
HALDIMAND COUNTY

Report ENG-06-2023 Budget Amendment – Hagersville and Dunnville Cast Iron Watermain Replacement Project



For Consideration by Council in Committee on March 21, 2023

OBJECTIVE:

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

RECOMMENDATIONS:

1. THAT Report ENG-06-2023 Budget Amendment – Hagersville and Dunnville Cast Iron Watermain Replacement Project be received;
2. AND THAT the 2023 Tax Supported Capital Budget be amended as outlined in Report ENG-06-2023.

Prepared by: Danielle Fletcher, Project Manager, Municipal Infrastructure, Engineering Services

Reviewed 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 Hagersville and Dunnville Cast Iron Watermain Replacement project includes the replacement of cast iron watermain and sanitary sewer pipes along Victoria Street and Foundry Street in Hagersville, and the replacement of cast iron watermain along the Broad Street alleyway and a stub to the Roads Operations Yard in Dunnville.

The project was tendered in February 2023 and two compliant bids were received. Based on the lowest compliant bid from Neil Montague Construction Limited 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 and the increased costs related to the additional provincial excess soil regulations implemented in January 2023.

The proposed budget amendment impacts the capital replacement reserve funds (CRRF) balances noted within the report and therefore have no impact on the proposed rates included in the 2023 Rate Supported Operating Budgets and Capital Forecast.

BACKGROUND:

The Hagersville and Dunnville Cast Iron Watermain Replacement project includes the following work:

- Victoria Street (Hagersville) – Main Street to Tuscarora Street – cast iron watermain replacement, sanitary sewer replacement, replacement of existing sidewalks and road resurfacing.
- Foundry Street (Hagersville) – Tuscarora Street to End – cast iron watermain replacement, sanitary sewer replacement and road resurfacing.
- Broad Street Alleyway (Dunnville) – Alleyway from Broad Street that runs behind the businesses on Chestnut Street – cast iron watermain replacement.
- Main Street (Dunnville) – Road Crossing to #710 Main Street – cast iron watermain replacement.

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 Hagersville and Dunnville Cast Iron Watermain Replacement project tender closed February 28, 2023 with two compliant bids. The lowest acceptable bid for the tender was received from Neil Montague Construction Limited in the amount of \$1,696,984 (including non-rebateable HST). The total approved budget for all components of the project is \$1,446,700 creating a funding shortfall of \$250,284.

Based on the tender review approximately \$150,000 of the higher than estimated bid price is as a result of increased labour and material costs, in particular the watermain and sewer pipe which are facing supply chain issues.

There is also approximately \$100,000 related to the additional provincial excess soil regulations that came into effect on January 1, 2023 and increase the requirements for disposal of excavated material from construction projects. It should be noted that going forward, when the full impacts of the regulations are understood, future project budgets may have to be adjusted.

FINANCIAL/LEGAL IMPLICATIONS:

The 2023 Tax Supported Capital Budget includes \$480,000 related to road reconstruction and \$100,000 related to excess soil for the roadwork component of this project. The 2023 Rate Supported Operating and Capital Budget includes \$285,000 for construction costs related to sanitary sewer replacements and \$581,700 for construction costs related to watermain replacements for this project.

There was no budgeted funds for excess soils relating to the sewer and watermain construction, however approximately \$100,000 worth of excess soils costs can be attributed to this work. Based on the tender results, staff propose revisions to the existing budgets as follows:

| | 2023 Approved Budget | Additional Funds Required | Proposed Revised Budget |
|--|----------------------|---------------------------|-------------------------|
| Capital Expenditures: | | | |
| <u>Road Reconstruction</u> | | | |
| 372022 – Hagersville - Foundry Street - Tuscarora Street to end | \$65,000 | \$10,000 | \$75,000 |
| 372021 – Hagersville - Victoria Street – Tuscarora Street to Main Street North | \$310,000 | \$25,000 | \$335,000 |

| | | | |
|--|--------------------|------------------|--------------------|
| 372023 – Dunnville - Alley Way - Broad Street to Central Lane | \$80,000 | (\$35,000) | \$45,000 |
| 372024 – Dunnville - Main Street East - 710 Main Street East to 50 m south | \$25,000 | \$0 | \$25,000 |
| 375002 – Excess Soils Management Program | \$100,000 | \$0 | \$100,000 |
| Total Road Reconstruction | \$580,000 | \$0 | \$580,000 |
| | | | |
| <u>Watermain Replacement - Construction</u> | | | |
| 473007 – Hagersville - Foundry Street – Tuscarora Street to end | \$102,500 | \$33,500 | \$136,000 |
| 473006 – Hagersville - Victoria Street – Tuscarora Street to Main Street North | \$281,900 | \$143,100 | \$425,000 |
| 476030 – Dunnville - Alley Way Broad Street to Central Lane | \$139,400 | \$0 | \$139,400 |
| 476031 – Dunnville - Main Street East - 710 Main Street East to 50 m south | \$57,900 | \$62,100 | \$120,000 |
| Total Watermain Replacement | \$581,700 | \$238,700 | \$820,400 |
| | | | |
| <u>Sanitary Replacement - Construction</u> | | | |
| 453063 – Hagersville - Foundry Street – Tuscarora Street to end | \$115,000 | \$11,000 | \$126,000 |
| 453064 – Hagersville - Victoria Street – Tuscarora Street to Main Street North | \$170,000 | \$59,000 | \$229,000 |
| Total Sanitary Replacement | \$285,000 | \$70,000 | \$355,000 |
| <u>Total Capital Expenditures:</u> | \$1,446,700 | \$308,700 | \$1,755,400 |
| <u>Financing:</u> | | | |
| <u>CRR- Roads Infrastructure:</u> | | | |
| 372022 – Hagersville - Foundry Street – Tuscarora Street to end | \$65,000 | \$10,000 | \$75,000 |
| 372021 – Hagersville - Victoria Street - Tuscarora Street to Main Street North | \$310,000 | \$25,000 | \$335,000 |
| 372023 – Dunnville - Alley Way – Broad Street to Central Lane | \$80,000 | (\$35,000) | \$45,000 |
| 372024 – Dunnville - Main Street East - 710 Main Street East to 50 m south | \$25,000 | \$0 | \$25,000 |
| 375002 – Excess Soils Management Program | \$100,000 | \$0 | \$100,000 |
| <u>Total CRR – Roads Infrastructure:</u> | \$580,000 | \$0 | \$580,000 |
| | | | |
| <u>CRRF – Water</u> | | | |
| 473007 – Hagersville - Foundry Street – Tuscarora Street to end | \$102,500 | \$33,500 | \$136,000 |

| | | | |
|---|--------------------|------------------|--------------------|
| 473006 – Hagersville - Victoria Street – Tuscarora Street to Main Street North | \$281,900 | \$143,100 | \$425,000 |
| 476030 – Dunnville - Alley Way - Broad Street to Central Lane | \$139,400 | \$0 | \$139,400 |
| 476031 – Dunnville - Main Street East - 710 Main Street East to 50 m south | \$57,900 | \$62,100 | \$120,000 |
| <u>Total CRRF - Water</u> | \$581,700 | \$238,700 | \$820,400 |
| | | | |
| <u>CRRF - Sewer</u> | | | |
| 453063 – Hagersville - Foundry Street – Tuscarora Street to end | \$115,000 | \$11,000 | \$126,000 |
| 453064 – Hagersville - Victoria Street – Tuscarora Street to Main Street North | \$170,000 | \$59,000 | \$229,000 |
| <u>Total CRRF - Sewer</u> | \$285,000 | \$70,000 | \$355,000 |
| Total Financing: | \$1,446,700 | \$308,700 | \$1,755,400 |

Provided 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. Map of Work Areas