



Infrastructure Services Staff Report

Report Number: IS07-2022
Report Title: Tender Award for Contract 2022-01 Industrial Drive Reconstruction Project in Elmira
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Reviewed By: Jared Puppe, Director of Infrastructure Services
Final Review: Chief Administrative Officer

Recommendation:

That the Council of the Township of Woolwich, considering Report IS07-2022 respecting the Tender Award for Contract 2022-01 Industrial Drive Reconstruction Project in Elmira:

1. Award the tender for the reconstruction of Industrial Drive in Elmira (2022-01) to Gedco Excavating Limited at a total cost of \$4,493,890.76 after H.S.T rebate;
2. Retain GM BluePlan Engineering Limited for the contract administration, inspection, and post construction services at a total cost of \$156,841.98 after H.S.T. rebate;
3. Authorize the reallocation of Ontario Community Infrastructure Funds (\$163,000) and Infrastructure Reserve Funds (\$62,000) from the Maintenance Paving Program (totalling \$225,000), and Levy from the Capital Sidewalk and Streetlight Programs (\$70,719.82);
4. Authorize an additional \$220,719.82 to be drawn from the Water Reserve Fund; and,
5. Authorize an additional \$294,293.10 in debenture, with the annual repayment to be funded through the Wastewater Operating Budget.

Background:

Industrial Drive is located between First Street East and Southfield Drive in Elmira, which is intersected by Howard Avenue, Oriole Parkway East, and a private entrance near the southern limit.

Industrial Drive is approximately 860 metres in length with an 8.0 metre pavement width within a 20+/- metre wide right-of-way. The roadway currently does not have curb for the majority of the section, except at the intersection tie in at Oriole Parkway East. No sidewalk is present on either side of the road. The existing underground infrastructure consists of an asbestos cement watermain (Township records indicate 1963 to 1969 as an install date), a vitrified clay pipe sanitary sewer system (Township records indicate 1923 as an install date) that utilizes common manholes but is split into two separate pipe systems, and a storm sewer system that covers the roadway from Oriole Parkway East to the southern limit of Industrial Drive. The Regional transmission watermain is located within the right-of-way of Industrial Drive between Oriole Parkway East and Howard Avenue. A pumphouse/wellhouse and piping for a private groundwater collection system is located on the east side of Industrial Drive near southern limits, these flows are to be maintained during construction.

The intent of the project is to fully reconstruct the underground and surface infrastructure on Industrial Drive between First Street East and Southfield Drive. Underground improvements are to include an upsized 300mm diameter watermain, a new 250mm diameter sanitary sewer, and appropriately sized storm sewer system. Individual water and sanitary laterals are to be reconstructed to property line. Surface improvements are to include road alignment improvements, full depth granular road base, asphalt pavement, new curb and gutter, and a new 1.8 metre wide sidewalk, with a 0.6 metre wide impressed concrete kill strip along the east side of the road. The existing asphalt trail from the most southern driveable portion of Industrial Drive to Southfield Drive will be replaced with a new 1.8 metre sidewalk, trees, and shrub plantings.

Lay-by parking on the west side of Industrial Drive between Oriole Parkway East and the southern limit will be implemented to accommodate large commercial vehicles.

A virtual Public Consultation Centre was hosted online from August 9th to 27th, 2021. Property owners who were unable to view the information online were able to request physical packages for review. Staff were able to meet with and address inquiries and concerns raised by those who will be impacted during construction.

A notification letter will be distributed to all abutting properties advising them of the proposed work plan and schedule. Property owners will be encouraged to review the construction plans that will be posted on the Township's website. Contact information will also be provided so that public inquiries can be addressed.

A location map is included under Appendix A.

Comments:

Tender

The Industrial Drive Reconstruction Project was tendered on February 25th and closed on March 15, 2022. Tender documents and plans were digitally picked up by twenty-five registered plan takers, with five bids submitted, with Gedco Excavating Limited submitting the lowest price.

The tenders were reviewed by GM BluePlan and Township staff. and it has been determined that the low bid price of \$4,493,890.76 after H.S.T. rebate as submitted by Gedco Excavating Limited is correct with no abnormalities. Please refer to the tender summary attached to this report as Appendix B. The tender bids received were competitive and are inline with the increased cost currently being seen for construction work in 2022.

Township staff are familiar with Gedco Excavating Limited as they have completed similar projects to the satisfaction of the Township; therefore, staff recommend that Gedco Excavating Limited be awarded the contract for the Industrial Drive Reconstruction project.

A construction contingency in the amount of \$150,000.00 was included in the tender received from Gedco Excavating Limited. Contingencies are included in each tender submission to address any unforeseen construction issues and to negotiate any additional items should changes to the scope of work occur. The contingency also accounts for changes in the price of asphalt cement throughout the contract.

Neighbourhood Relations

Communication with the public will continue to be an important focus throughout the duration of the construction project and affected residents will be kept informed of the construction schedule. It is intended to ensure access to driveways and businesses on a nightly basis throughout construction; however, there may be instances where this is not possible and every effort will be made to ensure that these inconveniences are minimized and if necessary, alternate parking arrangements made. Township staff and Gedco Excavating Limited will emphasize the need for good neighbourhood relations, which will be achieved through on-going attention to site safety, customer service, and good communication through advanced notification of known or planned disruptions. The Township will issue a newsletter notifying the public of progress, scheduling and general information.

Coordination of watermain shutdowns will be made known to affected residents and businesses via hand delivered notices a minimum of two days in advance. Township staff will also be communicating weekly with affected businesses, through email progress updates, to communicate anticipated upcoming work and potential disruptions. This coordination is critical to the success of the project as Industrial Drive provides access to some of the Townships largest manufactures.

Staff have also been coordinating with Lanxess to ensure that all efforts are made during construction to avoid the existing groundwater treatment infrastructure (forcemain) located within the Industrial Drive road allowance. Staff will work with the contractor to ensure the Lanxess forcemain is properly located and exposed prior to working in its vicinity.

Project Scheduling

An overview of the tentative schedule follows, however, changes may occur once a formal schedule has been submitted by Gedco Excavating Limited and approved by Township staff:

- Reconstruction commencement as early as April 25, 2022;
- Duration of 120 working days (24 weeks);
- Contract Substantial Completion on or before October 20, 2022.

Weather and soil conditions may delay the construction start date, but there are no other known factors that may affect the start or completion date of this project.

Detours and Staging

In order to maintain traffic movement to businesses on Industrial Drive as well as streets east of Industrial Drive, the project is anticipated to be split into separate phases. The overall schedule will be confirmed with Gedco Excavating Limited at the pre-construction meeting and then communicated in a newsletter to affected property owners and businesses. The contractor is responsible for maintaining traffic, with only one intersection being closed at any time for the duration of the project. Maintaining access to Industrial Drive allows businesses to continue to receive deliveries and also maintains emergency access to the properties.

Interdepartmental Impacts:

None.

Financial Impacts:

This project was designed and will be inspected and administered by the Township's engineering consultant, GM BluePlan Engineering Limited. The Award Recommendation Letter prepared by GM BluePlan Engineering Limited is included as Appendix C. The geotechnical consultant Englobe Corporation will undertake materials and quality assurance testing during the construction works.

Budget**\$4,125,000.00****Tender**

Gedco Excavating Limited	\$4,416,166.23
Plus H.S.T.	\$574,101.61
Sub total	\$4,990,267.84
Less H.S.T. rebate	\$496,377.08
Total	\$4,493,890.76

\$4,493,890.76**Other Known Costs**

Geotechnical Testing	\$45,000.00
GM BluePlan: Inspection, Contract Administration and Post Construction Services (as-recorded drawings, deficiency reviews)	\$156,841.98
Woolwich Staff	\$25,000.00
Waterloo North Hydro	\$140,000.00
Digital Sign Installation	\$75,000.00
Total	\$441,841.98

\$441,841.98**Grand Total****\$4,935,732.74****Budget Deficit****(\$810,732.74)**

The reconstruction of Industrial Drive was identified and approved as part of the 2022 Capital Budget. As part of the approved budget, \$1,175,000.00 was identified as a debenture, which annual repayment will be included in a future Wastewater Budget. The following identifies the approved funding sources, amounts and revised amounts based on the low bid received:

Funding Source	Approved 2022 Capital Budget	Revised Amount	Difference
Water Reserves (30%)	\$1,237,500.00	\$1,458,219.82	+\$220,719.82
Sewer Reserves (40%)	\$475,000.00	\$475,000.00	\$0.00
Debenture	\$1,175,000.00 **annual repayments to be funded through the Wastewater Operating Budget**	\$1,469,293.10 **annual repayments to be funded through the Wastewater Operating Budget**	+\$294,293.10
Ontario Community Infrastructure Fund (OCIF)	\$515,812.00 (12.5%)	\$678,812.00 (13.8%)	+\$163,000.00
Canada Community Building Fund (CCBF)	\$629,188.00 (15.3%)	\$629,188.00 (12.7%)	\$0.00
Modernization	\$75,000.00 (1.8%)	\$75,000.00 (1.5%)	\$0.00
Levy	\$17,500.00 (0.4%)	\$88,219.82 (1.8%)	+\$70,719.82
Infrastructure Reserve Fund	\$0 (0%)	\$62,000.00 (1.3%)	+62,000
Total	\$4,125,000.00	\$4,935,732.74	+\$810,732.74

Staff recommend that the \$810,732.74 budget deficit be offset by utilizing additional, Water Reserve Funds, Debenture, OCIF, Levy and Infrastructure Reserve Funds. The Water Reserves have sufficient levels to absorb the increased amount. It is proposed that the Maintenance Paving Program be paused in 2022, which would reallocate \$225,000.00 in OCIF and Infrastructure Reserve Funds. The remaining \$70,719.82 deficit is proposed to be funded by the Capital Sidewalk and Streetlight Programs. Although it is unfortunate that the Maintenance Paving Program, a portion of the Capital Sidewalk and Streetlight Program will be paused in 2022, the Industrial Drive Reconstruction project is considered a higher priority, which will provide safe pedestrian access along the road corridor, surface work improvements and rectify known servicing deficiencies, thereby eliminating ongoing maintenance needs.

There was a significant unit rate difference for the watermain when comparing the engineer's estimated costs to the low bid received. There is 860 metres of 300mm diameter watermain within the Industrial Drive project, the engineer's estimated cost was \$370.00 per metre, while the actual cost of the lowest bid was \$680.45 per metre. The price difference in the unit rate alone equates to a total of \$266,987.00. The cost for storm and sanitary pipes, as well as storm and sanitary maintenance structures, also increased from the engineer's estimated costs.

Some rationale for the increased costs can be directly attributed to the ramifications still being experienced from the pandemic. The Ontario Sewer & Watermain Construction Association (OSWCA) has notified municipalities that COVID-19 continues to create supply chain disruptions in the construction industry. Global manufacturing has slowed and while demand has remained high, which has lead to delays and shortages in pipe and fitting deliveries.

OSWCA has also identified that there is a global shortage of resin used in the manufacturing process of polyvinyl chloride (PVC) pipes for watermains, sanitary and storm sewers. The global shortage as well as higher product demand has resulted in higher construction costs. Staff understand that the low price submitted is inline with current construction costs being realized for projects in 2022. Staff believe that there would be a low probability of receiving substantially better pricing if the project were to be retendered later this year or even deferred for a year.

As a standard inclusion in the tender, a contingency allowance of \$150,000 has been identified to address any unforeseen issues that may be encountered during construction, as well as fluctuations in oil prices related to the asphalt cement (AC) content within the hot mix asphalt for price adjustments. The tender also includes a number of provisional items. If these are not required, then a reduction in the amount of debenture and additional funding would be offset, however, this would not be known until the project is well underway.

Strategic Plan Impacts:

The Industrial Drive Reconstruction project in Elmira supports the Township of Woolwich's strategic direction to *"Manage and maintain all municipal infrastructures with an emphasis on continuous improvement and greater efficiencies"*, with a goal to *"Optimize the Use of Municipal Infrastructure"*.

Conclusion:

With the implementation of a new 1.8 metre sidewalk from First Street East to Southfield Drive, it will create much needed pedestrian conductivity from residential properties to commercial properties along Industrial Drive. During the winter months, staff are aware that some properties on Industrial Drive experience frozen sanitary laterals and water

services. Through the Industrial Drive Reconstruction, the sanitary laterals and water services within the municipal road allowance will be lowered to prevent freezing.

Staff are not recommending deferral as there are a number of Township identified projects that would be affected based on the approved 2022 Capital Budget and Forecast. Beyond the Township's projects, the Region of Waterloo's approved Transportation Capital Plan, identifies 49 projects slated to occur in Woolwich, including Church Street East, Church Street West and Arthur Street reconstructions identified to occur within the next five years.

Despite the increased cost, completing Industrial Drive as outlined in the 2022 Capital Budget is being recommended as there is no guarantee that retendering in a future year will result in a lower cost. The largest financial impact to proceeding is the additional debenture required, however, this is considered to be preferred over the scheduling and resources challenges associated with a deferral.

The five bids received were competitive on the majority of unit price items and there was only \$117,475.67 separating the lowest bid from the second lowest bid. Despite the costs coming in over budget, the low bid is inline with costs currently being seen for construction work in 2022. Staff recommend that Contract 2022-01 for the reconstruction of Industrial Drive in Elmira proceed as scheduled and that the tender be awarded to Gedco Excavating Limited at a total cost of \$ 4,493,890.76 after H.S.T. rebate.

Attachments:

Appendix A – Location Map

Appendix B – Tender Summary

Appendix C – Award Recommendation Letter