



Meeting Date: August 16, 2023

Submitted by: Rob Cascaden, P.Eng – Director – Public Works and Engineering

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Report No: PWE 34-2023

Subject: Budget Overage for Bridge Rehabilitation

Recommendation:

THAT Council receive report PWE 34-2023 Budget Overage for Bridge Rehabilitation for Information;

AND THAT Council approve the overage to budgets; 23-3124 in the amount of \$148,610.34, 23-3117 in the amount of \$108,862.33, and 23-3122 in the amount of \$49,784.33 as contained in this report for the total overage amount of \$307,257.00;

Purpose:

To seek Council approval for a budget overage.

Background:

Council approved as part of the 2023 budget the rehabilitation of bridge B-505 (located on Vanneck Road South of Siddal Rd), B-301 (located on Carriage Road north of Harris Rd, and B-314 (located on Westminster Drive west of Carriage Rd). The rehabilitation work was identified in the 2021 Ontario Structure Inspection Manual (OSIM), which is a legislated bi-annual inspection of the municipality's structures.

Analysis:

The engineering consultant as part of the assignment has prepared tender documents, drawings, and permits as required to complete this work.

The work was publicly tendered via bids and tenders and closed August 3rd, 2023 at 2:00pm. There were three tender submissions as follows:

Company Name	Bid Price (Excluding HST)
Clear Water Structures	\$1,062,257.00
Horseshoe Hill Construction Inc.	\$1,638,078.00
KB Civil Constructors Inc.	\$1,144,995.80

The initial construction budget estimate was based on the OSIM inspections completed in 2021 with factors applied to account for inflation. This was further refined through the tender preparation. The total Council approved construction budget for all 3 bridges is \$590,000.00 this was further adjusted for bridge B-301 by Council on April 5, 2023 with an additional budget contribution of \$165,000.00 to undertake bearing pad replacements not initially identified in the original scope of work, bringing the total Council approved construction budget to \$755,000.00 (Excl HST) for all 3 bridges.

A number of options are noted below on how to proceed with the tender price submitted being greater than the approved budget. The engineering consultant has reviewed the tenders submitted and has found two of the bids to be compliant with the tender specifications and requirements.

Options for consideration:

Option #1 -Award the work as tendered with a budget overage.

The requested budget overage in the amount of \$307,257.00 will allow for the important planned rehabilitation work to move forward as originally planned. The requested budget overage represents a cost increase of approximately 41%. Staff are recommending the budget overage in the amount of \$307,257.00 be approved to undertake this work. It is not likely that pricing will be substantially better if the work was to be retendered in 2024.

Option #2- Break up the work into smaller projects.

The work could be broken out into individual projects to allow for potentially more bidders, this approach typically results in higher costs as bundling of “like” projects results in economies of scale and efficiencies. Administratively it is more time-consuming managing multiple contractors and schedules. Given the amount of construction season left it would be challenging to retender the work and have it completed within the calendar year.

Option #3- Defer the work to 2024.

Deferring the work to 2024 is unlikely to result in improved pricing, the work would need to be retendered and would be competing for bidders against more projects and work

then what is typically seen in the summer. While this approach typically works well for larger more complex projects to ensure contractor availability, it is unlikely to result in pricing better than what has been submitted. While inflation has cooled as of late should it start rising again there is the very real possibility the project costs could increase above those that we have already observed.

Option #4- Defer a portion of the work to 2024

Similar to Option #3 deferring a portion of the work to 2024 and moving forward with a portion in 2023 is not likely to result in better pricing, furthermore it may impact the cost of the work completed in 2023, as the tender bundled together “like” projects, efficiencies and economies of scale would not be realised resulting in higher total project cost.

Recommendation:

Staff are recommending Option #1 with the work being undertaken in 2023 as planned with a total budget overage of \$307,257.00, the breakdown of the budget overage for each bridge is as follows;

Bridge	Approved Budget	Requested Overage	Total Budget
B-301 (23-3117)	\$310,000 & \$165,000	\$108,862.33	\$583,862.33
*B-314 (23-3124)	\$160,000	\$148,610.34	\$308,610.34
B-505 (23-3122)	\$120,000	\$49,784.33	\$169,784.33

*Bridge B-314 on Westminster Drive is a shared bridge with Strathroy Caradoc. Staff have been working with Strathroy Caradoc in regard to this work. Strathroy Caradoc did not include this work in their 2023 municipal budget. Staff will notify Strathroy Caradoc staff of the tender price so it may be included in their 2024 municipal budget. Middlesex Centre will invoice Strathroy Caradoc 50% of the cost in 2024.

Financial Implications:

The capital budget overage would be covered from the Road Capital Reserve Fund in the amount of \$257,472.67 and the Ontario Community Infrastructure Fund in the amount of \$49,784.33.

Strategic Plan:

This matter aligns with following strategic priorities:

- Responsive Municipal Government
- Sustainable Infrastructure and Services

This capital budget overage is in response to bids being submitted higher than expected. Timely rehabilitation of these assets will prolong the life of these important bridge assets ensuring the long-term viability of these critical transportation asset.

Attachments:

Appendix A- Award Recommendation Letter