

COMMUNICATION 135133

Received From: Guy Bourgon, Director of Public Works
Addressed To: Council
Date: April 30th, 2024
Topic: PW-2024-01 2024 Road Program Award of Tender

BACKGROUND

The approved 2024 capital budget includes \$2,329,253.00 allocated for the Town's 2024 road program. The allocated funds were proposed to be used to pay for construction, inspection, soil testing and a contingency amount of \$100,000.00. Council subsequently approved a scope change to upsize the watermain on Nelson Street West which is to be funded from Development Charges.

DISCUSSION:

Tender PW-2024-01 2024 Road Program was released by the Municipality for public tender and subsequently closed on April 18th, 2024. The tender included the following projects for 2024:

Reconstruction Projects

- Nelson Street Reconstruction (Franktown Road to Findlay Avenue)
- Alexander Street Reconstruction (Franktown Road to Nelson Street)
- Donald Street Reconstruction (Napoleon Street to Sarah Street)
- Ramsay Street Reconstruction (Townline Road to George Street)
- St. Paul Street Reconstruction (Bell Street to William Street)
- Wilson Street Reconstruction (Napoleon Street to Caldwell Street)

Overly Projects

- Blair Street - Burgess Street to Mississippi Road
- Judson Street – Mill Street to Albert Street
- Lemaistre Street – Barker Street to Dunham Street

Parking Lots

- Moore House Parking Lot
- Library Parking Lot

The advertisements were posted on our website and MERX for a period of three (3) weeks. A total of three (3) tender submissions were received at the time of closing. Results were as follows:

COMPANY	TOTAL PRICE (without HST)
Thomas Cavanagh Construction Ltd	\$3,120,000
GIP Paving Inc.	\$3,148,000
R.W. Tomlinson Ltd.	\$3,240,000

The above tender submissions were reviewed for accuracy and completeness. There was a mathematical error for Item 37 in the R.W. Tomlinson tender that when corrected lowered their bid to \$3,209,151, which did not impact the final results. The low bid from Thomas Cavanagh Construction Limited (TCCL) is presently being recommended by staff for award of the contract. TCCL has successfully completed similar projects for Carleton Place in the past and has a good working relationship with staff.

FINANCIAL IMPLICATIONS

The Tender price submitted by TCCL of \$3,120,000 plus HST is not within funds allocated for this item in the approved 2024 Budget. \$626,470 of the tender price attributable to the upsizing of the Nelson Street watermain is Development Charge recoverable. Taking into account net HST, inspection, soil testing and a contingency amount of \$100,000 which will be used to address any change orders, the total cost is \$441,065 over budget, as per the following table:

ACTIVITY	AMOUNT
Tender Amount	\$3,120,000
Inspection	\$84,768
Soil Testing Allowance	\$35,000
Subtotal	\$3,239,768
Net HST	\$57,020
Contingency	\$100,000
Total	\$3,396,788
Road Budget	\$2,329,253
DC Recoverable Amount	\$626,470
Over Budget Amount	\$441,065

Options for Council's consideration include:

Option 1 – Complete all works and utilize reserves

The budget shortfall of \$441,065.00 could be paid for out of the Gas Tax Reserve (current balance \$173,253.03) and OCIF Reserve (current balance \$164,982.11) (for a total between the two of \$338,235.14). These are funds specifically set aside for these circumstances, with the balance of \$102,829.86 which could be taken from the Administrative Reserve. Any unused contingency at the end of the projects would be returned to the Administration reserve.

Option 2 – Eliminate parking lot works and utilize reserves for remaining amount

Staff can undertake negotiations with the contractor to remove the two (2) parking lots from the contract as these projects do not impact property owners. The cost savings would be \$215,000. This would reduce the budget overage to \$226,065, which could be funded from the Gas Tax and OCIF reserves, with any leftover contingency returned to the reserves at projects' end.

Option 3 – Eliminate parking lots and overlay works

In addition to the removal of both parking lots at a savings of \$215,000, staff can further negotiate with the contractor to remove the three (3) road overlay projects for an additional savings of \$252,000, which would eliminate the budget overage altogether eliminating the need to use reserves. If this option is selected, staff would identify to Council that these should be priority projects for 2025.

Option 4 – Award all works – Negotiate to complete works over 2 years

Staff could negotiate with the contractor to award all of the work but have it completed over a 2-year period with the parking lots and overlay being deferred to 2025. Staff believe this will result in increased costs for 2025 to address items such as CPI and mobilization/demobilization costs.

Staff's recommendation is to proceed with Option 1 to complete all of the works in 2024 and utilize existing reserves to pay for the budget deficit in 2024. The reserves could be replenished next year by reducing the quantity of roadways to be undertaken in 2025 accordingly, rather than postponing any projects until next year.

At the very least, Staff have not recommended any options whereby reconstruction projects would be eliminated as property owners have been notified of the proposed works and there is an expectation that the works will be undertaken in 2024.

It should be noted that if there is a surplus at year end, the Treasurer could replenish the OCIF and Gas Tax and potentially the Administration reserves which will mean starting 2025 in a neutral position.

STAFF RECOMMENDATION:

THAT the contract for Tender PW-2024-01 2024 Road Program, be awarded to Thomas Cavanagh Construction Limited in the amount of \$3,120,000 plus HST; and

THAT Council proceed with Option 1 as outlined in the Director of Public Works' Report dated April 30, 2024 to address the budget deficit of \$441,065.