



**To:** COUNCIL  
**Meeting Date:** 12/19/2023  
**Subject:** Beverly Street Pedestrian Underpass and Road Reconstruction  
**Submitted By:** Sheryl Ayres, Chief Financial Officer  
**Prepared By:** Dave Mawdsley, Manager of Procurement  
**Report No.:** 23-148-CRS  
**File No.:** T23-01  
**Wards Affected:** Ward 4

**RECOMMENDATION(S):**

THAT Report 23-148-CRS Beverly Street Pedestrian Underpass and Road Reconstruction be received;

AND THAT Request for Tender #T23-01 Beverly Street Pedestrian Underpass and Road Reconstruction be awarded to Dagmar Construction Inc. of Ajax, ON in the amount of \$10,694,926.81 in Canadian funds, inclusive of HST;

AND FURTHER THAT the project deficit of \$1,412,463 be funded \$621,524 from the Development Charges Roadway Reserve Fund, \$109,681 from the Capital Works Reserve Fund, \$288,124 from the Water Capital Reserve Fund, \$264,636 from the Wastewater Capital Reserve Fund, and an increase in funding from the Region of Waterloo of \$128,498.

**EXECUTIVE SUMMARY:**

This project includes a new pedestrian underpass under CPKC railway, adjacent to the existing constrained roadway underpass. The project also includes a new multi-use trail, intersection improvements at the Samuelson/Beverly intersection, replacement of watermain, sanitary sewers and storm sewers.

The Request for Tender was issued on October 23, 2023 and closed on November 22, 2023. Two (2) pre-qualified contractors of SQ23-59 - Bridge Contractor - Beverly Street Reconstruction and CP Underpass Structure submitted bids, the lowest being Dagmar Construction Inc. Bid amounts are listed as follows, in order from lowest to highest:

Dagmar Construction Inc. - \$10,694,926.81

McLean Taylor Construction Ltd. - \$12,291,831.51

Staff are seeking Council approval to award contract #T23-01 to Dagmar Construction Inc. in the amount of \$10,694,926.81 in Canadian funds, exclusive of HST.

### **Financial Implications**

Overall, the tender came in over budget by 13% or \$1,412,463. In order to proceed with the tender award, additional project funding is required.

### **STRATEGIC ALIGNMENT:**

Strategic Action

**Objective(s):** Not Applicable

**Strategic Action:** Not Applicable

**OR**

Core Service

**Program:** Road Management

**Core Service:** Road Maintenance

### **BACKGROUND:**

On May 12, 2023 the City issued a Request for Supplier Qualification for the Beverly Street Pedestrian Underpass and Road Reconstruction. Five (5) submissions were received, and two (2) suppliers were successfully qualified.

Request for Tender #T23-01 Beverly Street Pedestrian Underpass and Road Reconstruction was issued to the pre-qualified suppliers on October 23, 2023, and closed on November 22, 2023.

### **ANALYSIS:**

The two (2) pre-qualified contractors submitted bids, the lowest being Dagmar Construction Inc. Bid amounts are listed as follows, in order from lowest to highest:

Dagmar Construction Inc. - \$10,694,926.81

McLean Taylor Construction Ltd. - \$12,291,831.51

### **EXISTING POLICY / BY-LAW(S):**

Under Procurement By-Law 19-187, the Manager of Procurement or their designate, who is under the general direction of the Chief Financial Officer, is delegated the authority to approve the award of Tenders and Proposals when all of the following conditions have been satisfied:

- a) When there is sufficient funding, as approved by Council through the budget process and verified by the Finance Division by the Departmental Recommendation to Award Report;
- b) When all procedures in accordance with this By-Law, have been followed; and
- c) When the lowest compliant Tender bid or highest scored Proposal is accepted and recommended.

This award requires approval from Council as additional funding is required.

**FINANCIAL IMPACT:**

The Beverly Street pedestrian underpass and road reconstruction project (# A/01043-41) was included in the 2023 Council Approved Capital Budget. The tender came in over budget by 13 per cent, therefore to proceed with the tender award, additional project funding is required totaling \$1,412,463.

Approximately half of the additional budget being requested is due to an error that CPKC has acknowledged based on the cost estimate they provided at the time of project budgeting (amounting to approximately \$600,000). The additional overage can be partially attributable to one year delay in tendering, and the associated inflationary increases during that time period. The costs are considered to be an accurate reflection of the work required, and are in line with the project estimate, especially considering the error in CPKC budget numbers which were provided to the City in 2022 at the time of budgeting for the project.

Table 1 - A/01043-41 Beverly Street Pedestrian Underpass and Road Reconstruction Project

Item of Expense	Reserve Fund	Budget	Tender T23-01*	Other Commitments	Savings/ (Deficit)
Road/Storm Growth	DC Roadway	\$6,502,500	\$5,260,677	\$1,863,348	(\$621,524)
Road/Storm	Capital Works	1,147,500	928,355	328,826	(109,681)
Water	Water Capital	1,266,200	1,308,363	245,961	(288,124)
Wastewater	Wastewater Capital	1,180,400	1,240,239	204,797	(264,636)
Cost Share with Region	External Recovery - Region	765,000	893,498	0	(128,498)
<b>Total Project Savings/(Deficit)</b>		<b>\$10,861,600</b>	<b>\$9,631,132</b>	<b>\$2,642,932</b>	<b>(\$1,412,463)</b>

It is recommended that the additional \$1,412,463 be funded \$621,524 from the Development Charges Roadway Reserve Fund, \$109,681 from the Capital Works Reserve Fund, \$288,124 from the Water Capital Reserve Fund, \$264,636 from the Wastewater Capital Reserve Fund and an increase in funding from the Region of Waterloo of \$128,498. Staff have been in communication with the Region of Waterloo

regarding the coverage and are in the process of obtaining a commitment through a Purchase Order.

### **PUBLIC VALUE**

The public bidding process ensures the City maintains an open and transparent public process that provides accountability on the utilization of financial resources.

### **ADVISORY COMMITTEE INPUT:**

N/A

### **PUBLIC INPUT:**

Request for Tender #T23-01 Beverly Street Pedestrian Underpass and Road Reconstruction was issued to the pre-qualified suppliers on October 23, 2023, and closed on November 22, 2023.

### **INTERNAL / EXTERNAL CONSULTATION:**

The RFT documents were compiled by Procurement in assistance with Community Development department.

The City has reached agreement in principle on the construction agreement with Canadian Pacific Kansas City (CPKC), but it has not been executed by all parties. CPKC wishes to execute the construction agreement at the same time as an operations and maintenance agreement, which is under negotiation. Although it is anticipated that both agreements will be executed prior to any construction, there is a risk that if agreement is not finalized prior to contract award, that the City would have to choose between taking on additional risk or cancelling this contract award. If the project is further delayed, there would be construction price escalation, likely for another year. If the contract is executed, delaying the project is possible, but it would be subject to further negotiation with the contractor. There are no guarantees the contractor would hold their pricing. The City's Legal Services division has been consulted on this matter.

### **CONCLUSION:**

Staff are recommending award of Tender # T23-01 Beverly Street Pedestrian Underpass and Road Reconstruction to Dagmar Construction Inc. of Ajax, ON in the amount of \$10,694,926.81 in Canadian funds, inclusive of HST.

### **REPORT IMPACTS:**

Agreement: **No**

By-law: **No**

Budget Amendment: **Yes**

Policy: **No**

**APPROVALS:**

**This report has gone through the appropriate workflow and has been reviewed and or approved by the following as required:**

**Director**

**Deputy City Manager**

**Chief Financial Officer**

**City Solicitor**

**City Manager**

**ATTACHMENTS:**

N/A