

Municipality of Chatham-Kent
Infrastructure and Engineering Services
Engineering Division

To: Mayor and Members of Council

From: Mark McFadden, P.Eng.
Manager, Engineering

Date: April 4, 2023

Subject: Tender Award – Contract T23-164 – Keil Drive South Extension

Recommendations

It is recommended that:

1. The tender award in the amount of \$3,729,000 (including HST) for the Keil Drive South Extension, Community of Chatham be awarded to Clarke Construction Inc.
2. The Mayor and Clerk be authorized to sign the necessary agreements.
3. \$395,500 (including HST) be allocated to Entegrus to complete the main line hydro and street light installation works for the Keil Drive South Extension.
4. \$1,878,525.98 be transferred from the Bridges Lifecycle Reserve (17761) to finance the completion of the Keil Drive South Extension. The funds will be replaced in the 2024 Multi Year Capital Budget with no impact on future bridge projects.

Background

The extension of Keil Drive South from its current limits just south of Bordeaux Place to Indian Creek Road West has been identified as a high priority in the Transportation Master Plan, as well as in the Municipal Capital Budget. This project was approved as part of the 2020 Capital Budget.

Upon completion of the required land acquisition in June 2022, a Request for Proposal (RFP) was posted for the procurement of consulting engineering and inspection services associated with the extension of Keil Drive South from Bordeaux Place to Indian Creek Road West. At the June 20, 2022, Council Meeting, Dillon Consulting was awarded the contract.

Comments

The Keil Drive South project includes the extension of an urban arterial roadway, all underground infrastructure (watermain, storm, and sanitary sewers), sidewalks, overhead hydro, street lighting, gas, and telecommunications.

The storm sewer portion of this project consists of approximately 698 m of 375 mm to 1050 mm diameter PVC and concrete sewer pipe, 10 maintenance holes, and a total of 44 catch basins, all new infrastructure.

The sanitary sewer portion of this project consists of approximately 293 m of 250 mm diameter PVC sewer pipe, and 6 maintenance holes, all new infrastructure.

The watermain portion of this project consists of approximately 810 m of 150 mm and 300 mm diameter PVC watermain, and 5 fire hydrants, all new infrastructure.

Keil Drive South will be extended from its current limits at Bourdeaux Place to Indian Creek Road West, with a typical urban arterial cross-section, including curb and gutter and sidewalks on both sides of the road.

Third party utility work will consist of the extension of overhead hydro, utility poles, and streetlights, and the extension of gas and telecommunications, as required.

In accordance with [Purchasing By-law](#) #166-2020, the purchasing tender was advertised on the Municipal Website on March 17, 2023 and closed on April 4, 2023. A total of 14 potential bidding contractors (including contractors, sub-contractors, and suppliers) obtained a copy of the contract document from the Chatham-Kent Bids and Tenders website and 5 tender bids were submitted. The bid results and ranking are outlined in Table 1.

Table 1: Bid Results for T23-164 – Keil Drive South Extension

Rank	Bidder	Location	Amount (incl. HST)
1	Clarke Construction Inc.	Blenheim, ON	\$3,729,000.00
2	Henry Heyink Construction Ltd.	Chatham, ON	\$3,905,765.34
3	Nevan Construction Inc.	Kingsville, ON	\$4,268,676.70
4	Birnam Excavating Ltd.	Arkona, ON	\$4,562,676.64
5	Sterling Ridge Infrastructure Inc.	LaSalle, ON	\$4,900,916.22

Dillion Consulting has reviewed the tenders and found them to be complete in all respects. It is the recommendation herein that the contract be awarded to Clarke Construction Inc., who submitted the lowest tender bid.

Areas of Strategic Focus

This report supports the following areas of strategic focus:

			
Economic Prosperity	Healthy & Safe Community	People & Culture	Environmental Sustainability
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Consultation

The tenders were received by the Purchasing Division and reviewed by the Engineering and Transportation Division and by Dillon Consulting Limited.

This project was identified, and considered a high priority, in both the 2008 and 2020 Transportation Master Plans. Significant public consultation was completed as part of these Master Plan reviews.

Communication

The tender documents were posted on the Bids & Tenders website for prospective contractors to review. Unsuccessful bidders will be notified by the Purchasing Division through the Bids & Tenders website.

The approved recommendations, next steps, and project details will be available for review by the public through the Let's Talk CK webpage. Additional information including frequently asked questions and contact information for the contractor, consultant, and the Municipality will also be provided via Let's Talk.

Diversity, Equity, Inclusion and Justice (DEIJ)

This report does not have implications related to diversity, equity, inclusion, or justice.

Financial Implications**Table 2: Project Cost and Funding Summary**

Description	Total
A) Recommended Tender Costs	
Recommended Tender	\$3,300,000.00
Plus HST 13%	\$429,000.00
Total Costs (with HST)	\$3,729,000.00
Less 11.24% HST	(\$370,920.00)
Total Recommended Tenders Costs	\$3,358,080.00
B) Recommended Entegrus Costs	
Recommended Entegrus Costs	\$350,000.00
Plus HST 13%	\$45,500.00
Total Costs (with HST)	\$395,500.00
Less 11.24% HST	(\$39,340.00)
Total Recommended Entegrus Costs	\$356,160.00
Total Recommended Costs (Tender + Entegrus)	\$3,714,240.00
C) Available Funding to Date	
CCBF Funding – Jan. 2020	\$2,100,000.00
Less Consulting Award – June 2022	(\$264,285.98)
Total Available Funding Remaining to Date	\$1,835,714.02
D) Recommended Funding	
Remaining CCBF Funding	\$1,835,714.02
Transfer from Bridges Lifecycle Reserve	\$1,878,525.98
Total Recommended Funding	\$3,714,240.00

The original estimate was completed in 2019 and due to contributing factors from the COVID-19 pandemic, inflation, supply & demand pressures, and various changes in construction regulations, there has been a significant increase in costs for construction goods and services over the last 4 years. This is reflected in the unit prices that are being submitted and resulted in a substantial increase in cost for the items in this tender, as compared to similar tenders issued in 2019.

While the project is approximately \$1.9 million more than the original estimate, administration recommends proceeding with approval of the tender, as the unit prices are comparable to the recently approved project, T23-162 – Wrights Lane Reconstruction.

The \$1.9 million shortfall will be funded with a payback plan in the 2024 multi-year capital budget. Funds will be temporarily loaned from the Bridge Lifecycle Reserve and paid back over time with no impact to bridge capital projects.

The total project costs as outlined in Table 2 will be funded from the Capital Reserve, which includes funds under the Canada Community Building Fund (CCBF).

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Attachment: Appendix A – Consultant Recommendation Letter