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**Subject:** Amendment to Purchase Order for Tender 2019-T-157 Regional Road 38 (Martindale Road)

**Report to:** Public Works Committee

**Report date:** Tuesday, December 8, 2020

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## **Recommendations**

1. That the original Contract amount of \$10,366,851.65 (including 13% HST) awarded to Rankin Construction Inc. **BE INCREASED** by \$1,300,000.00 (including 13% HST), for a total revised Contract of \$11,666,851.65 (including 13% HST) for the Reconstruction of Regional Road 38 (Martindale Road) from Fourth Avenue to Barton Street, in the City of St. Catharines.

## **Key Facts**

- Contract 2019-T-157 was awarded by Regional Council to Rankin Construction Inc. on June 20, 2019, at a bid price of \$9,174,205.00 (excluding taxes).
- The current Purchase Order 0000062464 in the amount of \$9,174,205.00 (excluding taxes), requires an amendment to increase the Purchase Order amount by \$1,150,442.48 (excluding taxes) to address items requested by the Ministry of Transportation (MTO) in the amount of \$821,334.29 (excluding taxes) and additional safety measures required on the construction staging on Highway 406 on behalf of the Niagara Region in the amount of \$329,108.19 (excluding taxes)
- A budget adjustment was recently performed by staff in accordance with the budget control by law to reflect the additional MTO cost sharing associated with this Purchase Order increase request in the amount of \$821,334.29
- There are sufficient funds in the project budget 10RC0627 to cover the Purchase Order amendment request.
- This project is nearing completion and this Purchase Order increase is required to complete this project.

## **Financial Considerations**

The Purchase Order 0000062464 was issued to Rankin Construction Inc. in the amount of \$9,335,671.01 (including 1.76% non-refundable HST), following Regional Council approval for the award of Contract 2019-T-157 on June 20, 2019. The \$9,335,671.01 (including 1.76% non-refundable HST) represented Rankin's bid submission in

response to the Region's Request for Tender; including an 8.5% contingency value of \$800,000 (excluding taxes).

The original tender award cost sharing (including 1.76% non-refundable HST) was as follows:

- Niagara Region share - \$7,937,231.94,
- Ministry of Transportation share - \$826,702.31, and
- City of St. Catharines share - \$571,736.76.

The work associated with this Purchase Order amendment includes an overhead gantry sign structure, additional paving on Highway 406 and additional safety measures required on the construction staging on Highway 406. The overhead gantry sign structure and additional paving on Highway 406 was requested by the Ministry of Transportation and these costs will be recovered from them. The Ministry's portion of the change Purchase Order request is \$835,789.77 (including 1.76% non-refundable HST) which fully addresses the above mentioned items. The Region's portion of the change Purchase Order request is \$334,900.50 (including 1.76% non-refundable HST) to address additional safety measures required on the construction staging on Highway 406.

The Purchase Order increase request in the amount of \$1,170,690.27 (including 1.76% non-refundable HST), will bring the total construction amount to \$10,506,361.28 (including 1.76% non-refundable HST).

The estimated cost sharing (including 1.76% non-refundable HST) on the revised construction completion amounts are:

- Niagara Region share - \$8,272,132.44,
- Ministry of Transportation share - \$1,662,492.08, and
- City of St. Catharines share - \$571,736.76.

These funds will be required to complete the construction and finalize the Contract between the Region and Rankin Construction Inc. There are sufficient funds available in project 10RC0627 to address the Purchase Order amendment.

A full budget breakdown can be found in Appendix 2 – Total Estimated Project Costs.

Regional staff will be completing a budget reduction on project 10RC0627 in the amount of \$1.0M, to address the budget remaining from this project.

## **Analysis**

Majority of this increase is the inclusion of the Ministry's request for an overhead gantry sign structure. The Ministry identified the need for this overhead gantry sign structure during construction and, for efficiency purposes, requested the Region include this item in the current contract. The Ministry has committed to reimbursing the Region for this work once completed on the Ministry's behalf. The Region will be required to compensate Rankin Construction for this work, under the current contract, and invoice the Ministry for this work accordingly.

The additional construction staging on Highway 406 was required for safety purposes to allow the construction of the centre pier for the new Regional Road 38 (Martindale Road) Bridge structure which falls under the Region's financial responsibility. The cost sharing identified above includes this work in the Region's portion of the cost share.

## **Alternatives Reviewed**

The Region discussed the options of having the Ministry construct this overhead sign structure outside this contract by another contractor. The Ministry and the Region agreed it would be more efficient to complete this work as part of the Region's current contract. There would be less impact to the motoring public; provide improved safety, and result in a better asphalt roadway at completion of the project.

For the Regional component of the work, the project team looked at a variety of construction options to complete the required centre pier safely. All safe options required additional staging on Highway 406. Work carrying into 2020 was necessary to ensure quality mandates of the Ministry were achieved for the work on Highway 406. Many weather dependant operations such as concrete curing, and placement of top asphalt were not possible in 2019 due to inclement fall/winter conditions.

## **Relationship to Council Strategic Priorities**

- Responsible Growth and Infrastructure Planning

## Other Pertinent Reports

PW29-2019 - Award of Tender 2019-T-157 Reconstruction of Regional Road 38 (Martindale Road) from Fourth Avenue to Barton Street, in the City of St. Catharines.

PW40-2020 - Regional Road 38 (Martindale Road) Amending Agreement with Engineering Consultant Wood

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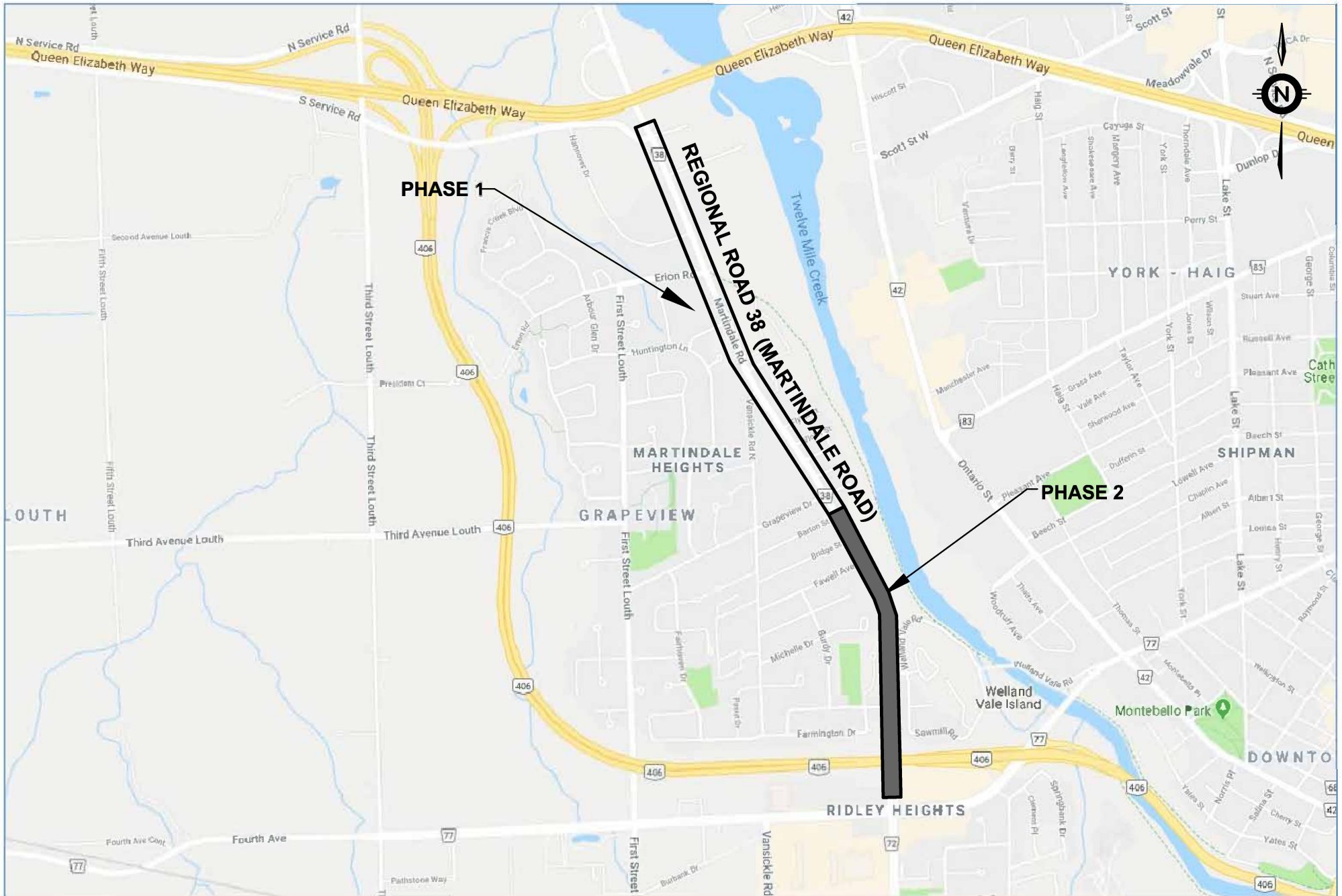
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*This report was prepared in consultation with Brian McMahon, Program Financial Specialist, Frank Tassone, Associate Director, Transportation Engineering, reviewed by Carolyn Ryall, Director, Transportation Services and Donna Gibbs, Director, Legal and Court Services.*

## Appendices

Appendix 1	Key Plan
Appendix 2	Project Financial Summary



**PW 51-2020 APPENDIX 2**  
**Total Estimated Project Cost**  
**Purchase Order Amendment**  
**Tender 2019-T-157 Regional Road 38 (Martindale Road) Barton St. to Fourth Ave.**

	Council Approved Budget	Budget Increase/ Reallocation	Council Approved Budget for revised Purchase Order	Expended & Committed as of 11/10/20	Forecast	Budget Remaining
	(A)	(B)	(C) = (A) + (B)	(D)	(E)	(F) = (C)-(D)- (E)
<b><u>Total Estimated Project Cost (10RC0627)*</u></b>						
(a) Construction (including Construction Contingency)**						
i. Niagara Region	13,592,631	334,900	13,927,531	13,918,346	9,185	-
ii. Cost Sharing - City of St. Catharines	571,738	-	571,738	374,695	197,043	-
iii. Cost Sharing - MTO	1,662,492	-	1,662,492	87,791	1,574,700	-
(b) Project Contingency	1,150,000	165,100	1,315,100	-	315,100	1,000,000
(c) Property Acquisition	821,065	500,000	1,321,065	822,937	498,128	-
(d) Consulting Engineering Services						
i. Detailed Design	1,332,524	(400,000)	932,524	878,565	53,959	-
ii. Contract Administration & Inspection	-	900,000	900,000	589,827	310,173	-
iii. Geotechnical Service-Quality Control	-	200,000	200,000	107,890	92,110	-
(e) Project Management (In-House) and Operations	1,489,439	(900,000)	589,439	264,279	325,160	-
(f) Traffic Signals and Signs	836,955	-	836,955	458,231	378,724	-
(g) Utility Relocation	2,535,212	(800,000)	1,735,212	1,546,367	188,845	-
<b>Total Estimated Project Cost</b>	<b>23,992,055</b>	<b>-</b>	<b>23,992,055</b>	<b>19,048,928</b>	<b>3,943,127</b>	<b>1,000,000</b>

\*All costs include 1.76% non-refundable HST.

\*\* Adjusted Purchase Order included in construction costs is equal to i) \$10,324,647.48 before tax; ii) \$10,506,361.27 including 1.76% non-refundable HST; iii) \$11,666,851.65 including 13% HST.