
Subject: Award of Contract 2024-T-174 Welland Water Treatment Plant New Welland Canal Transmission Watermain and Merritt Street Reconstruction

Report to: Public Works Committee

Report date: May 6, 2025

Recommendations

1. That the capital budget **BE INCREASED** by \$5,740,000 gross and \$3,173,552 net for the Welland Water Treatment Plant New Welland Canal Transmission Watermain and Merritt Street Reconstruction and that the increase **BE FUNDED** as follows:
 - Capital Variance Project – Water: \$3,173,552
 - Development Charges – Water: \$2,115,701
 - Cost Sharing – City of Welland: \$450,747
2. That Contract 2024-T-174 Welland Water Treatment Plant New Welland Canal Transmission Watermain and Merritt Street Reconstruction **BE AWARDED** to the lowest compliant bidder, Rankin Construction Inc. at their bid price of \$14,195,540, (including 13% HST)

Key Facts

- The purpose of this report is to seek Council's approval of additional capital budget funds required to award Contract 2024-T-174 Welland Water Treatment Plant New Welland Canal Transmission Watermain and Merritt Street to Rankin Construction Inc.
- The new Welland Canal Transmission Watermain is required to replace the existing 83-year-old cast iron watermains that are past their useful life and in poor condition.
- Due to this difficult canal crossing that includes bypassing requirements, complicated geotechnical conditions and complex infrastructure challenges, the construction costs have increased from the previous design estimate and additional funds are required to award the contract.
- A public tender process resulted in two (2) bids. Rankin Construction Inc. is the lowest compliant bidder at a bid price of \$12,562,425 (excluding 13% HST).
- Based on a previous design estimate, the current approved capital budget for this project is \$9,420,000, including \$2,200,000 in estimated cost sharing expenses with the City of Welland. The proposed capital budget adjustment of \$5,740,000 is

required to complete this project resulting in the total gross capital project budget of \$15,160,000.

- As set out in the Budget Control By-Law 2022-80 as amended, Council approval is required for Capital Variance requests greater than \$250,000.
- Council approval is required for tender awards greater than \$5,000,000, in accordance with the Purchasing By-law 02-2016, as amended.

Financial Considerations

A gross capital budget adjustment of \$5,740,000 funded from the Capital Variance Project – Water \$3,173,552, Development Charges – Water \$2,115,701, and Cost Sharing – City of Welland \$450,747, is being requested through report PW 15-2025 in order to provide sufficient funding to award the construction tender and complete the project.

- The Welland Canal Watermain Crossing (20001057) currently has an approved capital budget of \$9,420,000 including \$2,200,000 in cost sharing expenses with the City of Welland for design, construction, contract administration and inspection as detailed in Appendix 1 to Report PW 15-2025.
- Due to this difficult canal crossing that includes bypassing requirements, complicated geotechnical conditions and complex infrastructure challenges, the construction costs have increased from the previous design estimates and additional funds are required to complete the project.
- The total spent and committed on this capital project as of February 28, 2025, is \$1,037,267. Upon approval of the proposed gross capital budget adjustment of \$5,740,000, the total gross capital project budget will be \$15,160,000. The total estimated project cost, after the award of Contract 2024-T-174 totalling \$12,783,524 (including non-recoverable HST), is \$15,160,000. A full project budget breakdown is presented in Appendix 1 to Report PW 15-2025.
- The total uncommitted balance in the Capital Variance Project – Water is approximately \$13,190,000 as of February 28, 2025 which is sufficient to fund this budget increase request.
- A competitive public tender process resulted in two bids. Rankin Construction Inc. is the lowest compliant bidder at a bid price of \$12,783,524 (including non-recoverable HST). Council approval is required for tender awards greater than \$5,000,000, in accordance with the Purchasing By-law 02-2016, as amended.

- A cost sharing agreement with the City of Welland will be executed in advance of award and is currently with the City. No official award will be made without a signed cost sharing agreement.

Analysis

Watermain Supports Growth and Sustainability

This construction project is required to support the delivery of potable water from the Welland Water Treatment Plant (WTP) to residents and business customers in the City of Welland located west of the Welland Recreational Canal (WRC). There are three existing crossings consisting of a 750mm watermain built in 1983 and twin 400 mm cast iron mains built in 1942. The twin mains have had breaks on both sides of the WRC and have exceeded their expected service life. The new 750 mm transmission main will provide a second feed to west Welland for security of supply and support future growth, while enabling staff to decommission the 400mm cast iron mains that are beyond their useful life and in poor condition. This project will also address operational issues and maintain security of supply to the west end of Welland and the Town of Pelham.

Partnership with Welland

The Region is working in partnership with the City of Welland, and the project also includes construction of approximately 250 meters of watermain, 250 meters of sanitary sewer and 200 meters of storm sewer as well as a road reconstruction.

Additional Budget Required for Complex Project

The construction costs have increased from the previous design estimates and additional funds are required to complete the project. The current budget shortfall is due to the need for additional and complex construction methodologies, including:

- Weights to secure the watermain to the canal floor.
- Increased turbidity protection during construction for protection of the raw water intake to the Treatment Plant and turbidity monitoring.
- Inclusion of strict requirements for system bypassing; and
- Additional slope stability requirements along the canal banks.

Alternatives Reviewed

Do Nothing (not recommended): Council could direct staff to defer the project. However, this alternative would not address the 83-year-old cast iron watermain in poor condition with break history that represents potential risk for providing reliable potable water service to the existing residents of Welland and Pelham while supporting future growth. An emergency repair to this old infrastructure would be costly and challenging to complete.

Relationship to Council Strategic Priorities

The recommendations provided in this report align with Council's strategic priorities of a Green and Resilient Region, Objective 2.3: Build resiliency into our infrastructure to support growth and prepare for the impacts of climate change, and an Effective Region, and Objective 1.3: Deliver fiscally responsible and sustainable services. As recommended, replacing the existing 83-year-old cast iron watermain that are past their useful life and in poor condition will build resiliency into our infrastructure in a financially responsible manner and provide for sustainable services.

Other Pertinent Reports

None.

Prepared by:

Gordon Bell, C.Tech
Senior Project Manager, Engineering
Water-Wastewater Services

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 Richard Gabel, P. Eng., Manager, WWW Capital Projects, Tony Cimino, C.E.T., Associate Director, W-WW Engineering; Dan Ane, Senior Program Financial Specialist; Michelle Rasiulis, Manager, Purchasing

Services, Jason Misner, Communication Consultant and reviewed by Phill Lambert
Director W-WW and Donna Gibbs, Director of Legal and Court Services.

Appendices

Appendix 1 Total Estimated Project Cost

PW 15-2025 Appendix 1

Total Estimated Project Cost - Contract Award

Contract 2024-T-174 Welland Water Treatment Plant New Welland Canal Transmission Watermain and Merritt Street Reconstruction

Total Estimated Project Cost (20001057)*	Council Approved Budget	Budget Increase/ Reallocation	Revised Council Approved Budget	Expended & Committed as of 02/28/25	Contract Award/Forecast	Budget Remaining
Project Element	(A)	(B)	(C) = (A) + (B)	(D)	(E)	(F) = (C)-(D)-(E)
(a) Construction (including Construction Contingency and 1.76% non-recoverable HST)	-	-	-	-	-	-
i. Niagara Region	4,800,000	5,332,777	10,132,777	-	10,132,777	-
ii. City of Welland	2,200,000	450,747	2,650,747	-	2,650,747	-
(b) Project Contingency	2,000,000	-800,000	1,200,000	-	1,200,000	-
(c) Consulting Engineering Services	-	-	-	-	-	-
i. Detailed Design	-	444,852	444,852	444,852	-	-
ii. Contract Administration & Inspection	-	421,625	421,625	421,625	-	-
iii. Geotech/HydroGeotech	-	148,366	148,366	98,366	50,000	-
iv. Subsurface Utility Engineering	-	44,559	44,559	44,559	-	-
(d) Project Management (In-House) and Operations	240,000	-122,926	117,074	27,865	89,209	-
(e) Warranty	180,000	-180,000	-	-	-	-
Total Estimated Project Cost	9,420,000	5,740,000	15,160,000	1,037,267	14,122,733	-

	Council Approved Budget	Budget Increase/ Reallocation	Revised Council Approved Budget	Expended & Committed as of 02/28/25	Contract Award/Forecast	Budget Remaining
Total Estimated Project Cost (20001057)*						

Project Funding Sources

Regional Reserves and Debt	-6,050,000		-6,050,000	-622,360	-5,427,640	-
Development Charges - Water***	-1,170,000	-2,115,701	-3,285,701	-414,907	-2,870,794	-
Capital Variance Project - Water		-3,173,552	-3,173,552	-	-3,173,552	-
Municipal Cost Sharing - City of Welland	-2,200,000	-450,747	-2,650,747	-	-2,650,747	-
Total Project Funding Sources	-9,420,000	-5,740,000	-15,160,000	-1,037,267	-14,122,733	-

*All costs include 1.76% non-recoverable HST

**Total Contract Award is equal to i) \$12,562,425 before tax; ii) \$12,783,524 including 1.76% non-recoverable HST; iii) \$14,195,540 including 13% HST

***Applicable Development Charge (DC) funding of the proposed budget adjustment is 40% (net of cost sharing adjustment) as per the 2022 Development Charge Background Study