




**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
**Engineering Services Division**

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	August 10, 2022
<b>SUBJECT/REPORT NO:</b>	Appropriation Transfer of Funds - Southcote Road – Garner Road to Highway 403 Bridge (PW22063) (Ward 12)
<b>WARD(S) AFFECTED:</b>	Ward 12
<b>PREPARED BY:</b>	Mike Becke (905) 546-2424 Ext. 4278 Parham Salehi (905) 546-2424 Ext. 3533
<b>SUBMITTED BY:</b>	Susan Jacob Acting Director, Engineering Services Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- (a) That the General Manager of Public Works be authorized and directed to award Tender C15-19-22 (HSW) Southcote Road Reconstruction – Storm Sewer, Watermain, Roadway, Curb, Multi-Use Path and Sidewalk Reconstruction to GIP Paving Inc. (formerly Coco Paving Inc.) in the amount of \$13,323,000 (not including contingency and non-refundable HST) and that the General Manager of Public Works be authorized to execute, on behalf of the City of Hamilton, all agreements and other documents necessary to implement this award on confirmation that each such agreement be in a form satisfactory to the City Solicitor;
- (b) That the budget and financing plan for Southcote Road – Garner Road to Highway 403 Bridge storm sewer project (# 5182271328), totalling \$2,933,828, be amended and approved by an increase of \$1,774,200 from the Storm Sewer Capital Reserve #108010 as referenced in Appendix “A” to Report PW22063;
- (c) That the budget and financing plan for Southcote Road – Garner Road to Highway 403 Bridge watermain project (# 5142171328), totalling \$3,200,000, be amended and approved by an increase of \$164,000 and that this increase be

---

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Appropriation Transfer of Funds - Southcote Road – Garner Road to Highway 403 Bridge (PW22063) (Ward 12) - Page 2 of 7**

---

funded by the following transfers as referenced in Appendix “A” to Report PW22063;

- i) An additional \$51,640 from the Development Charge Reserve 110300;
  - ii) An additional \$30,360 from the Development Charge Reserve 110301;
  - iii) A capital budget appropriation of previously approved rate revenues of \$82,000 from the PW Capital Water Consumption Program project (#5142160711);
- (d) That the budget and financing plan for Southcote Road – Garner Road to Highway 403 Bridge road project (# 4032011028), totalling \$5,410,000, be amended and approved by an increase of by \$2,064,000 and that this increase be funded by the following transfers as referenced in Appendix “A” to Report PW22063;
- i) An additional \$619,200 from the Development Charge Reserve 110306;
  - ii) An additional \$619,200 from the Development Charge Reserve 110307;
  - iii) A capital budget appropriation of previously approved levy revenues of \$500,000 from the Contaminated Soil & Rock Disposal project (#4032114405);
  - iv) A capital budget appropriation of previously approved levy revenues of \$325,600 from the City-Wide Road Priorities project (#4031811017).

**EXECUTIVE SUMMARY**

The contract for Southcote Road from Garner Road to Highway 403 Bridge involves:

1. Road reconstruction / Road widening:
  - Southcote Road from Burbridge Way to Highway 403 Bridge
2. Road resurfacing:
  - Southcote Road from Burbridge Way to Garner Road
3. Storm sewer replacement / installation including storm sewer lateral replacement, Jelly Fish Filter installation:
  - Southcote Road from South of Burbridge Way to Highway 403 Bridge

**SUBJECT: Appropriation Transfer of Funds - Southcote Road – Garner Road to Highway 403 Bridge (PW22063) (Ward 12) - Page 3 of 7**

---

4. Watermain replacement / installation:
  - Southcote Road from Calder Street to Bookjans Drive
5. Curb, sidewalk, Multi-Use Path, driveways and approaches reconstruction;
6. Traffic signal, PXOs, Pavement Markings and Street Lighting works.

Budget adjustments through the transfer of funds for the storm sewer, watermain and road sections of the contract are required in order to award the Tender C15-19-22 (HSW) (See Appendix “B” to Report PW22063).

The scope of work for Southcote Road from Garner Road to Highway 403 Bridge was expanded due to increased limits of storm sewer installation / replacement (upsizing). It was determined that the storm sewer along the project limits required upgrading (increase in capacity) to support drainage along the route and to urbanize Southcote Road from south of Burbridge Way to Highway 403 Bridge. The additional scope was added to this project as coordinating works in 2022.

In addition to the storm sewer changes in the project scope, the watermain scope was also expanded to include additional watermain replacement (upsizing) on Southcote Road from Gray Court to Bookjans Drive.

Furthermore, the project costs have been impacted as a direct result of Ontario Regulation 406/19 – On Site and Excess Soil Management, which came into effect on January 1<sup>st</sup>, 2022.

A council motion was approved at Public Works Committee on May 16, 2022, in anticipation of the budget shortfall, which was approved to increase the overall project budgets from \$8,113,800 to \$10,913,800.

The total revised approved budget available after expenses to date for the Southcote Road – Garner Road to Highway 403 Bridge is \$10,913,800. In June 2022, Request for Tender C15-19-22 (HSW) Southcote Road – Storm Sewer, Watermain, Roadway, Curb, Multi-Use Path and Sidewalk Reconstruction was issued, and the City received three (3) bids of which, the lowest compliant bid received was from Coco Paving Inc., which has gone through a name change since its bid submission and is now GIP Paving Inc.. The tender bid including contingency and non-recoverable HST, is \$14,913,945.60. An increase of \$1,774,200 for the storm sewer component is required in order to award the tender. An increase of \$164,000 for the watermain component is required in order to award the tender. Lastly, an increase of \$2,064,000 for the road component is required in order to award the tender.

**SUBJECT: Appropriation Transfer of Funds - Southcote Road – Garner Road to Highway 403 Bridge (PW22063) (Ward 12) - Page 4 of 7**

---

In accordance with Procurement Policy 5.3, subsection 4, staff performed its due diligence and entered into negotiations with the lowest compliant bidder, GIP Paving Inc., to discuss potential reductions in costs and slight amendments to the scope of work, but there were no savings at this time.

**Alternatives for Consideration – See Page 6**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The total required increase to the Southcote Road – Garner Road to Highway 403 Bridge storm project (#5182271328) is \$1,774,200. This increased cost can be funded by a transfer from the Storm Sewer Capital Reserve #108010.

The total required increase to the Southcote Road – Garner Road to Highway 403 Bridge watermain project (#5142160711) is \$164,000. As per the 2019 DC Study, 50% of these costs benefit the existing infrastructure and 50% are attributable to development (63% Residential and 37% Non-Residential). The increase associated with the existing infrastructure is \$82,000 and can be funded by a transfer from the PW Capital Water Consumption Program project (#5142160711). The increased water cost attributed to development (\$82,000) can be funded by a transfer of \$51,640 from Development Charge Reserve 110300 and \$30,360 from Development Charge Reserve 110301.

The total required increase to the Southcote Road – Garner Road to Highway 403 Bridge Road project (#4032011028) is \$2,064,000. As per the 2019 DC Study, 40% of these costs benefit the existing infrastructure and 60% are attributable to development (50% Residential and 50% Non-Residential). The increase associated with the existing infrastructure is \$825,600 and can be funded by transfers from the Contaminated Soil & Rock Disposal project (#4032114405) - \$500,000 and the City-Wide Road Priorities project (#4031811017) - \$325,600. The increased road cost attributed to development (\$1,238,400) can be funded by a transfer of \$619,200 from Development Charge Reserve 110306 and \$619,200 from Development Charge Reserve 110307.

Staffing: None

Legal: None

**HISTORICAL BACKGROUND**

The purpose of the Southcote Road reconstruction was to urbanize the existing road

**SUBJECT: Appropriation Transfer of Funds - Southcote Road – Garner Road to Highway 403 Bridge (PW22063) (Ward 12) - Page 5 of 7**

---

from Burbridge Way to Highway 403 Bridge and rehabilitation from Burbridge Way to Garner Road. This work included storm sewer installation/replacement (upsizing); watermain installation; and new pedestrian facilities.

The scope of work for Southcote Road from Garner Road to Highway 403 Bridge was expanded due to increased limits of storm sewer installation / replacement (upsizing). It was determined that the storm sewer along the project limit required upgrading (increase in capacity) to support drainage along the route due to the urbanization of Southcote Road from south of Burbridge way to Highway 403 Bridge.

As part of the storm sewer permit application coordination for the project, Hamilton Conservation Authority (HCA) asked for the inclusion of enhanced level 1 oil grit separator quality control treatment systems (known as Jelly Fish Filters) at three (3) different locations, adding significant cost increases.

In addition to the storm sewer changes in the project scope, the watermain scope was also expanded to include additional watermain replacement (upsizing) on Southcote Road from Gray Court to Bookjans Drive. This addition was to provide better network capacity within the system.

Within the tender bids received for the project, the cost for the storm sewer, watermain, and road works were higher than estimated. The variance in estimated costs require an appropriation through transfer of funds, attributed to the above-mentioned scope requirements to increase capacity and subsequent project limit extension, as well as unforeseen pressures realized after the original budgeting of the project; costs were impacted as a direct result of major increase in material and labour cost caused by the pandemic/inflation. Supply chain issues due to the Geopolitical conflicts, fuel and transportation cost, the Ontario Regulation 406/19-Onsite and Excess Soil Management also exacerbated this issue.

Additionally, based on recent geo-technical investigation report findings, it was discovered that the existing soils were not suitable to be re-used on-site due to high moisture content and poor structural capacity therefore, all existing soil material had to be replaced by granular material to avoid future settlement issues.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The award of the tender for C15-19-22 is in accordance with By-Law 20-205 as amended, Procurement Policy, Policy #2 Approval Authority which states:

- (3) The Client Department in conjunction with the Procurement Section shall submit a report to Council and the appropriate standing committee recommending award of an RFT or RFP if any of the following conditions apply:

- (a) for capital projects, when the final competitively procured cost of the proposed procurement exceeds the amount provided in the Council approved capital budget for that project by \$250,000 or greater.

The City's Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031), as amended by Council on May 14, 2014, states:

- i) The objective of Appropriation Transfers is to provide funding for approved projects which are overspent or forecasted to be overspent from similar approved projects or projects within the program area which are forecasted to generate a surplus, have unspent funding, or are cancelled, through the use of the Appropriation form.
  - a. Appropriation Transfers are to be utilized to address funding deficits of projects which can be funded within approved Signing Authority limits.
  - b. Appropriation forms will be treated as independent of one another in terms of assessing the proper signing authority; unless several forms are received moving funds between the same two projects.
  - c. Appropriation Transfers should not be utilized for the purpose of retaining excess funding from projects with surpluses without a specified application; such funding is to be returned to the original Funding Source upon project closing per the approved Closing Policy.
- ii) The objective of WIP Transfers is to transfer funding from projects which have unspent funding, are forecasted to generate a surplus, or are cancelled, to projects which require a funding source through the Capital Budget Process

## **RELEVANT CONSULTATION**

The project consultations include consultation with Corporate Services Department – Budgets and Financial Policy, and Procurement, Hamilton Water, T.O.M., Infrastructure Renewal.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The Departments of Public Works, Engineering Services Division have provided funding source recommendations in order to allow for the award and completion of the Southcote Road from Garner Road to Highway 403 Bridge project C15-19-22(HSW) (See Appendix "C" to Report PW22063).

## **ALTERNATIVES FOR CONSIDERATION**

An alternative is to not award the tender and defer the project construction to 2023. In this case, existing funds will be maintained and earmarked to fund the 2023 construction, and the required additional funds would be requested for approval through the 2023 capital budget process. This may result in the need to alter the timing of other currently proposed projects in the short-term forecast.

Any such deferral will result in delay of site development intensification due to insufficient sewer capacity, declining service levels and increased risk and liability,

Financial: Inflationary increases in construction costs could be experienced and well as increased roadway maintenance costs due to the condition of the pavement.

Staffing: Additional staff time will be required to update tender documents and procure the project again.

Legal: None

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community

### **Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

### **Built Environment and Infrastructure**

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

### **Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report PW22063 - Appropriation Adjustment Schedule

Appendix “B” to Report PW22063 - Tender Summary

Appendix “C” to Report PW22063 - Location Map – Southcote Road