

DATE: April 15, 2024

REPORT NO: PW-13-2024

SUBJECT: **2024 Road Rehabilitation Project Tender Award (PW 2024-01) - Budget Amendment BA2024-02**

CONTACT: Ray Vachon, C.E.T. - Project Manager
Mike DiPaola, P. Eng. - Director of Public Works & Recreation

OVERVIEW:

- In February 2024, Council approved the 2024 Capital Budget that included \$1,280,000.00 for the 2024 Road Rehabilitation project.
- Staff circulated a Tender on March 1, 2024, with two (2) tender submissions received on the closing date of March 21, 2024.
- A low bid in the amount of \$795,767.00 (excluding HST) was received from Walkers Construction Limited.
- Staff recommends awarding the contract to Walkers Construction Limited.
- The total project expenditures are estimated at \$950,000.00, which represents the low bid from Walkers Construction Limited, a project contingency allowance, and net HST.
- Staff recommends that Budget Amendment BA2024-02 be approved, to reflect the project budget reduction of \$330,000.00, with required funding from Development Charges and the Capital Reserve also being reduced.

RECOMMENDATION:

1. That report PW-13-2024, re: "2024 Road Rehabilitation Project Tender Award (PW 2024-01) – Budget Amendment BA2024-02", dated April 15, 2024, be received; and
2. That the tender submission be awarded to Walkers Construction Limited for the road rehabilitation work, in the amount of \$795,767.00 (excluding HST); and
3. That the total project expenditure of \$950,000.00 be approved for this project; and
4. That budget amendment BA2024-02, as outlined in Schedule C of report PW-13-2024, reflecting a project budget reduction of \$330,000.00, with reduced funding from Development Charges and the Capital Reserve, be approved; and
5. That a by-law to authorize the Mayor and Clerk to enter into an agreement with Walkers Construction Limited, be passed.

ALIGNMENT TO STRATEGIC PLAN:

BUILD - a safe, connected, caring and active community.

BACKGROUND:

As part of the Township Pavement Management System and the approved 2024 Capital Budget, the following roads were included in the 2024 Road Rehabilitation Program:

- **Abingdon Road** from North Chippawa to Concession Road 2.
- **Concession 3 Rd** from Smithville Rd to Caistor Gainsborough Townline Road
- **Vaughan Road** from Wellandport Rd to Heaslip Road

Please refer to the Schedule A for the locations and key plan for the above roads included in this year's program.

CURRENT SITUATION:

On March 1, 2024, staff circulated a tender document on the Township's Bidding System; Bids & Tenders. On the closing date of March 21 2024, two (2) tenders were received and opened.

Both submissions were checked for completeness, accuracy and arithmetic correctness. All extensions and the totals for all tenders were checked and there were no errors found. The tender bid submissions are as follows:

Company	Tender Price (excl. HST)
Walkers Construction Limited	\$795,767.00
Circle P Paving Inc.	\$877,920.00

The low bidder Walkers Construction Limited and their subcontractors have experience completing similar works in other Niagara municipalities including the Township. The lowest bidder is capable of successfully completing this project.

The costs for each proposed road section were determined, including the tender's general items, provisional items, net HST, and other miscellaneous costs, by prorating to each road's respective budget account. These cost splits are summarized in Schedule B.

Based on this low tender submitted Walkers Construction Limited, the Township's proposed total cost for this project is itemized below:

Tender Cost (excluding HST)	\$ 795,767.00
Project Contingency	\$ 137,802.18
Non-Recoverable HST	<u>\$ 16,430.82</u>
Total Estimated Cost:	\$ 950,000.00

FINANCIAL IMPLICATIONS:

The approved 2024 capital budget amounts for this project are summarized below:

Road Description	Budget
Abingdon Road	\$ 200,000.00
Concession 3 Road	\$ 380,000.00
Vaughan Road	\$ 700,000.00
Total	\$1,280,000.00

The total estimated project cost is within the approved budget of \$1,280,000.00. In addition, the expenditures per the tender are within the allocated budget amounts for each road. Refer to Schedule C for the budgeted funding for this project.

Given that the total project cost of \$950,000.00 is significantly lower than the project budget of \$1,280,000.00, staff are requesting approval of Budget Amendment BA2024-02. This Budget Amendment will reflect a reduction in the project cost of \$330,000.00, along with a reduction in the required funding: \$22,000.00 reduction in Development Charges and \$308,000.00 reduction in the transfer from the Capital Reserve. Details of this can be found on Schedule C.

In the past, when the annual Road Rehabilitation Tender Award was presented to Council, if the project cost was lower than the approved budget, Staff recommended to reallocate the remaining budget funds to complete extra roadworks. However, given the significant pressure that the Township's Capital Reserve is under in years 2025 through to 2027, and in order to ensure the Township remains fiscally responsible and sustainable, this approach is not recommended for the 2024 Road Rehabilitation program.

Instead, Staff is recommending that the Capital Reserve savings of \$308,000.00 are returned to the Capital Reserve, rather than being reallocated. This will have a positive impact on this reserve and the Township, as described further below.

At the February 5, 2024 Special Council Meeting, staff presented the 2024 Draft Operating and Capital Budget (T-03-2024). As noted in the report, the annual reserve transfers includes an amount to pay-back the Capital Reserve over the years 2024 to 2033 related to the 2024 Vaughan Road hard-topping project. This project was funded through internal borrowing from the Capital Reserve, rather than issuing a new debenture. Because of the \$110,000.00 reduction in the Capital Reserve funding needed for this portion, the repayment to the reserve can be reduced. In 2025, this means that there is an anticipated savings of approximately \$21,000.00 due to this lower reserve transfer and thus will reduce the tax levy requirement.

Through report T-03-2024 and during the 2024 budget process, Staff noted that the Capital Reserve is anticipated to be in a very low or negative position in years 2025 through 2027. The above noted savings of \$308,000.00 should help to keep the reserve in a more positive balance, which is critical for sufficient cash flows and to prevent the Township's need to require temporary borrowing and incur borrowing costs.

INTER-DEPARTMENTAL COMMENTS:

This report was reviewed by the Acting Director of Finance, Interim CAO, and the Clerks Department.

CONCLUSION:

In summary, staff recommends that this contract be awarded to the low bidder, Walkers Construction Limited at their bid price of \$795,767.00 (excluding HST), with a total estimated project cost of \$950,000.00.

In addition, Council is asked to approve Budget Amendment (BA2024-02) to reflect a reduction in the capital project costs by \$330,000.00, with reduced funding required from Development Charges and the Capital Reserve.

Staff further recommends that a by-law be adopted authorizing the Mayor and Clerk to enter into an agreement for contract with Walkers Construction Limited for the 2024 Road Rehabilitation construction project as outlined above.

ATTACHMENTS:

SCHEDULE A – 2024 Road Rehabilitation Location Plan

SCHEDULE B – 2024 Prorated Account Splits

SCHEDULE C – Impact to Budget – Budget Amendment BA2024-02

Prepared & Submitted by:



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Approved by:



Donna DeFilippis
Interim CAO/Treasurer



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