



**TOWN OF BLACKFALDS
REGULAR COUNCIL MEETING
REQUEST FOR DECISION**

MEETING DATE: July 11th, 2017

ORIGINATED BY: Preston Weran, Director of Infrastructure
and Property Services

SUBJECT: Broadway Avenue and Highway 2A Upgrades – Contract
Award and Budget adjustment

BACKGROUND:

Elkay Developments (Blackfalds) Ltd has been presented with a Development Agreement as part of the Subdivision approval for Phase 1 of Blackfalds Crossing. This agreement covers the servicing and infrastructure for portions of their parcel and also the realignment of Broadway Ave to Highway 2A.

Administration has worked with the Developer and their Engineers to come up with a fair and equitable division of the associated costs with the construction of all infrastructure. As part of this infrastructure and servicing adjacent landowners will also share in the cost of the construction through the endeavor to assist clause in the Development Agreement. At our last meeting with the developers, they have informed us that due to their external negotiations with their retail customers, they would like to phase their previously proposes development into two phases; Phase 1A will be contained within the limits of the service connections needed through their future commercial site, Phase 1B will be the commercial development planned for later this year or spring of 2018.

The tender is now closed for the Developer's construction costs. Based on the tender costs and our requirements under the off-site levies bylaw will be \$550,000. These funds will be used to pay for upsizing costs for the storm system and sanitary system and a portion of the water looping for this area.

DISCUSSION:

The Town went out for tender on this project and got very responsible pricing. The line item costs were overall in alignment with the construction original estimates. The project was posted on APC May 5, 2017 and closed on May 31st, 2017 at 2:00 pm. We received 3 bids for the project all in good order and include 10% contingency but excluding G.S.T as per below:

Contractor	TOTAL (ex. GST)
Border Paving Ltd	\$3,522,866.99
Pidherneys Trucking Inc.	\$3,652,897.60
Central City Asphalt Ltd.	\$4,071,862.58

As outlined in the attached Stantec Tender opening letter, Border Paving are the low bidders and their subs for the underground is Northside Construction. Both companies are very capable of completing this work.



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However, under the original design budget prepared in August of 2016 for inclusion in the 2017 budget, there was a number of outstanding questions and approvals in the works which has affected the project scope significantly. As outlined on page 220 of the 2017 budget, the funds allocated at the time were approx. \$2M and were contingent on the outcome of our final negotiations, design approvals from the province and our land negotiations with others. As we now have a good understanding of the full costs based on a majority of actual numbers, we are now bringing this project forward for formal Council endorsement.

At the time of preparing this capital project cost, Administration did not have a full understanding of the cost impacts of land, percentage of costs to be allocated to the developer, on-site cost sharing proportions or potential grants available to help fund this important project. To allow the town flexibility in award the project was broken down into three schedules, Broadway Avenue upgrades, Highway 2A intersection upgrades and the Tutty park construction.

Based on the scope increases, engineering to date and estimated construction engineering and testing during construction, the 2017 project budget of \$2,000,000 is not enough to complete the full scope of the project that was tendered based on the low bidder's price of \$3.5322 million.

Due to the importance of this project and the scope increases that have occurred to date, Administration has prepared a Total Cost Summary of this project for Council's review. This total cost summary takes into account all the actual and potential costs that we presently are aware of from start to finish including future land sales. It is of note that with extras tendered, the developer's contributions and required scope increased based on design considerations and provincial requirements, excluding future land sales, we are over budget by approximately \$1,000,000.

Based on the budget overage above, Administration has proactively outlined areas of discussion for Council's consideration:

1. 90% of Schedule 3 can be deferred to 2019: the Tutty Park improvement was not included in the original scope – cost of construction is approximately **\$250,000**.
2. Part of Schedule 1: the supply and install of large caliper trees along the east side of Highway 2A were not included in the original scope – cost of these trees is **\$100,000**. Alberta Transportation's approval to install these trees within their ROW is still being pursued, but we have gotten a request from the Blackfalds Industrial developer to the east to keep this area devoid of trees.
3. Future land sale of the commercial parcel created, excluding future off-site levies contributions based on current land scales of commercial properties in the area – future funds received – **(\$666,000)**.

FINANCIAL IMPLICATIONS:

The project will be over budget by **\$1,000,000**. But by moving forward with this project, the pricing is very competitive and Council will provide a much needed update and safer intersections in this area while being more development friendly into the future.



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If Council so wishes, Administration is proposing to draw the extra funds of \$1,000,000 from capital reserves and then once the land is sold, replenishing those reserves.

ADMINISTRATIVE RECOMMENDATION:

1. That Council move to award Schedules 1 and 2 of the Broadway Avenue and Highway 2A Upgrades project to Border Paving Ltd for \$3.302 million dollars.
2. And further, that Council move to approve the capital budget increase of \$1,000,000 to be drawn out of reserves.

ALTERNATIVES:

- A. That Council award schedules 1, 2 and 3 of the Broadway Avenue and Highway 2A Upgrades project to Border Paving Ltd for \$3.532 million dollars and further that Council approve the capital budget increase of \$1,250,000.
- B. That Council not award the project to Border Paving Ltd and refer back to Administration for more information.

ATTACHMENTS:

- *Tender Opening Results Letter*
- *Total Cost Summary*

Approvals:

Handwritten signature of Sean Barnes in black ink.

Acting CAO Sean Barnes

Handwritten signature of the Department Director/Author in black ink.

Department Director/Author

Project: Town of Blackfalds - Highway 2A and Broadway Ave

Date: July 5, 2017

TOTAL CONSTRUCTION SUMMARY - INCLUDING LAND

ENG. & SURVEY & GEO	\$	329,422.00	ACTUAL AND ESTIMATED
FORTIS LIGHTING	\$	230,000.00	ESTIMATED
CONSTRUCTION INCL. 10% CONTINGENCY	\$	3,522,000.00	ACTUAL TENDERED
DELETE SCHEDULE 3: TUTTY PARK	\$	(250,000.00)	ACTUAL TENDERED
LAND SALES	\$	(666,000.00)	CURRENT MARKET VALUES
ELKAY CONTRIBUTIONS	\$	(1,068,860.10)	ACTUAL TENDERED
TOTAL INCL. 10% CONSTRUCTION CONTIGENCY		\$2,096,561.90	

END OF SUMMARY



Stantec Consulting Ltd.
1100 – 4900 50 Street
Red Deer, AB T4N 1X7
Tel: (403) 341 - 3320

June 6, 2017
File: 116239465-10

Attention: Preston Weran, Director of Infrastructure and Property Services
Town of Blackfalds
5018 Waghorn Street
Blackfalds, AB T0M 0J0

Dear Preston,

Reference: Highway 2A and Broadway Avenue Intersection Improvements - Tender Opening Results

The above-mentioned tender for the Town of Blackfalds was received by the Town of Blackfalds in Blackfalds on Friday, June 2, 2017. We completed a review of the three (3) submitted tender submissions to ensure that the tender requirements have been met and to confirm correctness of the unit price schedules. Minor mathematical errors were found in the unit price schedule submitted by Border Paving Ltd.

The total tender results have been summarized in the following table (includes 10% Contingency and excludes GST):

Contractor	Schedule A	Schedule B	Schedule C	TOTAL (excl. GST)
Border Paving Ltd.	\$1,582,144.41	\$1,626,490.91	\$314,231.67	\$3,522,866.99
Pidherney's Inc.	\$1,623,239.75	\$1,706,923.90	\$322,733.95	\$3,652,897.60
Central City Asphalt Ltd.	\$1,928,874.48	\$1,789,978.30	\$353,009.80	\$4,071,862.58
<i>Stantec's Opinion of Probable Cost</i>	<i>\$1,997,842.00</i>	<i>\$1,706,813.90</i>	<i>\$300,819.75</i>	<i>\$4,005,475.65</i>

A complete summary of the tendered results and comparison to the Opinion of Probable Cost is attached for your information and records. The mathematical errors are highlighted in the comparison.

Border Paving Ltd.'s overall bid was 12% less than the engineer's opinion of probable cost.

Stantec has previous experience working with Border Paving Ltd. on numerous road construction projects. We recognize Border Paving as a reputable contractor for completing this work. Stantec recommends that the Town's legal counsel review the terms and conditions of the tender contract and evaluate their potential for qualification of award. Border Paving have listed



June 6, 2017

Preston Weran, Director of Infrastructure and Property Services

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Reference: Highway 2A and Broadway Avenue Intersection Improvements - Tender Opening Results

Northside Construction Partnership, Leduc Developments, Proform Concrete Services, LaFrentz Road Markings, Appollo Landscaping, and CanWest Electrical Contractors as their primary subcontractors. Stantec also recognizes the primary subcontractors as reputable contractors capable of completing the work and can provide further information on past experience, if required.

Following your approval of the Contractor, Stantec will Issue a Notice of Award and prepare the contracts for execution immediately.

Please contact me should you have any questions or concerns.

Regards,

Stantec Consulting Ltd.

A handwritten signature in blue ink, appearing to read 'Brad Vander Heyden'.

Brad Vander Heyden, P.Eng.
Project Manager
Phone: (403) 341-3320
brad.vanderheyden@stantec.com

Attachment: Highway 2A and Broadway Avenue Intersection Improvements – Tender Comparison

c. Todd Simenson – Stantec Consulting Ltd.

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