



THE CORPORATION OF THE TOWN OF AMHERSTBURG
OFFICE OF ENGINEERING & INFRASTRUCTURE SERVICES

Mission Statement: As stewards of the Town of Amherstburg, we strive to improve the quality of life of all residents through the delivery of effective, efficient, and affordable services.

Author's Name: Todd Hewitt	Report Date: June 6, 2024
Author's Phone: 519 736-3664 ext. 2313	Date to Council: June 25, 2024
Author's E-mail: thewitt@amherstburg.ca	Resolution #:

To: Mayor and Members of Town Council

Subject: 2nd Concession North Reconstruction – Budget Exceedance

1. **RECOMMENDATION:**

It is recommended that:

1. Additional funding for the 2nd Concession North Road Reconstruction (Middle Sideroad to South Riverview Drive) project (722001), in the amount of \$363,970 **BE FUNDED** from the General Reserve (0400), resulting in a total project cost of \$4,401,975.

2. **BACKGROUND:**

2nd Concession North Road Reconstruction included a full road reconstruction and widening the existing profile of the road to include paved shoulders. The tender to complete the project was awarded at the January 29, 2024 Council meeting with the following resolution:

Resolution: 20240129-009

That:

1. Council **APPROVE** for immediate use \$3,926,975 in funding for the 2nd Concession Rd North Road Reconstruction with \$125,000 to be funded from Lifecycle Reserve, \$2,113,005 to be funded by OCIF Grant, \$1,673,970 to be funded by reserve – General and \$15,000 to be funded by CCBF – Gas Tax;

2. Council **AUTHORIZE** the Chief Administrative Officer and Clerk to execute an agreement with Pier Con Enterprises Inc., for services outlined in the tender documents in the amount of \$3,686,657.20 plus HST, subject to approval of content by the Director of Infrastructure Services and to financial content by the Director of Corporate Services/Chief Financial Officer; and,

3. Council **AUTHORIZE** the Chief Administrative Officer, or designate, to amend the agreement with Piera Con Enterprises Inc. if required to expand the scope of the work plan, provided such additional services remain within the total project funding of \$4,038,005 inclusive of HST and subject to approval of content by the Director of Infrastructure Services and to financial content by the Director of Corporate Services/Chief Financial Officer.

This report will provide details on project issues that have resulted in a budget exceedance and the requirement for additional funding.

3. DISCUSSION:

The initial tender of this project included a \$400,000 contingency allowance to address unforeseen issues that may arise. It was determined early in the project that the soil conditions encountered were not as anticipated and would not be suitable to support the road base and final construction. This issue required the issuance of a Change Order to the contractor of \$323,000 to install a geotextile fabric under the entire road base as recommended by the geotechnical engineer. Although this additional cost was significant it was thought that the project could still meet the approved budget and that this type of scenario is exactly what the contingency allowance is meant for.

When the project was about 30% completed it was identified that the project progress was not aligning with the tender items. A review of the tender item values by the consulting engineer (Hrycay Consulting) revealed that they had omitted a significant amount of the road reconstruction area in their calculations. This omission resulted in the tender quantities for excavation, granular placed, and asphalt tonnage being significantly undervalued and not in line with the work being completed or the materials being used.

Despite Administration's best efforts to adhere to the allocated budget, the nature of the issue encountered, the timing of the discovery and the type of project being completed made this unachievable. Administration reviewed our options internally and due to the project timing our only option was to proceed with the completion of the project as any delay would have resulted in additional costs from the contractor. Administration attempted to mitigate costs where possible but did not consider a reduction in the quality or scope of the project. It was important to ensure that the Town received a good final project to fulfill our commitments to the community.

It should be noted that, although the error made by the consultant was significant, the extra costs and associated work that was not included in the original tender would have been required to complete the project scope. We were able to utilize existing tender values for these exceedances which ensured that pricing was competitively bid for these additional costs. Trying to recover any of these costs through the consultant's errors and omissions insurance would be extremely difficult due to these factors.

4. RISK ANALYSIS:

The work has been completed by the contractor and if the Town opted to not pay these costs we may be subject to litigation as well as establishing a reputation with local contractors that could affect our tender bids in the future.

5. FINANCIAL MATTERS:

In order to fund the over-expenditure for 2nd Concession Rd North Road Reconstruction (Middle Sideroad to South Riverview Drive) project, the following adjustments would be required to the plan approved in the 2024 Budget:

	Budget Funding	Actual (incl. net HST)	Variance (over)/under
Cost:			
Original Project cost	\$ 4,038,005	\$3,926,975	\$111,030
*Over-Expenditure projected		\$475,000	
Total Project Cost	\$4,038,005	\$4,401,975	(\$363,970)
Over Expenditure Funding			
Remaining budget		\$111,030	
Culvert 45 & 77 surplus (1) returned to General (0400)		\$363,970	
Total		\$475,000	\$0

1. Administration is recommending that some of the budget dollars that are not required for the replacement of Culvert 45 & 77 be re-allocated to address this shortfall. This budget reallocation is recommended in the Culvert 45 & 77 tender award report to Council June 25, 2024.

Note: The over-expenditure amount of \$475,000 is based on final estimates provided by the consultant. As the project is nearing completion the estimate is based on the work completed and outstanding work but still includes some additional dollars to address minor issues that may arise.

6. CONSULTATIONS:

Hrycay Consulting Engineers
Jesse Daudlin – Engineering Technologist

7. CORPORATE STRATEGIC ALIGNMENT:

Vision: Preserving our past while forging our future.

<i>Amherstburg Community Strategic Plan 2022 - 2026</i>	
<p style="text-align: center;">PILLAR 1 Deliver Trusted & Accountable Local Government</p> <ul style="list-style-type: none"> ✓ Improve trust between council and staff, and residents, by strengthening governance and internal accountability structures. ✓ Deliver transparent and efficient financial management. <input type="checkbox"/> Increase effective communication and engagement with residents. <input type="checkbox"/> Develop our staff team, resources, and workplace culture. ✓ Continue to deliver strong core municipal services. <input type="checkbox"/> Ensure Amherstburg is an inclusive accessible and welcoming community committed to reconciliation. 	<p style="text-align: center;">PILLAR 3 Encourage Local Economic Prosperity</p> <ul style="list-style-type: none"> <input type="checkbox"/> Encourage development of commercial and industrial lands. <input type="checkbox"/> Continue to promote local tourism industry, especially overnight accommodation. <input type="checkbox"/> Continue to facilitate downtown development for residents and visitors. <input type="checkbox"/> Continue to leverage partnership opportunities with other provincial, federal, and local governments, agencies, and organizations.
<p style="text-align: center;">PILLAR 2 Invest in Community Amenities and Infrastructure</p> <ul style="list-style-type: none"> ✓ Maintain safe, reliable and accessible municipal infrastructure and facilities. <input type="checkbox"/> Increase access to recreation opportunities for all ages. <input type="checkbox"/> Finalize and execute plans for town-owned lands (e.g. Duffy’s site, Belle Vue) <input type="checkbox"/> Create public access to water and waterfront <input type="checkbox"/> Prioritize opportunities to reduce environmental impacts of Town operations and increase Town resilience to climate change. 	<p style="text-align: center;">PILLAR 4 Shape Growth Aligned with Local Identity</p> <ul style="list-style-type: none"> <input type="checkbox"/> Define and communicate a vision for the Town’s future and identity. <input type="checkbox"/> Promote and plan for green and “climate change ready” development. <input type="checkbox"/> Review and implement policies that promote greater access to diverse housing. <input type="checkbox"/> Protect the Town’s historic sites and heritage. <input type="checkbox"/> Preserve the Town’s greenspaces, agricultural lands, and natural environment.

8. CONCLUSION:

Administration is recommending that Council approves the additional funding required for the 2nd Concession Rd North Road Reconstruction Project.



Todd Hewitt
Manager of Engineering

Report Approval Details

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Attachments:	
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This report and all of its attachments were approved and signed as outlined below:



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