

Subject: 2022 Road Rehabilitation Program Budget Additional Funding

Recommendation:

BE IT RESOLVED THAT Council receive Report #2022-0141 – 2022 Road Rehabilitation Program Budget Additional Funding, for information;

AND THAT Council APPROVE the award of the 2022 Road Rehabilitation Program to Walker Construction in the amount of \$690,093 plus applicable taxes;

AND THAT Council APPROVE a budget increase of \$93,300 for project RD 09-22, funded from the Road Reserve.

Background:

In December of 2021, Council approved the capital project for the rehabilitation of roads in Pelham under capital project RD 09-22 Road Rehabilitation in the amount of \$550,000.

The road rehabilitation and reconstruction program focuses on improving the Town's road network in order to allow for the safe and reliable movement of vehicular and pedestrian traffic.

In 2019 staff retained the services of Applied Research Associates Inc. (ARA) to complete a visual inspection of the town's road network and prepare an overall condition report based on their inspections. The Pavement Condition Index (PCI) is a metric used by staff to determine which roads should be selected for rehabilitation and/or reconstruction.

The average PCI of the Town's road network is 69 out of 100. In the 2019 Pavement Condition Study ARA recommended that in order to maintain the average PCI at its current level an annual investment of \$3 million is required. Without this level of spending the average PCI of the network will decrease over time.

The proposed 2022 Road Rehabilitation project scope consists of rehabilitating the following sections of the road:

Roland Road: West Limit to Maple Street
Roland Road: Maple Street to Balfour Street
Roland Road: Balfour Street to Cream Street
Roland Road: Cream Street to Centre Street
Center Street: Roland Road South to Sixteen Road
Center Street: Roland Road North to Roland Road South

Based on the 2019 Pavement Condition Index (PCI) Study and road patrols, the road sections listed above have a PCI rating of 40 which indicates that the sections of the road require full reconstruction. The above sections of roads are exhibiting severe structural failure with numerous potholes and are quickly becoming non-drivable. (See Appendix A for photographs of existing road conditions).

Analysis:

As part of the 2022 capital budget Council approved capital project RD 09-22 Road Rehabilitation in the amount of \$550,000 (plus the rebate portion of applicable taxes).

On May 7th staff initiated the public tendering process in accordance with the Town's procurement policy (P303-00). On June 7th staff closed the request for tender (RFT). The Town received two (2) bid submissions from Walker Construction and Circle P Paving Ltd. The unofficial tender results are as follows:

- 1) Walker Construction \$690,093 (plus applicable taxes)
- 2) Circle P Paving Ltd. \$749,344 (plus applicable taxes)

Recent increases in the cost to complete construction projects have been realized in the last year. It is safe to say that the costs associated with construction projects have increased by approximately 30% over previous years. Much of the increase in cost is related to supply chain issues of material and the increasing price of petroleum based products and fuel. As a result of these increases there is a budget shortfall for RD 09-22.

Based on the condition of the Town's current rural road network it is imperative that this contract be completed. The Town has experienced increased operational maintenance costs as a result of the poor condition of the road network. In addition, staff are receiving public service requests (PSRs) at an increasing rate related to road conditions specifically potholes and it is becoming more difficult to maintain minimum maintenance standards which ultimately places the corporation at risk.

In 2021 Council approved a capital budget for RD 06-21 2021 Road Rehabilitation Program in the amount of \$500,000. To date, the costs associated with this capital project are \$430,591. There is a carry forward amount of \$69,409 associated with this project. The contractor that was awarded the 2021 Road Rehabilitation Project has approximately \$10,000 in outstanding landscape and restoration work to complete. As a result, there is approximately \$59,000 remaining which can be used to fund a portion of the 2022 road rehabilitation program.

Financial Considerations:

Council approved a budget of \$550,000 (plus the rebate portion of applicable taxes) for the 2022 Road Rehabilitation project under capital account RD 09-22. The lowest bidder has submitted a tender price of \$690,093 (plus applicable taxes). Including the HST for which the Town cannot claim a rebate, this will result in a total cost of \$702,239, and a budget shortfall of \$152,239 for this project.

There is approximately \$59,000 in available funding from capital project RD 06-21 which can be used to fund a portion of the 2022 road rehabilitation, leaving a shortfall of \$93,239. In 2021, the Public Works department had operating savings on engineering, catch basin cleaning, pavement markings, and interest of \$92,600 which was transferred to the Roads Reserve at year-end. Therefore the increased project cost can be funded without negatively impacting the Roads Reserve forecast.

Staff's recommendation is to proceed with the award of this project in the amount of \$690,093 (plus applicable taxes) and to adjust the budget for project RD 09-22 and increase it by \$93,300 funded from the Roads Reserve.

Alternatives Reviewed:

Council may decide to not approve the additional expenditure above the original budget amount. This would result in the 2022 Road Rehabilitation project being canceled until a sufficient budget is approved through future capital budget requests. Staff is not supportive of this course of action seeing that the annual investment into the Town's road network is considerably lower than the recommended \$3M annual investment (see 2019 Pavement Condition Study).

Strategic Plan Relationship: Strong Organization

The Town's infrastructure benefits from the timely replacement of our aging infrastructure and is critical to ensuring the Town maintains a safe and efficient transportation network.

Consultation:

Consultation was undertaken with the Manager Financial Services and Deputy Treasurer regarding the financial and budgetary considerations for this report.

Other Pertinent Reports/Attachments:

Appendix A – Current condition of Proposed Road Rehabilitation Candidates

2020-0119 Town of Pelham 2019 Pavement Condition and Road Need Study,
August 10th,2020.

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