
Subject: Gross Budget Adjustment and Contract Increase for the Road Widening and Reconstruction of Regional Road 98 (Montrose Road), Regional Road 47 (Lyons Creek Road) and Biggar Road in the City of Niagara Falls

Report to: Public Works Committee

Report date: Tuesday, April 9, 2024

Recommendations

1. That a capital budget adjustment in the amount of \$2,664,034 gross and \$0 net **BE RECEIVED** (and **INITIATED**) for the Road Widening and Reconstruction of Regional Road 98 (Montrose Road), Regional Road 47 (Lyons Creek Road) and Biggar Road in the City of Niagara Falls with funding from the City of Niagara Falls; and
2. That Contract 2021-T-269 Road Widening and Reconstruction of Regional Road 98 (Montrose Road), Regional Road 47 (Lyons Creek Road) and Biggar Road in the City of Niagara Falls, awarded to Beam-Rankin Joint Venture Ltd. in the amount of \$30,646,492 (including 13% HST), **BE INCREASED** by \$3,578,963 (including 13% HST), for a total revised Contract of \$34,225,455 (including 13% HST).

Key Facts

- This project consists of road improvements to Montrose Road, Lyons Creek Road, and Biggar Road which include widening to an urbanized cross section with a multi-use path, improvements to existing and new signalized intersections, and installation of new municipal servicing. This project is being undertaken in support of the proposed South Niagara Hospital, recent Southwest Niagara Falls urban boundary expansion and in partnership with the City of Niagara Falls.
- To date, \$43,458,148 has been approved in the Capital budget for the Reconstruction of RR 98 (Montrose Rd) from Lyons Creek to Canadian Drive, of which \$25,331,531 is the Regional share, \$3,000,000 is Ministry of Transportation Ontario (MTO) share and \$15,126,617 is the City's portion of the project.
- The purpose of this report is to seek Council's approval to increase the gross budget for Project 20001191 (Reconstruction of Regional Road 98) from Lyons Creek to Canadian Drive by \$2,664,034.
- The gross project budget increase pertains to the City's portion of the project due to unforeseen poor soil quality, as well as the need for additional watermain work, road

construction, construction materials testing, and contract administration. The City of Niagara Falls has committed to funding the additional costs by prioritizing a request for the additional funds in their 2025 Capital Budget, and will need to enter into an updated cost sharing agreement with the Region to reflect their additional works/changes.

- Per the Budget Control By-Law 2017-63 (as amended) Section 6.6(b), Council approval is required for gross budget adjustments funded by external sources greater than \$1,000,000.
- Further, this report seeks Council's approval to increase the Contract amount previously awarded to Beam-Rankin Joint Venture Ltd from \$30,646,492 to \$34,225,455 to complete all required works.
- The Purchasing and Execution Authority of the Region's Procurement By-law states that the purchasing authority for competitive bid process over \$5,000,000 is Council, which includes increases to a contract award.
- Subject to Council approval of this report, an updated cost sharing agreement will be entered into between the Region and the City of Niagara Falls to reflect all additional works and related costs.

Financial Considerations

Project Budget Adjustment

To date, Council has approved a total budget of \$43,458,148 for Project 20001191, the road widening and reconstruction of Regional Road 98 (Montrose Road), Lyons Creek to Canadian Drive.

The City of Niagara Falls and the MTO are cost sharing partners with the Region in this project. As such, the original cost sharing agreement identified funding contributions of \$3,000,000 from MTO and \$12,708,429 from the City.

Following the tender award, an Official Plan Amendment that included an Urban Boundary expansion in the Southwest area of Niagara Falls was approved. City of Niagara Falls Staff recommended the installation of an additional local sanitary sewer be added to the current construction contract, 2021-T-269. In March 2023, City of Niagara Falls Council approved, under report MW-2023-08, a Gross Budget Increase of \$1,500,000 for costs associated with undertaking the proposed additional sanitary sewer works for a revised total budget of \$15,126,617 (including non-recoverable HST) for the City's portion of the project.

Since that time, the City's portion of the project has incurred further costs related to addressing poor soil quality as well as the need for additional watermain work, additional road construction works, construction materials testing, and contract administration. The added cost has increased the City's share by an additional \$2,664,034, for a total revised share of the project of \$17,790,651.

The existing cost sharing agreement with the City of Niagara Falls commits to payment for actual costs incurred, including all surcharges and non-recoverable HST; but requires amendment to include the additional works/changes the City has requested since the original cost sharing agreement was entered into. The City of Niagara Falls, Chief Administrative Officer, executed a Letter of Acknowledgment, included as Appendix 3 to Report PW 9-2024, to address the increase to the City's cost sharing amount. Through this letter, the City of Niagara Falls has committed to include an appropriate addition to their 2025 Capital Budget to cover the City's final estimated cost sharing amount for the project. The amended cost sharing agreement will be revised to include the additional works of \$2,418,188 already included in the City's approved capital budget, as well as the additional unfunded portion of City costs to complete the work of \$2,664,034 to align the cost sharing agreement with the total revised City portion of \$17,790,651.

Constructor Contract Adjustment

As of the end of December 2023, approximately 75% of the total value of construction works has been completed; pending approval of this report, the balance will be completed when construction resumes in spring of 2024.

The Region's consulting engineer, Parsons Inc, has prepared an estimate to complete the balance of the required works. The estimate has been reviewed by staff and is valued at \$34,225,455 (including non-recoverable HST). As such, staff recommend an adjustment of \$3,578,963 to the contract with Beam-Rankin Joint Venture, the Region's constructor. This adjustment will increase the original contract from \$30,646,492 (including 13% HST) to a total revised contract of \$34,225,455 (including 13% HST).

The contract increase of \$3,223,028 (including non-recoverable HST) will be funded by the outstanding cost-share contribution from the City of Niagara Falls, together with the Region's existing approved project budget.

A full budget breakdown can be found in Appendix 2 to Report PW 9-2024 (Total Estimated Project Cost).

Analysis

The overall project limits include Regional Road 98 (Montrose Road) between Grassy Brook Rd and Regional Road 47 (Lyons Creek Road)/Biggar Road; and Regional Road 47 (Lyons Creek Road)/ Biggar Road between Willodell Road and approximately 1000m west of Montrose Road, in the City of Niagara Falls. Works beyond these limits included in the overall project will be undertaken in subsequent phases.

The proposed improvements to Montrose Road and Biggar Road include road widening to an urban cross section with a multi-use path, and sidewalks. Servicing, road capacity improvements and traffic signal installation were completed to service the new South Niagara Hospital.

Following award of the construction tender, an Official Plan Amendment that included an Urban Boundary expansion in the Southwest area of Niagara Falls was approved. The City requested the installation of a local sanitary sewer be added to accommodate the anticipated future growth.

Further to the additional work requested by the City, the project encountered poor soil conditions. A large quantity of existing soil was found to be unsuitable as fill material due to high moisture content, and consequently had to be trucked offsite and replaced with clean fill.

Alternatives Reviewed

Delay or deletion of unfinished tender items. Delaying the completion of the unfinished tender items will impact private property owners (i.e. landscaping restoration) and would result in higher costs to address the deleted or delayed elements in future years. For example, the construction of traffic signals and roadway illumination has already commenced; it would be operationally impractical to halt the work and have it completed under separate contract in the future. More importantly, delay or deletion of the proposed upgrades would not meet the demands of future development within the project area, or satisfy commitments made in support of the South Niagara Hospital.

Relationship to Council Strategic Priorities

The recommendations in this report align with Council's Strategic Priority of ensuring a Prosperous Region through improvements to the transportation network, including active transportation, and to create jobs through attracting new business.

This project is being undertaken in support of the proposed South Niagara Hospital and anticipated future mixed-use development within the surrounding Strategic Growth Area identified in the Niagara Region Official Plan by providing road capacity and infrastructure improvements.

Prepared by:

Chris Latham, C.E.T.
Project Manager
Public Works Department

Recommended by:

Terry Ricketts, P. Eng.
Commissioner of Public Works
Public Works Department

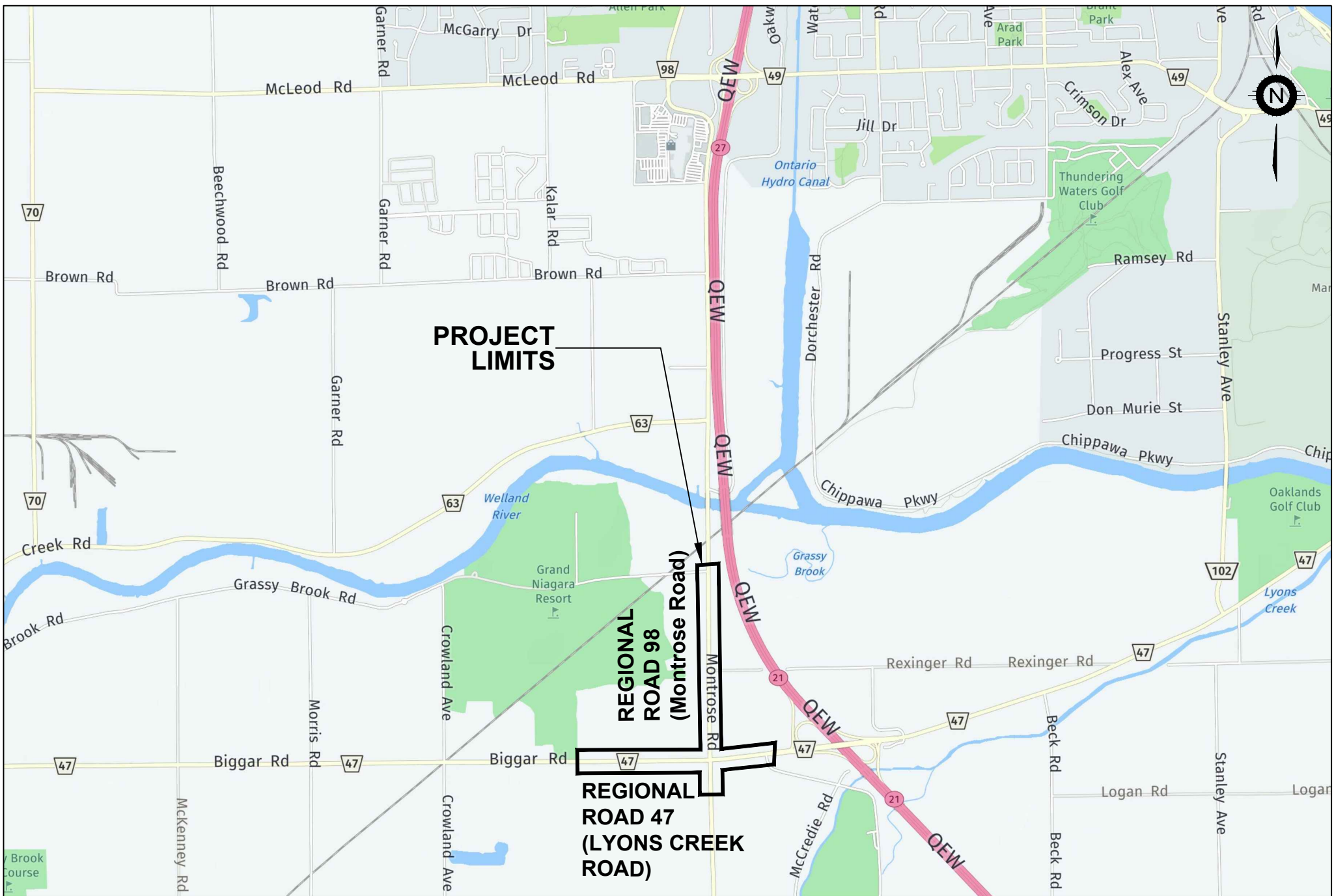
Submitted by:

Ron Tripp, P.Eng.
Chief Administrative Officer

This report was prepared in consultation with Graeme Guthrie, Associate Director Transportation Engineering; Mike Wilson, Manager Capital Projects; Brian McMahon, Program Financial Specialist; Michelle Rasiulis, Procurement Manager; and reviewed by Donna Gibbs, Director Legal Services and Frank Tassone, Director Transportation Services.

Appendices

Appendix 1	Key Plan
Appendix 2	Total Estimated Project Cost
Appendix 3	Contract 2021-T-269 Cost Overruns City Acknowledgement
Appendix 4	Other Pertinent Reports



PW 09-2024 Appendix 2 - Total Estimated Project Cost - Cost Sharing Adjustment**2021-T-269 Road Widening and Reconstruction of Regional Road 98 (Montrose Road), Regional Road 47 (Lyons Creek Road) and Biggar Road in the City of Niagara Falls**

<u>Total Estimated Project Cost (20001191)*</u>	Council Approved Budget	Budget Increase/ Reallocation	Revised Council Approved Budget	Expended & Committed as of 02/01/24	Contract Award/ Forecast	Budget Remaining
Project Element	(A)	(B)	(C) = (A) + (B)	(D)	(E)	(F) = (C)-(D)- (E)
(a) Planning	38,024	1,493	39,517	39,517	-	-
(b) Construction (including Construction Contingency and 1.76% non-refundable HST)**						
i. Niagara Region (Phase 1 - Part 1)	13,590,727	884,750	14,475,477	13,590,781	884,696	-
ii. City of Niagara Falls	14,007,388	2,338,278	16,345,666	14,007,388	2,338,278	-
iii. Ministry of Transportation Ontario	3,000,000	-	3,000,000	-	3,000,000	-
iv. 2024 Capital Budget (Phase 1 - Part 2)	5,000,000	(1,265,942)	3,734,058	-	3,734,058	
(c) Project Contingency	500,000	(500,000)	-	-	-	-
(d) Property Acquisition	3,000,000	-	3,000,000	2,523,052	476,948	-
(e) Consulting Engineering Services						
i. Detailed Design						
(1) Niagara Region	989,850	18,532	1,008,382	1,008,382	-	-
(2) City of Niagara Falls	882,101	(18,511)	863,590	863,590	-	-
ii. Contract Administration & Inspection						
(1) Niagara Region	278,368	5,154	283,522	283,522	-	-
(2) City of Niagara Falls	237,128	(5,154)	231,974	231,974	-	-
iii. Geotechnical Service-Quality Control						
(1) Niagara Region	-	-	-	-	-	-
(2) City of Niagara Falls	-	113,373	113,373	-	113,373	-

Total Estimated Project Cost (20001191)*	Council Approved Budget	Budget Increase/ Reallocation	Revised Council Approved Budget	Expended & Committed as of 02/01/24	Contract Award/ Forecast	Budget Remaining
(f) Project Management (In-House) and Operations	524,422	-	524,422	304,258	220,164	-
(g) Traffic Signals and Signs	-	-	-	-	-	-
(h) Utility Relocation						
i. Niagara Region	1,400,000	737,839	2,137,839	2,137,839	-	-
ii. City of Niagara Falls	-	236,049	236,049	-	236,049	-
(i) Subsurface investigation	10,140		10,140	10,028	112	-
(j) Miscellaneous	-	118,174	118,174	118,174	-	-
Total Estimated Project Cost	43,458,148	2,664,034	46,122,182	35,118,505	11,003,677	-

Project Funding Sources

Regional reserves & debt	(3,799,730)	-	(3,799,730)	(3,799,730)	-	-
Development Charges	(21,531,801)	-	(21,531,801)	(17,281,801)	(4,250,000)	-
Municipal Cost Sharing - Niagara Falls	(15,126,617)	(2,664,034)	(17,790,651)	-	(17,790,651)	-
Other Cost Sharing - Ministry of Transportation Ontario	(3,000,000)	-	(3,000,000)	-	(3,000,000)	-
Total Project Funding Sources	(43,458,148)	(2,664,034)	(46,122,182)	(21,081,531)	(25,040,651)	-

*All costs include 1.7602% non-refundable HST

** Total Contract Award is equal to i) \$30,288,012.79 before tax; ii) \$30,821,142.39 including 1.7602% non-refundable HST;
iii) \$34,225,454.45 including 13% HST



4310 Queen Street
Niagara Falls, ON L2E 6X5
(905) 356-7521 ext. 5100
jburgess@niagarafalls.ca
www.niagarafalls.ca

March 26, 2024

Mr. Todd Harrison,
Niagara Region
1815 Sir Isaac Brock Way
Thorold, ON, L2V4T7

**Re: Contract 2021-T-269 Reconstruction of Montrose Road, Lyons Creek Road
and Biggar Road**

This is a brief letter related to the anticipated cost over-runs on this project and our cost sharing agreement dated January 23, 2023. This letter is further to our recent discussions and previous correspondence from Erik Nickel to Mr. Tassone in February of this year.

The City of Niagara Falls acknowledges our obligation to fund the costs in excess of the initial budget estimate. The City will ensure an appropriate addition to our capital budget is made during our 2025 Capital budget later this year.

Though we will acknowledge and accept the additional costs of this project we would like to continue to reiterate that we have not had satisfactory answers provided to our questions as it relates to these costs from the Contract Administration Consultant.

I know that both the Region and the City of Niagara Falls are committed to work together to ensure all steps are taken in order to drive cost effectiveness and transparency to the taxpayer.

Trusting that this letter provides the comfort that you require regarding the City's commitment to pay our appropriate costs on this project.

If you have any questions or concerns please do not hesitate to contact me.

Yours truly,

A handwritten signature in blue ink, appearing to read "Jason Burgess". The signature is fluid and cursive, with the first name "Jason" and last name "Burgess" clearly distinguishable.

Jason Burgess
Chief Administrative Officer

PW 9-2024 Appendix 4

Other Pertinent Reports

[CSD 58-2020 - 2021 Capital Budget](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=8d11493f-a65c-4e19-9615-e5ea6bc14e20&Agenda=Merged&lang=English&Item=18&Tab=attachments>)

[CSD 64-2021 Project Budget Approval for Reconstruction of Regional Road 98 \(Montrose Rd.\) between Regional Road 49 \(McLeod Rd.\) and Regional Road 47 \(Lyons Creek Rd.\) in the City of Niagara Falls](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=f370855b-a800-4932-b0df-8f94e1697497&Agenda=Agenda&lang=English&Item=13&Tab=attachments>)

[PWC-C 23-2021 PW Single Source Purchases over \\$100,000 – Exceptions](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=9aa51b17-536f-4a78-a67f-8d4065f60dd1&Agenda=Agenda&lang=English&Item=12&Tab=attachments>)

[PW 4-2022 Regional Road 98 \(Montrose Road\) Reconstruction – Additional Design Fees for City of Niagara Falls Scope Change](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=7b96c96b-6246-4b1e-bceb-9e25cd3c24da&Agenda=Agenda&lang=English&Item=13&Tab=attachments>)

[PW 10-2022 Gross Budget Increase for the Reconstruction of Regional Road 98 \(Montrose Rd.\) between Regional Road 49 \(McLeod Rd.\) and Regional Road 47 \(Lyons Creek Rd.\) in the City of Niagara Falls](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=26b77d7d-f909-40fa-8b98-65be21a256bf&Agenda=Merged&lang=English&Item=12&Tab=attachments>)

[PW 31-2022 Regional Road 98 \(Montrose Road\) Reconstruction – Amending Agreement](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=a9972d29-13ff-4e8f-9318-aeae86a746cc&Agenda=Agenda&lang=English&Item=20&Tab=attachments>)

[PW 1-2023 Award of Tender 2021-T-269 Reconstruction of Regional Road 98 \(Montrose Road\)](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=080e99c9-e1d1-4ccb-ab05-5e4400d859ac&Agenda=Agenda&lang=English&Item=19&Tab=attachments>)

[PW 20-2023 Gross Budget Adjustment and Contract Increase for the Reconstruction of Regional Road 98 \(Montrose Road\)](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=14ca1390-5f44-4d85-9749-984f77b232a2&Agenda=Agenda&lang=English&Item=13&Tab=attachments>)

[CSD 43-2024 – 2024 Capital Budget](#)

(<https://pub-niagararegion.escribemeetings.com/Meeting.aspx?Id=a6c5e2bd-d88f-4811-ad69-4050055c83d4&Agenda=Agenda&lang=English&Item=12&Tab=attachments>)