
HALDIMAND COUNTY

Report FCA-02-2023 Budget Amendment – Caledonia Fire and EMS Station Project



For Consideration by Council on May 29, 2023

OBJECTIVE:

To obtain Council approval for a budget amendment for additional capital funding for the construction of the new Caledonia Fire and EMS Station.

RECOMMENDATIONS:

1. THAT Report FCA-02-2023 Budget Amendment – Caledonia Fire and EMS Station Project be received;
2. AND THAT the revised budgets as outlined in Report FCA-02-2023 be approved.

Prepared by: Ashley Schaeffer, Project Manager, Facilities Capital & Asset Management

Reviewed by: Jeff Oakes, Manager, Facilities Capital & Asset Management

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

Approved: Cathy Case, Acting Chief Administrative Officer

EXECUTIVE SUMMARY:

The Caledonia Fire and EMS Station project includes the construction of a new firehall and EMS (paramedic) building on Argyle Street North. The new building will replace the existing firehall on Caithness Street West.

In order to ensure the project had qualified contractors a prequalification process was completed in January which resulted in seven contractors selected to submit bids from the twenty-five contractors that submitted for prequalification.

The tender documents were available to the seven prequalified contractors between Tuesday, April 11th, 2023 and the closing date on May 16th, 2023 and six companies submitted bids.

The lowest compliant bid was received from Reid & Deleye Contractors Ltd. in the amount of \$10,876,357 (including non-rebateable HST). The current available budget for construction is approximately \$6,300,000 resulting in a shortfall of approximately \$4,600,000.

It should be noted that the highest bid received was \$16,751,121, with six of the seven prequalified contractors submitting bids and of those bids, five were within a \$1.4 million range indicating that the bids are fair and competitive. A Class 'A' (Pre-Tender) Cost Estimate was also prepared for the project and the narrow price difference between the estimate and the low bid indicated that the bids received reflect the current market conditions.

BACKGROUND:

The Caledonia Fire and EMS Station project includes the construction of a new firehall and EMS (paramedic) building on a property purchased in 2018 on the east side of Argyle Street North, just north of Gypsum Avenue. The new building will replace the existing firehall on Caithness Street West. The south side station on Kinross Street will remain in service with one fire truck located there and an ambulance bay will remain 'active' but only filled with a unit when up-staffing is required (e.g. during a major event, etc.).

The new firehall portion of the building includes four drive thru style bays, office space, a decontamination area including extractor/dryer room, locker area, washrooms with showers, laundry and storage room and maintenance areas.

The EMS portion of the building includes two drive thru style bays office space, lunchroom/crew quarters, locker area, washrooms with showers, and stock room.

There is also significant shared space within the building including a large training/meeting room, kitchen, chair/table storage, a universal washroom and space for display of an antique fire truck. The total square footage of the building is approximately 15,640 ft².

ANALYSIS:

In order to ensure the Caledonia Fire & EMS Station project had qualified contractors a prequalification process was completed in January 2023 which resulted in seven contractors selected to submit bids from the twenty-five that submitted in response to the Request for Prequalification.

The tender documents were available to the seven prequalified general contractors between April 11th, 2023 with a closing date of May 16th, 2023. Six of the companies submitted bids and the following table summarizes the tender submissions:

Bidder	Bid Price Received (including full HST)
Reid & Deleye Contractors Ltd. (Courtland)	\$12,077,715.62
K&L Construction (London)	\$12,649,312.43
Merit Contractors Niagara (St. Catharines)	\$12,748,577.51
M.J. Dixon Construction Limited (Mississauga)	\$13,133,990.00
Schilthuis Construction Inc. (Caledonia)	\$13,452,650.00
Aquicon Construction Co. Ltd. (Brampton)	\$16,751,120.00

The lowest compliant bid was received from Reid & Deleye Contractors Ltd. in the amount of \$10,876,357 (including non-rebateable HST). The current available budget for construction is approximately \$6,300,000 resulting in a shortfall of approximately \$4,600,000.

In review of the bids five of the six submitted bids were within a \$1.4 million range, indicating that the bids are fair and competitive. A Class 'A' (Pre-Tender) Cost Estimate was also prepared for the project by Ingersoll & Associates Inc. with a total budget cost of \$10,909,627 (including non-rebateable HST).

While the primary driver of the cost increases are a reflection of the ongoing and relatively rapid rise in costs of goods and materials, increases can also be attributed to the significant amount of earthworks and site preparation required for the property, the need to increase the size of the firehall bays to accommodate the new aerial truck; and allow for future truck capacity as Caledonia continues to grow.

The bid submitted by Reid and Deleye Contractors Ltd. is within \$34,000 of the Class 'A' Cost Estimate, which is utilized as an indicator that the bid pricing reflects the current market conditions. Another indicator of market conditions is a report that was released by Statistics Canada in February 2023 which stated that non-residential construction costs are seeing the highest annual increases since the Non-Residential Construction Price Index began in 1981.

G. Douglas Vallee Ltd. has completed many previous projects with Reid and Deleye Contractors Ltd. and as a result of those experiences, are confident they can successfully perform the work of this contract. Reid and Deleye Contractors Ltd also constructed the new Cayuga Library and Heritage Center for the County in 2019. The company is also relatively local with their headquarters located in Courtland, halfway between Delhi and Tillsonburg.

Additionally, staff are requesting a \$100,000 budget increase related to furniture for the station that was not included in the initial scope of the project. This brings the total amount of the funding request to \$4,700,000.

In accordance with Procurement Policy 2013-02, Council must approve the budget revision for a capital project with a budget shortfall of more than \$75,000 or 20% of the approved budget.

FINANCIAL/LEGAL IMPLICATIONS:

In order to proceed with the work a budget amendment to the Caledonia Fire & EMS Station project in the amount of \$4,700,000 is required. In order to cover this shortfall staff are recommending the following revisions to the 2023 Tax Supported Capital Budget and Forecast:

	Current Approved Budget	Change	Proposed Revised Budget
Capital Expenditures:			
222001 – Caledonia Fire Station Replacement - Construction	\$4,195,100	\$3,083,200	\$7,278,300
222001 – Caledonia Fire Station Replacement – Land Acquisition	\$1,413,300	\$0	\$1,413,300
222001 – Caledonia Fire Station Replacement – Engineering External	\$491,500	\$0	\$491,500
222001 – Caledonia Fire Station Replacement – Legal Fees	\$6,400	\$0	\$6,400
222001 – Caledonia Fire Station Replacement – Furniture	\$0	\$50,000	\$50,000
542001 – Caledonia EMS Base - Construction	\$2,081,100	\$1,516,800	\$3,597,900

542001 – Caledonia EMS Base - Engineering External	\$244,500	\$0	\$244,500
542001 – Caledonia EMS Base – Legal Fees	\$6,300	\$0	\$6,300
542001 – Caledonia EMS Base – Furniture	\$0	\$50,000	\$50,000
Total Capital Expenditures:	\$8,438,200	\$4,700,000	\$13,138,200
Financing:			
222001 – Caledonia Fire Station Replacement – Debenture Financing	\$3,572,000	\$2,389,600	\$5,961,600
222001 – Caledonia Fire Station Replacement – CRR - General	\$6,300	\$0	\$6,300
222001 – Caledonia Fire Station Replacement – Land Sales Reserve	\$1,400,000	\$0	\$1,400,000
222001 – Caledonia Fire Station Replacement – DCRF Fire (Debenture Financing)	\$1,128,000	\$754,600	\$1,882,600
542001 – Caledonia EMS Base - Debenture Financing	\$1,655,800	\$1,107,700	\$2,763,500
542001 – Caledonia EMS Base - CRR - General	\$6,300	\$0	\$6,300
542001 – Caledonia EMS Base - DCRF Ambulance (Debenture Financing)	\$669,800	\$448,100	\$1,117,900
Total Financing	\$8,438,200	\$4,700,000	\$13,138,200

Development charge funding is being increased proportionately based on the previously approved percentage of costs.

The balance of the increased project budget will need to be financed by Debentures, including development related debt. This will result in increased annual debt repayments over and above what has been incorporated in the Capital Financing Strategy outlined in the Approved 2023 Tax-Supported Capital Budget and Forecast. The County still remains within its annual debt repayment limit of 25% as set by the Ministry of Municipal Affairs and Housing, as well as the County's own internal limit of 10%. The debt repayments will begin in the year following the issuance of debentures and will impact the tax levy beginning in that year through to the entire life of the debentures.

This project was approved at a time when the cost per square foot was substantially less than what is required today (calculated at \$700 per square foot for this tender). Projects included in the 2023 Tax Supported Capital Budget were valued at the most current cost per square foot at the time of budget

development (between \$500 and \$600 per square foot). Future capital projects related to building construction will need to reflect the current market values for construction which are in the \$700 per square foot range.

It is expected that in the long-term, inflationary increases of this magnitude will not be the norm, however projects in the current 10-year forecast may require revisions to future years' budgets. These increases will further impact Haldimand County's long-term capital financing strategy.

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

REFERENCES:

None.

ATTACHMENTS:

None.