



Municipality of the District of Argyle

Item: Middle East Pubnico – well project

Date: February 8, 2021

VISION

We see Argyle as home to a healthy and thriving rural population. Our municipality promotes and supports economic and social opportunities for the region and engages in the active expression of our unique Acadian heritage. We are a place of choice for rural living and are widely recognized for our warm hospitality and joie de vivre. Surrounded by fresh air and cool ocean breezes, we work and play in the great outdoors. People choose to live in Argyle because of our commitment to each other, to our community and to our neighbors. Argyle is a place we are proud to call home.

Background:

See attached memo from our PW director, Hans Pfeil regarding the result of our tender process. In short, we have received 2 qualified bids, but both exceed the budget for the process, by an amount that is considerable.

Request for CAO's consideration:

The Director of PW wishes to proceed with this project without delay, as we are on a timeline for ACOA funding, which can be pushed into the new year, but we have already extended the project once due to delays on the part of the engineering firm.

Further, there are areas where we can reduce costs based on choices of product quality, mostly regarding the choice of housing the well components. It was noted by Hans Pfeil that their pricing is mostly competitive, and that a portion of the budget overage is due to additional services not priced at the time we applied for ACOA funding, but subsequently added by the engineering firm. It is notable that while a negotiated price is possible, it is unlikely to eliminate the budget overage completely.

Our portion of funding for the project is derived from the divestiture fund we received from the Province of NS amounting to \$260,000. This was supposed to represent 50% of the cost to restore the asset they divested to us. We now know that was not nearly enough, but for this phase, there would be sufficient money in that fund, even with a 15% budget overage.

MGA and legal considerations:

Any process shall receive legal review, to ensure we are in fact following procurement practices. Legal opinion is not included in this document, but shall be obtained as part of this process, if required. Any advise would be shared with Council following in-camera provisions of the MGA.

CAO's Recommendation:

Recommend that we confirm Garian Construction as the lowest bidder, and enter into negotiations to reduce the price to within reasonable a 15% budget overage. This means we shall endeavor to limit a budget overrun to about \$30,000. We are currently at \$86,000. There is a major change already contemplated to the housing of components that should get us that savings.

Suggested motion:

Move that staff enter negotiations with the lowest qualified bidder for the Middle East Pubnico Water Systems, Garian Construction Limited, with the intention of limiting the budget overage to 15% of the project through adjustments to the project scope that meet the satisfaction of the Municipality. Should the negotiation successfully reduce the bid to meet these parameters, Council allows the CAO to approve the project be awarded on behalf of Council.

Note to motion

It is staff's intention to come back to Council if we are not meeting the 15% threshold. If this is necessary, this will occur through special council meeting to not delay the project any further. As you have already approved the project in your capital budget, what you are allowing your CAO to do is, with legal advice, proceed with the award contract with little delay, albeit slightly over budget.