



Staff Report

Report To: Dan Best, Chief Administrative Officer

From: **Don Giberson, General Manager of Infrastructure & Development**

Date: February 22 2022

Report: ESD.22.04

Subject: Grand Bend Trunk Sanitary Sewer Update - Phase One (Ontario Street section) and Amendment to the Budget.

Recommendations:

That South Huron Council receives the report from Don Giberson, General Manager of Infrastructure and Development Re: Grand Bend Trunk Sanitary Sewer Update - Phase One (Ontario Street section), AND;

That South Huron Council approves an "Amendment to the Budget" to increase the capital budget for the Grand Bend Trunk Sanitary Sewer Phase One from \$1,641,379.84 to \$2,077,400.17, AND;

That South Huron Council hereby consents to the award of a contract for the construction of the Grand Bend Trunk Sewer on Ontario Street to the qualified low bidder, Birnam Excavating Limited, as per the Memorandum of Understanding with Lambton Shores.

That South Huron Council defer the approved 2022 Capital Project for the William Street SPS Forcemain Replacement (GEXR to Lagoons) to 2023 to fund the additional tendered cost.

Purpose:

The purpose of this report is to provide Council with an update regarding phase one of the Grand Bend Trunk Sanitary Sewer (Ontario Street section)

Municipal Drive to Indian Road. Staff are also seeking approval for a budget amendment and deferral of another approved 2022 Sewer Capital Project to fund the additional tendered cost.

Background and Analysis:

Since the previous Grand Bend Trunk Sanitary Sewer Update Report to Council on June 22, 2020 the Municipal Drive section of the project has been completed. However, a property acquisition issue delayed the tendering of Lambton Shores Connecting Link project on Ontario Street, causing a corresponding delay the Ontario Street section of the trunk sewer project until 2022.

All issues were subsequently resolved and Lambton Shores released their Ontario Street Connecting Link tender early this year. The tender closed on February 1, 2022 and Birnam Excavating Limited is the low bidder. Four tenders were received and all tenders were higher than the engineers' estimate more than 15% higher than the 2020 estimates. Tenders were checked by the project engineer (BM Ross); found to be in compliance and recommended that the contract be awarded to the qualified low bidder. The additional tendered costs are mostly attributed to Covid related supply chain issues, increased raw material costs, manufacturing costs, and transportation costs associated with infrastructure materials.

Since the total tendered price (excluding HST) is greater than 15% higher than the Engineer's Estimates in the Memorandum of Understanding, written consent is required from South Huron prior to Lambton Shores awarding a contract to the qualified low bidder.

GMBluePlan Engineers updated the cost sharing calculations using the tendered prices received from the low bidder and checked for conformance with the executed Memorandum of Understanding (MOU) with Lambton Shores. The MOU established that the section of trunk sewer within the Lambton Shores boundaries is cost shared on a flow proportional basis, with Lambton Shores funding the road restoration costs under their Connecting Link Agreement. The section of trunk sewer north of the Lambton Shores municipal boundary is funded entirely by South Huron.

Lambton Shores is anxious to award the contract as soon as possible, as an early construction start is critical due to regulatory restrictions for in-stream work and to ensure that they meet their grant funding deadline. There is only a small window of opportunity for construction this spring, before the project is shut down for the summer tourist season.

Operational Considerations:

Several alternatives were considered, but a joint project with Lambton Shores was determined as the most cost-effective solution.

South Huron's Strategic Plan:

Section 6.2.2 of the Municipality of South Huron 2015- 2019 Strategic Plan identifies key objectives that are reflective of the collective perspectives of the strategic planning process. The recommendations and actions outlined in this report are reflective of the following strategic objectives:

- ✓ Administrative Efficiency and Fiscal Responsibility
- ✓ Increased Communications and Municipal Leadership
- ✓ Transparent, Accountable and Collaborative Governance
- ✓ Dedicated Economic Development Effort

Financial Impact:

The approved capital budget (Council Resolution #262-2020) for the South Huron share of the Grand Bend Trunk Sanitary Sewer project (PS-2 to Indian Road) is \$1,641,379.84. Total expenditures for the completed section on Municipal Drive (PS-2 to Ontario Street) was \$776,975.26 (including non-recoverable HST). Accordingly, the remaining budget for the Ontario Street section (Municipal Drive to Indian Road) is \$864,404.58

Based on the tendered prices, South Huron's share of the Ontario Street section is \$1,549,946.13 (plus HST). This cost includes watermain work north of the Lambton Shores municipal boundary in the amount of \$331,845.43 (plus HST). This work is funded by the approved 2022 Capital Budget for Highway #21 Watermain Replacement. The remaining cost of \$1,196,250.01 is the total cost of the remaining section of trunk sewer on Ontario Street, including engineering and non-recoverable HST.

The following is a summary of the total project costs including the connecting link road works funded by Lambton Shores and the flow proportional cost sharing for the trunk sewer:

FINANCIAL ANALYSIS SUMMARY			
Description	Cost Sharing		
	South Huron	Lambton Shores	Total Cost
Part 1 - Ontario Street a) Road Work	\$0.00	\$1,580,672.94	\$1,580,672.94

b) Storm Sewers	\$0.00	\$919,893.85	\$919,893.85
c) Sanitary Sewers	\$569,711.48	\$45,965.22	\$615,676.70
d) Watermains	\$0.00	\$546,921.47	\$546,921.47
e) Traffic Signals	\$0.00	\$121,249.00	\$121,249.00
f) Pavement Markings	\$0.00	\$23,572.58	\$23,572.58
g) Provisional Items	\$27,946.79	\$39,652.29	\$67,599.08
h) Miscellaneous Items (Including \$120,000 Contingency)	<u>\$91,948.95</u>	<u>\$504,304.86</u>	<u>\$596,253.81</u>
Subtotal (Part 1)	\$689,607.22	\$3,782,232.21	\$4,471,839.43
Part 2 - Work in South Huron			
a) Road Work	\$50,417.48	\$0.00	\$50,417.48
b) Storm Sewers	\$13,839.60	\$0.00	\$13,839.60
c) Sanitary Sewers	\$443,667.00	\$0.00	\$443,667.00
d) Watermains	\$288,832.38	\$0.00	\$288,832.38
e) Provisional Items	\$17,495.47	\$0.00	\$17,495.47
f) Miscellaneous Items	<u>\$46,086.98</u>	<u>\$0.00</u>	<u>\$46,086.98</u>
Subtotal (Part 2)	\$860,338.91	\$0.00	\$860,338.91
Part 3 - Oak Street			
a) Road Work	\$0.00	\$160,407.19	\$160,407.19
b) Storm Sewers	\$0.00	\$11,824.25	\$11,824.25
c) Pavement Markings	\$0.00	\$7,386.26	\$7,386.26
d) Provisional Items	\$0.00	\$1,164.40	\$1,164.40
e) Miscellaneous Items	<u>\$0.00</u>	<u>\$25,167.16</u>	<u>\$25,167.16</u>
Subtotal (Part 3)	\$0.00	\$205,949.26	\$205,949.26
Total Tendered Costs Parts 1, 2 & 3 (Pre-HST)	\$1,549,946.13	\$3,988,181.47	\$5,538,127.60
Engineering (estimated)	<u>\$54,093.12</u>	<u>\$139,187.53</u>	<u>\$193,280.65</u>
Subtotal	\$1,604,039.25	\$4,127,369.00	\$5,731,408.25
Non-recoverable HST	<u>\$28,231.09</u>	<u>\$72,641.69</u>	<u>\$100,872.79</u>
TOTAL	\$1,632,270.34	\$4,200,010.70	\$5,832,281.04
Approved Budget Grand Bend Trunk Sewer (Res #262-2020)	\$1,641,379.84		
Watermain costs budgeted in 2022 Capital Project (2022-W-02)	\$331,845.43		
"Less" Expenditures to date (Grand Bend Trunk Sewer Project)	<u>\$776,975.26</u>	-	-
Remaining Budget	\$1,196,250.01		
Net Difference Approved Budget vs Tender Cost	-\$436,020.33		

South Huron share of the trunk sewer costs (PS-2 to Indian Road) has increased by \$436,020.33 including engineering and non-recoverable HST.

To fund the amount over the approved budget, Staff recommend that the 2022 Capital Project for the William Street SPS Forcemain Replacement (GEXR to Lagoons) be deferred to 2023; and the funds budgeted for this Forcemain project, in the amount of \$436,161, be re-allocated to the Grand Bend Trunk Sewer project.

Where expenditure estimates approved in the budget have been subject to quotations or tenders quoting an amount greater than the estimated expenditure for that item, notice of such amendment is required to be included in the Report to Council and the printing of this item on the Council Agenda, with the notation "Amendment to Budget", shall constitute sufficient notice.

The proposed increase in the capital budget for the Grand Bend Trunk Sewer Phase One, requires an "Amendment to Budget" and this report to Council constitutes sufficient notice.

Legal Impact:

In accordance with the Memorandum of Understanding, there is a legal obligation to amend the GBSTF Tri-party Agreement with the Municipality of Lambton Shores and Municipality of Bluewater.

Staffing Impact:

There are no staffing implications for the Corporation resulting from the proposed recommendation.

Communication Actions:

Lambton Shores tender advertisement was posted on their Municipal Web Site. Contract award will be communicated to the public through the publishing of the Council Minutes.

Policies/Legislation:

1. Ontario Water Resources Act, R.S.O. 1990, c. O.40
2. South Huron 2020 Capital Budget

Consultation:

Dan Best, CAO; Sandy Becker, General Manager of Financial Services; and Shawn Young, Manager of Environmental Services

Related Documents:

1. Memorandum of Understanding

Respectfully submitted,

Don Giberson, General Manager of Infrastructure & Development