

Request for Decision



To: Regular Meeting
From: **Manager of Development and Engineering**
Date: August 21, 2017
Subject: 22nd St Budget Amendment
Recommendation: **RESOLVED THAT Council amend the budget for the 22nd Street multi-utility project by \$150,000 to allow it to proceed with the only compliant bid; and THAT Council fund the increased budget through one of the options presented.**

Background

At the July 18th, 2016 Regular Meeting, Council asked staff to review the requirements for pavement upgrades of 22nd Street (Highway 3 to 78th Avenue) and to bring the project forward into the 2016 capital expenditures budget. This project would be in lieu of undertaking the costlier multi-utility project which includes full depth road reconstruction, widening for bike lanes and utility replacements.

Staff reviewed engineering reports and presented a report to Council at the September 6, 2016 Regular Meeting. Council resolved to receive the report and gave early budget approval for paving 22nd Street and made it a priority project for 2017. Public works staff immediately began investigating and repairing water and sewer services in order to prepare for paving in 2017, wherein they discovered conditions at several locations that had not previously been identified in engineering reports. A tender was prepared in the Spring of 2017 that included the project scope as presented to Council in the budget presentation, that is, including water and sewer service replacements in addition to full depth reconstruction of the road.

Urban Systems Ltd. (USL) posted the tender for the 22nd Street multi-utility project initially in June 2017. No compliant bids were received. It was subsequently reposted and one compliant bid was received. That bid was in excess of the project budget by approximately \$150,000 when contingency is included. Reducing the project scope was discussed but it was concluded that the best option was still the project scope as tendered.

The project is being funded partially through borrowing for \$500,000 and reserves for \$250,000. The increased budget would come from one source or the other. There are minor advantages and disadvantages to going with borrowing verses reserves. One major advantage of borrowing is that the reserves can be used for other projects that are not restricted by the criteria set out in the borrowing bylaw which is already in place and not being fully utilized. The advantage of using reserves is an additional \$3,000 per year in saved interest payments.

Benefits or Impacts

General

Completing the project will increase the level of service along 22nd St.

Strategic Impact

-  The \$150,000 can be funded through reserves or through borrowing with some advantages to either decision.
 -  Good utility services and road service make the community more livable.
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Recommendation

RESOLVED THAT Council amend the budget for the 22nd Street multi-utility project by \$150,000 to allow it to proceed with the only compliant bid; and

THAT Council fund the increased budget through one of the options presented.

Options

1. RESOLVED THAT Council amends the project budget by \$150,000 and funds the increase through borrowing.
2. RESOLVED THAT Council amends the project budget by \$150,000 and funds the increase through reserves.
3. RESOLVED THAT Council does not accept the recommendation.
4. RESOLVED THAT Council refers the matter back to staff for further information.