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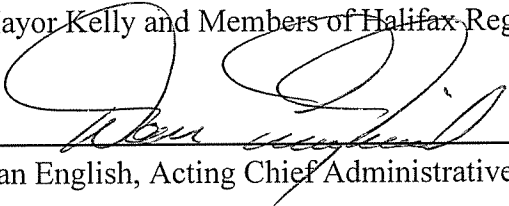


PO Box 1749  
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Halifax Regional Council  
July 06, 2004

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
Dan English, Acting Chief Administrative Officer

**DATE:** June 29, 2004

**SUBJECT:** Capital Budget Increase Beaver Bank / Kinsac Fire Station and Recreation Centre – Capital Account CB 200399 (Recreation Centre)

### ORIGIN

On May 13, 2003, Regional Council approved an increase to the Capital Budget for the Beaver Bank / Kinsac Recreation Centre and Fire Station, resulting in project funding as follows:

- Capital Project CBF00444 Station Replacement for \$1,500,000 for the fire station portion, and
- Capital Project CB200399 Beaver Bank / Kinsac Recreation Centre for \$1,400,000 for the recreation centre portion, which is to be fully financed from an approved area rate of \$0.07 per \$100 of assessed value.

### RECOMMENDATIONS

It is recommended that:

1. Council approve a \$300,000 increase to the 2004/05 capital budget under Capital Project CB200399 Beaver Bank/ Kinsac Recreation Centre, resulting in a total budget of \$1,700,000, with funding for debenture repayment to be provided from the previously approved area rate.
2. Council approve a \$119,996 (excluding HST) increase to purchase order 2070158010 awarded to Avondale Construction for the construction of the Beaver Bank / Kinsac Recreation Centre and Fire Station, resulting in a revised purchase order total of \$2,690,000 (excluding HST), and a revised contract value of \$2,853,724 (including net HST).
3. Council approve a \$50,000 increase (excluding HST) to purchase order 2070114878 awarded to AMEC for Architectural Consulting Services Beaver Bank / Kinsac Fire Station and Recreation Centre, resulting in a revised purchase order total of \$171,503 (excluding HST), and a revised contract value of \$181,029 (including net HST).

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**BACKGROUND**

On May 13, 2003, Regional Council approved the construction of a combined Recreation Centre / Fire Station in the Beaver Bank Area. The construction tender, valued at \$2,536,023.20 (including net HST) was to be split 48 percent and 52 percent respectively.

The fire station component, Capital Project CBF00444, was approved at \$1,500,000. This component was funded by the general rate.

The recreation centre, Capital Project CB200399, was approved at \$1,400,000, with funding to be provided through a \$0.07 area rate.

**DISCUSSION**

During construction, a number of issues have arisen which require additional funding as detailed below, and in the Budget Implications section of this report.

*On Site Septic System* - subsequent to the award, the NS Department of Environment (DOEL) has stipulated a requirement for a more elaborate on-site septic system than had been anticipated. *This additional cost is \$25,000.*

*Paved Parking* - the initial scope relied on some facility parking on the adjacent school, and the parking included in the scope to be graded and gravelled. The zoning bylaw requires that all parking be made available at the site, and community would prefer to have paved parking. *This additional cost is \$69,000.*

*Ultra Violet Treatment* - The existing well did not have adequate capacity for the new facility. A new well was drilled and has tested very heavy for manganese and the public drinking water regulations require that a water softening and monitoring system be installed and pressure tanks and a storage system were required for the facility. This was a more elaborate system than had been anticipated. Further, the need to design for peak loads was not fully anticipated or reflected in the original budget. *This additional cost is \$52,000.*

*Recreation Component* - the original scope of the recreation component included the construction of a second floor. It was never intended to complete this space as part of the original scope as it was hoped that provincial funding could have been used to finish the floor. These funds did not materialize. The community, however, would like to complete the floor. *The budget for this additional work is approximately \$158,000.*

*Design Review* - There were a number of omissions to the scope of work following corrections to the initial design. Some items were missed in the drawing revisions which had to be incorporated into the scope of work. There were also a number of items not covered in the original drawings at the time of the tender, and are required to satisfactorily complete the project.- *This additional cost is \$170,000.*

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*Design Fees* - The design fees are only to cover costs related to increases in scope of the project. The consultant will not be paid for any time required to correct any document errors and omissions - *This additional cost is \$52,000.*

*Outstanding Claims* - The recommended purchase order increases do not reflect additional outstanding claims currently under negotiation with the contractor. Staff estimate that these negotiations may take another 30 days to finalize. These funds have been included in the total recommended budget increase. - *This additional cost is estimated at \$190,000.*

**BUDGET IMPLICATIONS**

	<b>CBF00444 Station Replacement (Beaver Bank portion only)</b>	<b>CB200399 Beaver Bank Rec/Comm Ctr</b>	<b>Total</b>
Approved Budget			\$3,281,000
2002/03	\$1,500,000	\$900,000	
2003/04	219,000	500,000	
2004/05	162,000		
Deduct: Spent/Committed to Date based on original budget	(1,500,000)	(1,364,472)	(2,864,472)
Deduct: Previous Avondale Increase	(163,591)	(30,000)	(193,591)
<b>Current Funds Available, before Proposed Budget Increase</b>	<b>217,409</b>	<b>5,528</b>	<b>222,937</b>
Add: Proposed Budget Increase	0	300,000	300,000
<b>Revised available</b>	<b>217,409</b>	<b>305,528</b>	<b>522,937</b>
To be utilized as follows:			
PO #2070158010 (Avondale Construction)	(1,613)	(122,497)	(124,110)
PO #2070114878 (AMEC)	(26,891)	(24,824)	(51,715)
Finishing 2 <sup>nd</sup> floor	(25,000)	(132,421)	(157,421)
Outstanding claims	(163,905)	(25,786)	(189,691)
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**ALTERNATIVES**

1. Council may choose not to approve the increase to Capital Account CB200399 to accommodate the development of the second floor. This would reduce the requested capital budget increase to \$167,579 (a reduction of \$132,421 representing the Recreation share of this additional scope). This is **not** the recommended alternative, as there is an identified need in the community for this space.


**ATTACHMENTS**

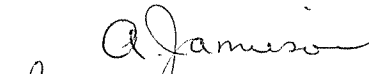
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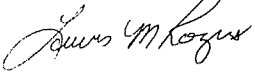
Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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***Recreation Centre***

Based upon this cost allocation, the Capital Project CB200399 (Recreation Centre) requires a funding increase of \$300,000. The current \$0.07 area rate has been approved to support the recreation component of the facility. By increasing the debenture from \$1.4 million to \$1.7 million, and assuming the project is completed in 2004-05, debenture payments would be required until 2024-25 and the \$0.07 area rate is estimated to be required until 2021-22.

The expanded scope of the facility enhances revenue generation, and it is expected to be sufficient to cover the annual operating costs when combined with the funds available from the area rate. As in all management agreement facilities the recreation centre association understands that they are accountable for the full operating cost burden of the facility. If program revenues are insufficient to cover operating costs, other outside funding or an area rate increase or extension may be required.

***Fire Station***

The increased funding for the Fire Station component of this work was approved as part of the 2004/05 budget under Capital Project CBF00444.

Purchase Order 2070158010 to Avondale Construction has previously been increased by \$187,172.28 plus net HST for a total of \$193,591.45. The recommended increase in this report will make a cumulative increase of \$307,169 plus net HST for a total of \$317,701.83, or 13% of the original contract.

Finance has confirmed the availability of funds in account CB200399 but cannot confirm the specific disbursements for this project in account CBF00444 as several fire stations have been built with these funds. Availability of funds in account CBF00444 has been confirmed however.

**FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation, with the following exception:

- If approved, this will increase the 2004/05 Capital Budget by \$300,000.

The recommendations of this report also reflect the intent of HRM's recently adopted tax structure with respect to rural fire services.