



The Corporation of the Town of Tecumseh

Public Works & Engineering Services

To: Mayor and Members of Council

From: Phil Bartnik, Director Public Works & Engineering Services

Date to Council: July 26, 2022

Report Number: PWES-2022-36

Subject: Riverside Drive Multi-Use Trail – Tender Results

Recommendations

It is recommended:

That report PWES-2022-36 Riverside Drive Multi-Use Trail – Tender Results, **be received;**

And that the single tender received for the Riverside Drive Multi-Use Trail project, from Piera Con Enterprises Inc., **be rejected** due to the bid being significantly over budget;

And further that Administration **be authorized** to negotiate with Piera Con Enterprises Inc. for a lower price that is closer to the pre-tender estimate provided by the Town's consultant, in accordance with Section 4.5 of the Town's Purchasing Policy.

Background

At the June 22, 2021 RCM, the Town's consultants presented the technical recommendations for the multi-use trail to Council. The presentation addressed additional comments received through the PlaceSpeak platform such as safety concerns, property impacts, and environmental impacts.

Based on their evaluation, the consultants recommended proceeding with the detailed design and construction of the Riverside Drive Multi-Use Trail on the south side of Riverside Drive. After deliberations, Council received [Report PWES-2021-29](#) (Motion:

RCM-195/21) and gave approval to proceed with the detailed design and installation of a recreational multi-use trail on the south side of Riverside Drive from the Tecumseh-Windsor border to Manning Road (Motion: RCM-196/21).

In August 2021, the federal government announced its financial support from the Canada Community Revitalization Fund (CCRF) for post-pandemic recovery intended to assist communities rebound from the effects of the COVID-19 pandemic. The Town of Tecumseh community infrastructure project, Riverside Drive Multi-Use Trail, was funded through this program. This one-time special intake will fund up to 75% of the total eligible project costs of the Riverside Drive Multi-Use Trail, to a maximum of \$750,000. Additional information on the CCRF can be found in the following reports, [PWES-2021-35](#) and [PWES-2021-40](#).

At the March 8, 2022 Regular Meeting of Council, Council received report [PWES-2022-06](#) that provided an update on the project including a visual presentation of the trail alignment at the 90% design stage and outlined the next steps required to complete the project (Motion: RCM-82/22).

Comments

At the January 25, 2022 Regular Meeting of Council, Council approved the recommendations of Report [PWES-2022-03](#) titled “Approval of 2022 Public Works & Engineering Services 2022 Capital Works Projects” that authorized Administration to proceed with the 2022 capital works projects including the construction of the Riverside Drive Multi-Use Trail project (Motion: RCM-23/22).

Tender Call No.1

A tender call for the project was advertised on the Town’s website on June 10, 2022, and closed on Thursday July 7, 2022, **with no bids being received**.

Administration reached out to several local contractors to discuss the lack of interest in the project and received the following feedback:

- **Timing:** Many contractors indicated that they already have many commitments scheduled at this time.
- **Project size and scope:** Contractors identified a greater interest in larger sewer and road contracts, specifically larger projects that were being tendered during that same time period.
- **Project environment:** Given the high-profile nature of this project there was uncertainty surrounding the level of efforts required around public relations throughout construction.

Tender Call No.2

Through discussions with several potential local bidders, Administration was led to believe that if the project was to be retendered that a few bids would be submitted.

A second tender call for the project was advertised on the Town's website on Friday, July 8, 2022, with a closing date of Thursday July 14, 2022. One (1) tender was received, and the results are as follows:

Contractor	Tender (excluding HST)
Piera Con Enterprises Inc.	\$2,755,571

Based on the review by Dillon Consulting Limited (Dillon), a mathematical error was made in the tender. This error did not affect the Total Tender Price or the section subtotals. There were no other irregularities identified in the tender received for this work.

Administration, in consultation with Dillon Consulting Limited (Dillon), recommends that Council reject the Tender bid for the Riverside Drive Multi-Use Trail from Piera Con Enterprises Inc. due to bid being significantly over budget, and enter into negotiations for a lower price that is closer to the pre-tender estimate provided by the Town's consultant (\$1.67M), in accordance with Section 4.5 of the Town's Purchasing Policy.

Canada Community Revitalization Fund

The Town has been granted funding on this project under the CCRF for 75% of eligible construction costs, as stipulated in the signed CCRF agreement, to a maximum contribution amount of \$750,000. The CCRF program is scheduled to end as of March 31, 2023 and in the absence of an acceptable bid to undertake construction this fall, grant funding for this project is in jeopardy.

Administration has reached out to CCRF staff to discuss a possible extension due to difficulties with tendering proceeds that are putting the Town at risk of not meeting the program deadlines. In discussion with CCRF staff, it was relayed to Administration that the funding **may be extended but this has yet to be confirmed**. Administration has reached out to our local MP to lobby for an extension on the Town's behalf and a letter requesting extension is underway from the Mayor's Office to the Minister. If the grant deadline is extended, there would be a sizeable benefit for the Town given the contribution allotted for this project.

Next Steps

Administration will look to implement the following options moving forward:

1) Negotiation with Single Bidder

Administration to enter negotiations with Piera Con Enterprises Inc. for a lower price that is closer to the pre-tender estimate provided by the Town's consultant (\$1.67M), in accordance with Section 4.5 of the Town's Purchasing Policy.

2) CCRF Program Extension

Administration will continue to work with our contacts at CCRF as well as our local MP to lobby for an extension to the CCRF Program beyond the March 2023 deadline. If successful, the Town would then look to tender the project in the Fall 2022 with construction to commence in Spring 2023. This would be completed following Section 4.4(a) of the Town's Purchasing Policy.

3) Direct Negotiation

In anticipation that the CCRF Program may not be extended and the works need to be completed within the current program timeframe, Administration will look to enter into negotiations with local contractor(s) who may be willing and able to complete the works in 2022 at a price close to the current construction estimate provided by our consultant. This would be completed following Section 3.11(c) of the Town's Purchasing Policy as a single source contract. This option would only be necessary if negotiations with the current bidder (Option 1) fail.

A report will be forthcoming to Council regarding the outcome of these options.

Consultations

Financial Services
Dillon Consulting Limited

Financial Implications

Report PWES-2022-03 provided an estimated project cost of \$1,867,400 and funding approval as follows:

Lifecycle Reserve Fund	Construction	Engineering	Contingency	Total
Road LC Reserve Fund	\$1,275,900	\$322,300	\$63,800	\$1,662,000
Storm Sewer LC Reserve	\$138,500	\$35,000	\$6,900	\$180,400
Watermain Reserve Fund	\$19,200	\$4,800	\$1,000	\$25,000
Total	\$1,433,600	\$362,100	\$71,700	\$1,867,400

The total tendered bid received in the amount of \$2,755,571 is over the \$1,433,600 construction budget by \$1,321,971 or by approximately 192%.

Since the project funding allocation as summarized in the table above, there has been a significant increase in material and labour costs throughout the industry. The budgetary estimate for construction of \$1.4M was re-evaluated just prior to tendering, with Dillon providing an updated construction cost estimate of \$1.67M considering the recent inflationary pressures. The total tendered bid received is over the consultant's updated construction estimate by approximately 165%.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable ☒

Website ☐

Social Media ☐

News Release ☐

Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Cheryl Curran, BES
Project Technician

Reviewed by:

John Henderson, P.Eng.
Manager Engineering Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Reviewed by:

Phil Bartnik, P.Eng.
Director Public Works & Engineering Services

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1	Summary of Tender Results and Award Recommendation Letter