



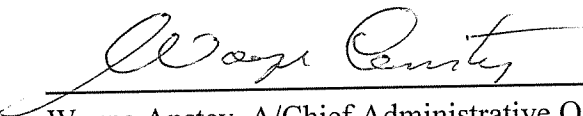
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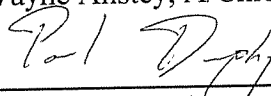
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Halifax Regional Council
August 7, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


Wayne Anstey, A/Chief Administrative Officer


Paul Dunphy, Director of Community Development


Mike Labrecque, Director of Transportation and Public Works

DATE: August 1, 2007

SUBJECT: Hammonds Plains Road Improvements

ORIGIN

The Bedford West Secondary Planning Strategy includes a business campus and an infrastructure plan including improvements to Hammonds Plains Road.

HRM has entered into an Agreement of Purchase and Sale with RIM for 48 acres of land in the Bedford West Business Campus. The agreement commits the Municipality to completing approximately 500 metres of improvements to the Hammonds Plains Road leading to RIM's property by December 1, 2008.

In July 2007, RIM met with HRM staff to explore accelerating the construction schedule to 2007.

RECOMMENDATION

It is recommended that Regional Council:

1. Direct staff to proceed with tendering improvements to Hammonds Plains Road in the 2007 construction season; and
2. Approve the creation of a capital account entitled, "Hammonds Plains Rd Improvements" with funding from Capital Cost Contribution and capital accounts CTV00725 and CB100091 as outlined in the Budget Implications section.

BACKGROUND

- The Bedford West Master Plan is planned as a mixed use community with a significant business campus component.
- In June, 2006 RIM purchased approximately 48 acres of land from HRM, (see Map- 1). RIM is the first development in the Bedford West Business Campus and is expected to attract similar businesses to the campus.
- In addition to the purchase price RIM paid an “interim” Capital Cost Contribution of \$20,000 per acre, for 24 acres of the site. A 150,000 square foot building is under construction. The balance of the Capital Cost Charge will be paid when the remainder of the site is developed. The CCC helps pay for RIM’s share of collector roads and trunk sewers needed by this and other developments in the Bedford West Master Plan Area.
- As a condition of the Agreement of Purchase and Sale HRM agreed to complete the planned improvements to the Hammonds Plains Road no later than December 1, 2008. The improvements consist of widening 500 metres of the road to four lanes, a left hand turning lane to the site, bicycle lanes in both directions, and curb and sidewalk on the south side of the road. The improvements will extend from the Bi-Centennial Highway to the proposed entrance of the RIM site.
- The road improvements are to be funded from the capital cost charges for new traffic generated by Bedford West and HRM’s capital budget. HRM’s share will fund the road improvements which accommodate existing traffic and growth outside of Bedford West.

DISCUSSION

Representatives of RIM approached HRM staff recently and indicated that development of the RIM building is ahead of schedule. The facility, which will employ 600 persons, is scheduled to open on April 1, 2008. RIM wishes to explore ways to expedite the planned Hammonds Plains Road improvements, so that they can be completed during this construction season in advance of their opening. HRM has committed in the Agreement of Purchase and Sale to carry out the work by December 1, 2008. HRM is under no legal obligation to upgrade the Hammonds Plains Road this year.

If Council chooses to respond to this request, it will require changing budget priorities in this year and next. The estimated project cost is \$2.9 M. Allocation of cost is \$1.16 M (40%) which is recoverable through Capital Cost Charges and HRM’s net cost is \$1.74 M (60%).

Staff support advancing the construction so that it is completed prior to the RIM opening, but it does create practical difficulties relating to project financing. Three options exist for Council to consider:

1. Funds be identified and staff tender the project this budget year.
2. Funds be identified and HRM enter into a contract with RIM to complete the work.
3. Complete the work in 2008 in keeping with the Agreement of Purchase and Sale, but consider the project for advanced capital funding.

Option 1

Public Tender in 2007

There are significant economic development benefits from RIM locating in HRM. Carrying out the improvements to Hammonds Plains Road this year will better align this work with the opening of the RIM facility in April 1, 2008. Hammonds Plains Road will be the “gateway” to the RIM business campus, and adjacent business campus lands. The presence of RIM is expected to be the impetus for similar businesses locating in the business campus. Advancing the road improvements to coincide with RIM’s new opening date can signal the Municipality’s support for business development in this area and facilitates marketing the area as an attractive business location for high technology businesses. It is also consistent with the spirit of the Agreement of Purchase and Sale. The December 1, 2008 completion date for the road was expected to coincide with RIM’s opening.

The area already experiences traffic congestion which would be further impacted with RIM’s early opening. Advancing the road improvements will prevent this negative impact and is consistent with the purpose of the infrastructure improvements proposed in the master plan.

To undertake Option 1 staff examined deferring payment for the work until 2008/09 but a liability is created which requires recognition and a funding source in the current fiscal year. As outlined in the Multi-Year Financial Strategy, expenditures arising during the year, but not provided for in the approved budget, must either have a positive or zero net effect on HRM’s annual financial outcome. Moving the Hammonds Plains Road improvements ahead one year requires a corresponding deferral of previously approved capital works to 2008/09 or corresponding reduction in proposed expenditures for 2008/09 or 2009/10. In identifying candidate projects for deferral, staff chose multi-year projects whose implementation schedules will not be negatively impacted by being deferred to 2008/09. These projects are shown in greater detail in the Budget Implications and Appendix 2.

Land Acquisition

If Council chooses this option, a public tender will be issued immediately. Bids will be presented to Council for award in September. It should be noted that the project costs include land acquisition. Negotiations on these acquisitions have not been completed and the tender should not be awarded until the land has been acquired. If land negotiations are completed by September, recommendations will be submitted to Council at the same time as the tender award.

Option 2***Sole Source RIM in 2007***

RIM has offered to construct the road improvements utilizing contractors already being used for development of the RIM site. This arrangement however, would constitute a sole source contract and does not meet HRM's Procurement Policy for sole sourcing. If Council does wish to select this option, it should be noted that staff have reviewed RIM's preliminary project costs and they are consistent with costs of recently tendered projects. The positive benefits of advancing the road improvements and funding implications noted for Option 1 apply under this scenario.

Option 3***Advanced Capital Approval for 2008***

Council could choose to proceed with this work in 2008 as agreed to in the Agreement of Purchase and Sale and as planned for in the 3 year capital budget. If Council chose to do this, the project could be considered for advanced capital funding. A recommended list of projects for advanced capital funding will be presented to Council early in 2008. A public tender would be issued in winter 2008, allowing the project to begin early in the spring of 2008 with completion in June or July, approximately 3 to 4 months after RIM's proposed opening. This approach does not entirely address concerns related to congestion and RIM's planned opening in April 2008 but is a reasonable compromise option. It fulfills HRM's contractual obligation to complete the road work in 2008 and responds to RIM's request to accelerate the construction by commencing as early in the 2008 construction season as possible.

BUDGET IMPLICATIONS

If Council directs staff to begin construction in 2007, funding must be found within the current capital budget. This can be accomplished by selecting projects having budgets in excess of their immediate cash flow needs, with a commitment to replacing those funds in the following year using the planned 2008/09 allocation for Roadway Oversizing. The following capital projects have been tentatively identified as candidates to have a portion of their funding deferred to 2008/09. A brief description of each project and its current status and work plan is attached in Appendix 2.

CB100091 - Mainland Commons Recreation Facility	\$1,540,000
CTV00725 - Lacewood 4 Lanes/Fairview Interchange	<u>\$ 200,000</u>
Subtotal	\$1,740,000
Bedford West CCC	<u>\$1,160,000</u>
Total Project Funding	\$2,900,000

Staff are working toward completion of a Capital Cost Contribution for the Bedford West Master Plan area and anticipate returning to Council for its approval in the coming months. If approved, funding in the amount of \$1,160,000 is expected to be recoverable from the Bedford West CCC.

HRM is contractually required to complete the road improvements to the RIM property; however, HRM has a risk exposure of \$1,160,000 if the CCC for Bedford West is not approved and will have to identify an internal source for these funds. This is a very low risk.

If the road improvements proceed in the next fiscal year, the only implication is to adjust the budget for the revised cost estimate and CCC funding. \$2,000,000 was identified in the 2008/09 capital plan under CTU00972 - Roadway Oversizing.

Funding availability was confirmed by Finance.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation. If approved, this report will increase the gross 2007/08 Capital Budget by \$1,160,000 but will not affect the net Capital Budget.

ALTERNATIVES

1. Council could authorize staff to proceed with improvements of Hammonds Plains Road, in 2007, a year earlier than required in the Agreement of Purchase and Sale with HRM. This would require budget priorities to be amended as described in the report and proceed to public tender immediately. The tender should not be approved until land negotiations are completed. This is the recommended course of action.
2. Council could direct staff to enter into a contract with RIM to complete the improvements in 2007. This is not recommended since it does not comply with the Procurement Policy for sole sourcing.
3. Council could comply with the Agreement of Purchase and Sale and carry out the improvements to the Hammonds Plains Road in 2008 as previously committed. If Council chooses this option, the project may be considered for advanced capital funding to allow work to commence early in 2008.

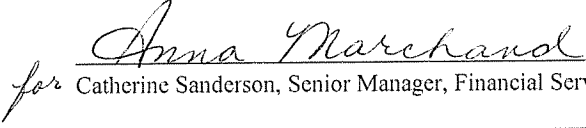
ATTACHMENTS

Appendix 1 - Parcel Purchased by RIM - Map - 1

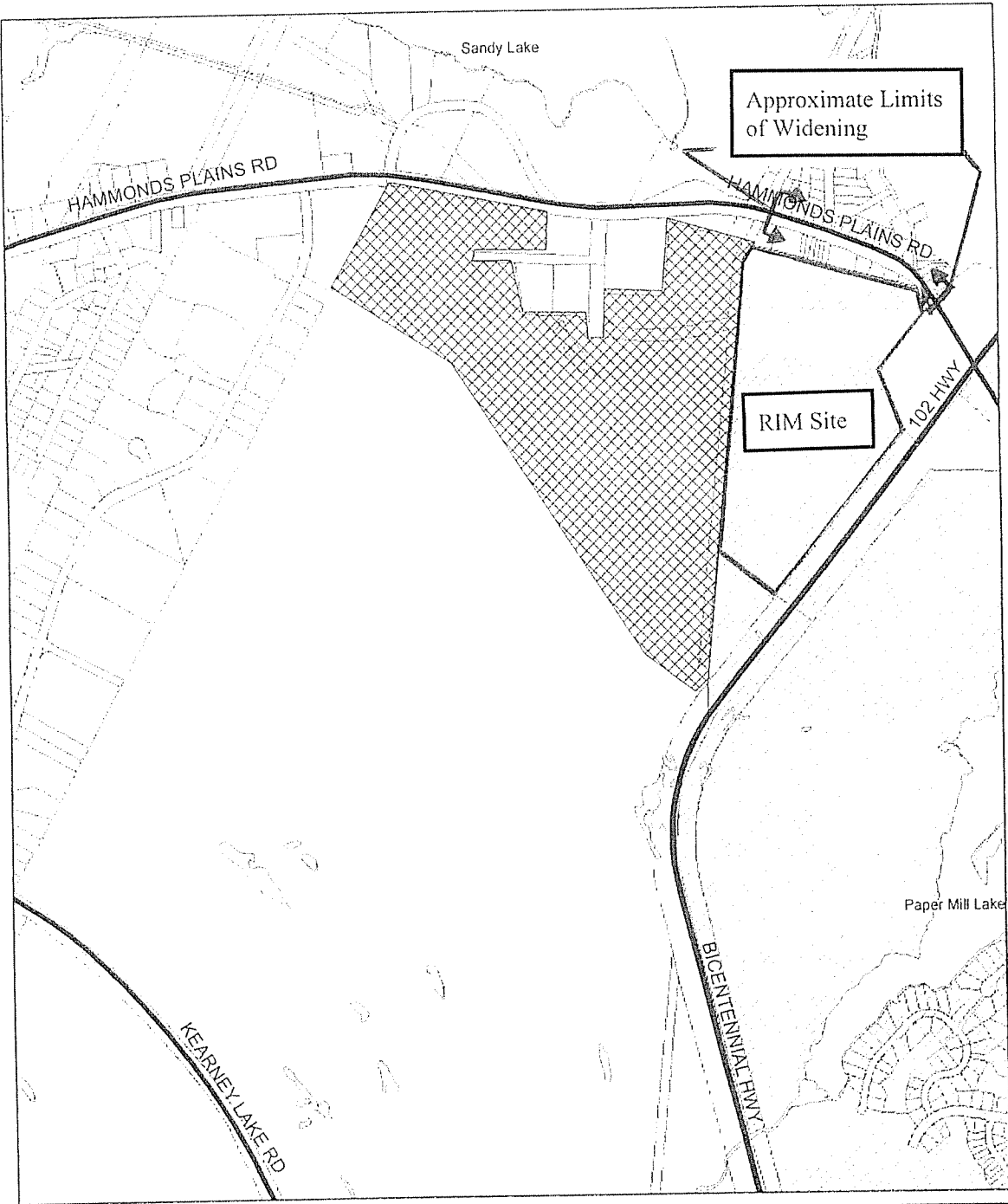
Appendix 2 - Impact of Project Deferrals

If the report is released to the public, a copy can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peter Duncan, P.Eng., Project Manager Capital Cost Contribution Implementation
Kenda MacKenzie, P.Eng., Development Engineer
Holly Power-Garrett, CGA, Financial Consultant

Financial Approval by: 
for Catherine Sanderson, Senior Manager, Financial Services, 490-1562

Appendix 1 - Parcel Purchased by RIM



Map - 1



Appendix 2**Impact of Project Deferrals****CTV00725 - Lacewood 4 Lanes/Fairview Interchange**

The Lacewood 4 Lane/Fairview Interchange Project will not be adversely affected by removal of these funds in the 2007-08 budget. This project has encountered some complex land negotiations which has necessitated a review and refinement of the proposed Lacewood Drive alignment. Additional time to investigate property and alignment options will aid in maximizing the overall effectiveness of the final product.

Cumulative Unspent Budget	\$1,151,730
Less: Deferral to 2008/09	<u>\$ 200,000</u>
Balance	\$ 951,730

CB100091 - Mainland Commons Recreation Facility

Design, community consultation, and some site preparation and servicing is planned for the 2007/08 fiscal year. Construction will primarily occur in 2008/09 and deferral of budgeted monies will not impact this schedule.

Cumulative Unspent Budget	\$5,688,049
Less: Uncommitted but planned re: Mainland Commons	\$2,100,000
Less: Deferral to 2008/09	<u>\$1,540,000</u>
Balance	\$2,048,049