

DATE OF MEETING March 14, 2018

AUTHORED BY BILL SIMS, DIRECTOR, ENGINEERING AND PUBLIC WORKS

SUBJECT COLLEGE DRIVE WATERMAIN UPGRADE CONTINGENCY

OVERVIEW

Purpose of Report

To obtain Council approval for a budget increase in order to proceed with the construction of the College Drive Watermain Upgrade project.

Recommendation

1. The Finance and Audit Committee recommend that Council direct Staff to allocate \$210,000 from water reserves for the construction of the College Drive Watermain Upgrade project.

BACKGROUND

The College Drive Watermain Upgrade project is included in the 2017 Budget. An amount of \$550,000 was approved for additional scope to extend and replace additional watermains to increase fire flow, improve low service pressures, and replace existing asbestos pipe to minimize future disruption and breaks. To maximize value, planned work on Mt. Royal Place and Douglas Place was tendered concurrently with this project. The total budget, including engineering, project management and construction, totals \$1,407,500.

The lowest compliant tender came in approximately \$200,000 higher than expected. The next two (of six) tenders were within 3% of the low bid of \$1,261,199.75, indicating an accurate construction value. The higher than expected prices is believed to be due to a warming market.

The total cost for design, project management, construction and contingency is expected to total \$1,617,500, compared to the total budget of \$1,407,500. Thus, staff propose to increase the budget allocated to the project by \$210,000.

OPTIONS

1. That Council allocate an additional \$210,000 from water reserves to the College Drive Watermain Upgrade project.
 - **Budget Implication:** The funds are proposed to be allocated from water reserves to this project and will be included in the 2018 Budget.
 - **Legal Implication:** Replacement of the watermains this year will reduce the risk of breaks and disruptions to the area. The project will also improve fire flow to current standards, which supports increased residential units in the area.

2. That Council direct Staff to defer the project until a future year.
 - **Budget Implication:** There is a risk of rising cost should the project be postponed to a future year.
 - **Legal Implication:** There is a risk of watermain breaks between now and the scheduled replacement.
 - **Level of Service:** Insufficient fire flow and low service pressures to meet existing land use and development growth.

SUMMARY POINTS

- The asbestos cement pipes are nearing the end of its useful service life and are due for renewal. The upgrading will ensure sufficient fire flow, improve redundancy and support development in the area.
- Construction is scheduled for 2018.
- As a result of market conditions, bids were received higher than expected leaving insufficient funds for contingency.
- Funds are available in water reserves.

Submitted by:

Bill Sims
Director, Engineering & Public Works

Concurrence by: