction costs related to sanitary sewer replacements and \$509,000 for construction costs related to watermain replacements for this project. Based on the tender results, staff propose a revision to the budget as follows:

	2022 Approved Budget	Additional Funds Required	Proposed Revised Budget
Capital Expenditures:			
<u>Road Reconstruction</u>			
372032 - East Edinburgh Square Road - Caithness Street to Sutherland Street	\$138,600	\$10,000	\$148,600
372033 - West Edinburgh Square Road - Caithness Street to Sutherland Street	\$145,000	\$15,000	\$160,000
372049 - Sutherland Street - Argyle Street to East Edinburgh Square Road	\$275,000	\$75,000	\$350,000
372050 - Caithness Street - West Edinburgh Square Road to Nairne Street	\$55,000	\$60,000	\$115,000
372051 - Nairne Street - Caithness Street	\$120,000	\$0	\$120,000
Total Road Reconstruction	\$733,600	\$160,000	\$893,600
<u>Watermain Replacement - Construction</u>			
472027 - East Edinburgh Square Road - Caithness Street to Sutherland Street	\$168,000	\$12,000	\$180,000
472028 - West Edinburgh Square Road - Caithness Street to Sutherland Street	\$161,000	\$24,000	\$185,000
472030 - Sutherland Street - Argyle Street to East Edinburgh Square Road	\$180,000	\$125,000	\$305,000
Total Watermain Replacement	\$509,000	\$161,000	\$670,000
<u>Sanitary Replacement - Construction</u>			
452043 - Gravity Sewer Main Upsizing - Sutherland Street – Argyle Street to East Edinburgh Square Road	\$320,000	\$377,000	\$697,000
452050 - Gravity Sewer Main Upsizing - East Edinburgh Square Road to Caithness Street	\$240,000	\$82,000	\$322,000
452051 - Gravity Sewer Main Upsizing - Caithness Street to Nairne Street	\$110,000	\$52,000	\$162,000
452052 - Gravity Sewer Main Upsizing - Nairne Street to Pump Station	\$110,000	\$110,000	\$220,000
Total Sanitary Replacement	\$780,000	\$621,000	\$1,401,000
<u>Total Capital Expenditures:</u>	\$2,022,600	\$942,000	\$2,964,600
<u>Financing:</u>			
<u>CRRF- Roads Infrastructure:</u>			
372032 - East Edinburgh Square Road - Caithness Street to Sutherland Street	\$138,600	\$10,000	\$148,600
372033 - West Edinburgh Square Road - Caithness Street to Sutherland Street	\$145,000	\$15,000	\$160,000
372049 - Sutherland Street - Argyle Street to East Edinburgh Square Road	\$275,000	\$75,000	\$350,000
372050 - Caithness Street - West Edinburgh Square Road to Nairne Street	\$55,000	\$60,000	\$115,000
372051 - Nairne Street - Caithness Street	\$120,000	\$0	\$120,000

<u>Total CRRF – Roads Infrastructure:</u>	\$733,600	\$160,000	\$893,600
<u>CRRF – Water</u>			
472027 - East Edinburgh Square Road - Caithness Street to Sutherland Street	\$168,000	\$12,000	\$180,000
472028 - West Edinburgh Square Road - Caithness Street to Sutherland Street	\$161,000	\$24,000	\$185,000
472030 – Sutherland Street - Argyle Street to East Edinburgh Square Road	\$180,000	\$125,000	\$305,000
<u>Total CRRF - Water</u>	\$509,000	\$161,000	\$670,000
<u>CRRF - Sewer</u>			
452043 - Gravity Sewer Main Upsizing - Sutherland Street - Argyle Street to East Edinburgh Square Road	\$320,000	\$(138,780)	\$181,220
452050 - Gravity Sewer Main Upsizing - East Edinburgh Square Road to Caithness Street	\$62,400	\$21,300	\$83,700
452051 - Gravity Sewer Main Upsizing - Caithness Street to Nairne Street	\$28,600	\$13,500	\$42,100
452052 - Gravity Sewer Main Upsizing - Nairne Street to Pump Station	\$28,600	\$28,600	\$57,200
<u>Total CRRF - Sewer</u>	\$439,600	\$ (75,380)	\$364,220
<u>DCRF - Sewer</u>			
452043 - Gravity Sewer Main Upsizing - Sutherland Street - Argyle Street to East Edinburgh Square Road	\$0	\$515,780	\$515,780
452050 - Gravity Sewer Main Upsizing - East Edinburgh Square Road to Caithness Street	\$177,600	\$60,700	\$238,300
452051 - Gravity Sewer Main Upsizing - Caithness Street to Nairne Street	\$81,400	\$38,500	\$119,900
452052 - Gravity Sewer Main Upsizing - Nairne Street to Pump Station	\$81,400	\$81,400	\$162,800
<u>Total DCRF - Sewer</u>	\$340,400	\$696,380	\$1,036,780
Total Financing:	\$2,022,600	\$942,000	\$2,964,600

It should be noted, that Project 452043 - Gravity Sewer Main Upsizing - Sutherland Street - Argyle Street to East Edinburgh Square Road was not initially identified during the 2018-19 Development Charges Study. Staff are identifying that there is indeed a growth component to this project, and recommend using future development charges to recover the affected portion through the DCRF-Sewer Reserve Fund.

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