

Staff Report 2019-80

Meeting Date: Tuesday, June 18, 2019

Subject: Update on Enhanced Road Program and Emergency Repairs to Humberlea Storm Sewer

Submitted By: Ian Todhunter, Senior Project Manager, Structures, Finance & Infrastructure Services;
Steven Dollmaier, Superintendent, Road and Fleet, Finance & Infrastructure Services;

RECOMMENDATION

That a new Capital Project be established in the amount of \$435,000, funded from the Tax Funded Capital Contingency Reserve, to supplement funding for the 2019 Enhanced Roads Program;

That the scope of Capital Project 19-072 – the 2019 Enhanced Roads Program be adjusted by transferring roads to the new (\$435,000) supplemental funding capital project;

That the scope of Capital Project 19-072 – the 2019 Enhanced Roads Program be further adjusted to move Industrial Road to the provisional list of roads to be completed dependent on tender prices; and

That Capital Project 19-162 - Emergency Repair to Humberlea Storm Sewer, in the amount of \$134,323, be funded from the Tax Funded Capital Contingency Reserve.

REPORT HIGHLIGHTS

- Funding is recommended for the following projects:
 - Capital Project 19-072 – the 2019 Enhanced Road program requires \$435,000 of additional funding (from the Tax Funded Capital Contingency Reserve) due to tender results;
 - Capital Project 19-162 - Emergency Repair to the Humberlea Storm Sewer was created to capture works procured under the emergency provisions of the Town's Purchasing By-law. These emergency works, in the amount of \$134,323, are now recommended to be funded.
- In accordance with the Town's Purchasing By-law, subject to Council approval of the additional funding, contract awards for capital project 19-072 – the 2019 Enhanced Road Program may proceed as outlined in this report.

DISCUSSION

Capital Project 19-072 – The 2019 Enhanced Roads Program – Phase 1 Works

Tender 2019-65, Construction on Various Roads – Phase 1, includes road rehabilitation works as identified in approved Capital Project 19-072 and listed in Table 1. The remaining roads listed in capital project 19-072 was not included as part of Tender 2019-65 and will be included as part of future Tender 2019-70, Construction on Various Roads – Phase 2. These remaining roads are identified in Table 4 of this report and as shown on Schedule A - 19-072 Enhanced Roads Program - Phasing (attached to this report).

Table 1

<i>RFT 2019-65 Construction of Various Roads – Phase 1</i>		
<i>Road</i>	<i>From</i>	<i>To</i>
McCauley Drive	Highway 50	End
Rayburn Court	Havencrest Drive	End
Betomat Court	Humber Station Road	End
Autumn Oak Court	Southbury Manor Drive	End
Golfway Court	McCauley Drive	End
Sneath Road	King Street East	End
Bond Street	Sunkist Valley Road	Old King Road
Leavens Court	Ellwood Drive East	End
Golfdale Court	McCauley Drive	End
Creekside Court	McCauley Drive	End

Request for Tender (RFT) 2019-65 for the roads listed in Table 1, above, closed on May 31, 2019 with a budget shortfall of \$435,000 due to market pricing. These tender prices and pricing received from other recently closed tenders indicate that market conditions are resulting in pricing that is trending higher than forecasted. Based on discussions with the Town's consultants, one possible reason for this is the cost of asphalt cement. The April 2019 cost of asphalt cement was \$850.25, which is an increase of approximately 22% when comparing a five (5) year historical average (2015-2018 inclusively).

A total of six (6) bid submissions were received for RFT 2019-65. Staff will proceed with an award to C. Valley Paving Ltd once additional funding is approved by Council in accordance with Purchasing Bylaw 2019-24.

The total cost of the award for the roads listed in Table 1 is \$1,196,497.59 including non-recoverable HST; (=\$1,175,803.45 per Table 2 plus non-recoverable HST of 1.76%). Staff have completed reference checks and are satisfied that C. Valley Paving Ltd. meets all requirements of Request for Tender 2019-65. The results of Tender 2019-65 are as follows:

Table 2 - Request for Tender 2019-65 Results for Project 19-072

Bidder Name	Bid Amount (excluding HST)
C. Valley Paving Ltd.	\$1,175,803.45
IPAC Paving Limited	\$1,279,327.80
Graham Bros. Construction Limited	\$1,401,581.01
Aecon Construction and Materials Limited	\$1,480,092.30
Gazzola Paving Limited	\$1,571,970.80
FERMAR PAVING LIMITED	\$1,686,814.47

Subject to Council approval of additional \$435,000 of budget funding, it is anticipated that construction for Phase 1 works will commence July 22, 2019 and the works are anticipated to be substantially completed by the end of November 2019.

As detailed in Table 3, below, there is a projected budget shortfall in capital project 19-072 – the 2019 Enhanced Roads Program - related to the Phase 1 works and the tender award. The Enhanced Roads program is to be funded by a Debenture of \$4.1 million. Increasing the amount of proposed debenture to fund capital project 19-072 is not recommended since there is an operating impact (e.g. debt servicing costs) associated with issuing additional debt. Accordingly, it is recommended that a new capital project in the amount of the budget shortfall, \$435,000, be established and funded by the Tax Funded Capital Contingency Reserve. It is further recommended that roads with insufficient budget in capital project 19-072 be allocated to the new capital project.

Table 3**Project 19-072 Enhanced Roads Program**

Original Budget Available	\$	4,100,000
Less: Commitments to Date	\$	-
Less: Work Not Related to This Award	\$	3,124,099
Total Budget Available For Contract Award	\$	975,901 (A)

Less Cost Estimate:

Award of Construction Contract (Inclusive of Non-recoverable HST)	\$	(1,196,498)
Contingency	\$	(201,499)
Estimated Project Management Fee	\$	(12,905)

Sub-Total Construction Cost \$ (1,410,901) (B)

Budget Surplus/(Deficit) \$ (435,000) (A) - (B)

Capital Project 19-072 – The 2019 Enhanced Roads Program – Phase 2 Works

As noted above, the construction work for the 2019 Enhanced Roads Program has been divided into two (2) Phases. Roads included in Phase 2 works, to be issued via RFT 2019-70 are outlined in Table 4, below:

Table 4

RFT 2019-70 Construction of Various Roads – Phase 2		
Road	From	To
Horseshoe Hill Road	Charleston Side Road	Elite Road
Industrial road*	Highway 50	Albion-Vaughan Road
Simpson Road	Healey Road	Wheeler Drive
Kennedy Road	Charleston Side Road	1250m south of McCort Drive
Piercey Road (provisional)	Holland Drive	Healey Road

*- recommended to be listed as provisional in the tender (see below)

RFT 2019-70 for Phase 2 works is planned to be released to the market on June 24, 2019. Works for Phase 2 is anticipated to commence in August 2019 and be completed by the end of November (budget and weather permitting).

Staff Report 2019-80

As noted in Table 4, above, when the 2019 road capital budgets were developed staff listed Piercey Road as provisional. This means that the road works will be listed as provisional in the tender and awarded only if there was sufficient budget. Based on recent tender closes and higher tender results due to market conditions, as noted earlier in this report, it is recommended that a second road, Industrial Road, be included as provisional in the tender. This will increase the likelihood of the remainder of the Phase 2 Works (i.e. the remaining non-provisional roads) being awarded and work proceeding in 2019. Also, should the Town obtain contract pricing below the Council approved budget for RFT 2019-70, the provisional items may be included as part of the 2019 award.

Capital project 19-162 Emergency Repair Humberlea Storm Sewer

In April 2019, Road Operations was called to investigate a sinkhole forming on Humberlea Road, north of King Street past the bridge. Damage and deterioration of the storm water infrastructure in the area was found to be the cause of the sinkhole. Capital project 19-162 - Emergency Repair to Humberlea Storm Sewer was established to capture works procured under the emergency provisions of the Town's Purchasing By-law. This emergency procurement is reported in the memorandum to Council as part of the Purchasing Bi-annual Report for January 2019 to May 2019. These emergency works, in the amount of \$134,323, are now recommended to be funded from the Tax Funded Capital Contingency Reserve.

FINANCIAL IMPLICATIONS

The Financial Implications associated with staff report 2019-80 are included in the relevant sections above. The current uncommitted balance of the Tax Funded Capital Contingency Reserve (account 08-00-900-35014-000-25000), is \$7,642,534.65. Subject to Council approval to allocate additional funds for the roads that are over budget in the 2019 Enhanced Roads Program and the Humberlea Storm Sewer emergency repair, the Tax Funded Capital Contingency Reserve will have an uncommitted balance of 7,073,211.65 as outlined in Table 5 below.

Table 5

<u>Tax Funded Capital Contingency Reserve</u>	<u>Transfer to/(from) Reserve</u>
Uncommitted Reserve Balance	\$7,642,534.65
New Capital Project Enhanced Roads	-\$435,000.00
Capital Project 19-162 Emergency Repair Humberlea Sewer	-\$134,323.00
Ending Reserve balance	\$7,073,211.65

APPLICABLE LEGISLATION AND REQUIREMENTS

Town of Caledon Purchasing By-law 2019-24, section 5.2 (b) states that “No contract award may be approved unless approved funding in an amount sufficient to cover the procurement value is available, or the contract award is made conditional upon funding approval by Council”.

COUNCIL WORK PLAN

Infrastructure – To increase the overall condition of the Town’s assets for public use.

ATTACHMENTS

Schedule A - 19-072 Enhanced Roads Program - Phasing