



CORPORATE REPORT
The Corporation of the Town of Wasaga Beach
Meeting Date: 5/15/2025

DATE: 4/29/2025

SUBJECT: Beach Area 1 Roadway Reconstruction Phase 1 - Contract No. PW2025-15 - Tender Award

CONTACT: Mike Pincivero, P.Eng., Manager of Engineering Services

REPORT NUMBER: 2025/05/15-20

RECOMMENDATION:

1. **THAT** the report titled: Beach Area 1 Roadway Reconstruction Phase 1 - Contract No. PW2025-15 - Tender Award, for the Council meeting of May 15, 2025, be received; and
2. **THAT** Council award the contract to Arnott Construction Ltd. for the Beach Area 1 Roadways Reconstruction Phase 1 capital works project, in accordance with the terms of reference within tender PW2025-15, at a cost of \$25,919,764.50, which includes contingencies but excludes HST; and
3. **THAT** the additional unbudgeted 2025 project cost of \$2,239,185 be approved, funded as per the financial implications section of this report; and
4. **THAT** the total project cost of \$28,690,991 be approved as a multi-year capital project; and
5. **THAT** the Mayor and Clerk be authorized to execute the contract with Arnott Construction Ltd.

EXECUTIVE SUMMARY:

- **Public Works / Engineering staff previously completed a request for pre-qualification to short-list qualified contractors to bid on the Beach Area 1 Roadway Reconstruction tender. Six contractors were selected for the short list.**
- **The Town of Wasaga Beach advertised privately to the six general contractors through Bids & Tenders on March 10, 2025 and closed the tender on April 22, 2025.**
- **Five out of the six short-listed contractors submitted a bid.**
- **The lowest bid was submitted by Arnott Construction Ltd.**
- **Staff recommend issuing the award to Arnott.**

BACKGROUND:

The Town of Wasaga Beach will be reconstructing its main beachfront area roadways, to update the underground infrastructure as well as renew the look and feel of the street through new architectural features and street furniture. Components of the work include steel sheet pile wall for shoreline protection, structural components for the related ramps, stairs and railings, as well as underground servicing, significant streetscaping and landscaping, reconstruction and improvement

to the 2nd Street boat launch, and construction of a roundabout at Main Street / Mosley Street / Spruce Street intersection.

In order to ensure only quality contractors would submit bids for the works, Public Works completed a Request for Pre-Qualification for General Contractor Services (RFPQ#PW2024-17), for the project. The Town short-listed six (6) qualified general contractors: GIP Paving Inc., Dufferin Construction Company, Arnott Construction Ltd., John Bravakis Enterprises Ltd., Trisan Construction, and B&J Contracting.

DISCUSSION:

Firstly, it should be noted that the tender was originally scheduled to close on April 4, 2025 to allow for recommendation of award to go to the April 24, 2025 Council meeting and allow the contractor to get started ahead of the summer. However, during the tender period, one of the contractors advised that the company specified in the tender to supply the steel sheet pile wall materials for the shore wall (to raise Beach Drive by 1.5m) had indicated that they were closing their business as of April 1st, 2025. This was due to the anticipated impacts from the (then proposed) U.S. tariffs. New specifications were prepared for the required materials to provide contractors with more options and availability for material supply, and the tender closing was pushed to April 22, 2025 (i.e. after Easter weekend).

Further to the above, it is also noted that the implications of the now imposed U.S. tariffs likely had a significant impact on anticipated costs of materials and therefore drove up the contractors' bids relative to our engineer's cost estimate of \$22,129,243.70.

The five (5) general contracting companies who submitted are listed below from lowest to highest with the bid price including provisional items and contingency costs, excluding HST.

COMPANY	BID PRICE
Arnott Construction Ltd.	\$25,919,764.50
GIP Paving Inc.	\$26,585,201.25
Trisan Construction	\$26,848,669.96
Dufferin Construction Company (CRH Canada Group Inc.)	\$27,308,000.00
John Bravakis Enterprises Ltd.	\$28,416,825.45

It is noted that although B&J Contracting was approved as one of the short-listed general contractors, they did not submit a bid.

Additionally, Dufferin Construction Company was the only bidder that submitted a price for expediting the completion date. However, as the bid prices were all over the expected / budgeted amount, it is not recommended to proceed with expedited proposal, as the total cost would be significantly higher than planned.

Arnott Construction Ltd. demonstrated their abilities through the RFPQ short-listing process and have completed numerous successful projects in Wasaga Beach. Additionally, please see attached recommendation report from Tatham Engineering regarding award to Arnott.

CORPORATE IMPLICATIONS:

Financial Implications:

The 2025 Public Works budget included the subject project, with financing discussed with the Treasurer, and a three year project schedule and cost allocation is as follows:

Year 1	40% project completion	\$ 9,819,130
Year 2	40% project completion	\$ 8,161,213
Year 3	20% project completion	\$ 4,165,896
Total Project Estimated Cost		<u>\$22,146,239</u>

At the time of the budget, the funding model included using development charges; Canada Community Building Fund (CCBF) – federal infrastructure grant funding; and proceeds from surplus land sales. It was noted in the forecast at the time of budget, that funding for years 2 and 3 were still to be identified.

Since the time of the budget preparation, more information has become available regarding funding and the tender results inform the actual costs expected to be incurred.

The total cost for awarding the low bid to Arnott Contracting Ltd. **together with the unrecoverable amount of HST (1.76%) is \$26,375,952.40.**

A summary of the total costs associated with the Beachfront Redevelopment project, and the financial funding plan is attached as Schedule A – Financial Plan – Beach Dr.

Noteworthy in the financial plan is the need to put in place a construction financing loan from Infrastructure Ontario (I/O). A construction financing loan operates like a credit line and you only access the line if and when needed. If sufficient funding is available when payments are due, then the line may not be utilized. There is no cost if the line is not used. For any amounts owing on the construction credit line, interest will be charged at Infrastructure Ontario's construction financing rate which varies month to month. For the month of April 2025, the interest rate was 3.65%. Any interest costs incurred in 2025 will be funded through in-year surplus or general reserves if required. Future budgets will estimate the amount of interest that may be required and the cost will be included in the budget and funded by taxation. A separate report will be presented for the construction financing loan in the near future.

A project this size warrants having an alternate funding path given that some of the revenue streams used to fund the project come from future revenues not yet realized, such as development charges and land sales. In the past the development charge reserves were very high, and the development activity was strong, so large projects could be undertaken using the existing development charge reserves and no alternate funding path was needed. The building of the new arena and library consumed a significant portion of development charge revenues, with their service reserves going into a borrowed state, of approximately (\$12M). The advancement of the River Road West project consumed most of the Roads development charge reserves on hand. To accommodate the development charge low reserve levels, there may be a need to use general reserves, or consideration of debt may be required, if these future revenue streams are not available. At the time of writing, Treasury staff expect the funding streams will be available and as such have referenced them as the primary financial plan for the project.

The approval of the project will require a budget adjustment for the 2025 fiscal year of \$2,239,185. The increased budget will be funded through development charges, if available, or the alternate funding options if not available, and the provincial grant funding stream.

Term of Council Priorities:

Pursue Complete Neighbourhoods:

- Beachfront Redevelopment
- Main Street Redevelopment
- Pursue Complete Streets
- Enhance Community Activation

Diversify the Economy & Create Jobs

- Support Small Business
- Grow Tourism

Show Leadership in Responding to Climate Change

- (Shore wall design accounts for increased storms due to climate change)

CONCLUSION:

Beach Area 1 Roadway Reconstruction is a major step towards redevelopment and revitalization of the Town's primary tourist destination. It is necessary for the redevelopment of the area.

Arnott Construction Ltd. have proven to deliver high quality construction and they submitted the lowest qualified bid. It is recommended that the tender be awarded to Arnott Construction Ltd.

Authored by:

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Reviewed and finalized by:

Mike Pincivero, P.Eng.
Manager of Engineering Services, RMO/RMI

Appendices:

Appendix A: Financial Plan – Beach Dr
Appendix B: Tatham Recommendation Report