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Item No. 11.1.7

Halifax Regional Council
June 10, 2008

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

Dan English, Chief Administrative Officer

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: May 28, 2008

SUBJECT: Award - Unit Price Tender No. 08-224 Phase 12-2 Development,
Burnside Business Park

ORIGIN

- < 2005 HRM Economic Development Strategy
- < November 27, 2007 Council Focus Area COW Report - *Economic Development*
- < January 22, 2008 Report Atlantic Gateway - *The Role of Halifax Regional Municipality*
- < Approved 2008/09 Capital Budget.

RECOMMENDATIONS

It is recommended that Council:

1. award Tender No. 08-224, Phase 12-2 Development, Burnside Business Park to Brycon Construction Limited for a Total Tender Price of \$6,255,000 (no HST included, 100% rebateable), from Capital Account CQ300741, Burnside and City of Lakes Development, with funding authorized as per the Budget Implications Section of this report;
2. approve an increase in the Gross Budget of Capital Account CQ300741- Burnside and City of Lakes Development in the amount of \$103,900.00, funded from HROP GL2314 - Natural Gas Future Settlement Charges as per the Budget Implications section of this report to reflect the cost sharing of the installation of a natural gas pipeline from Heritage Gas;
3. and furthermore, that Council authorize, as per the Budget Implications Section of this report, the appointment of CBCL Ltd. for construction inspection services; the appointment of Jacques Whitford Ltd. for geotechnical inspection and certification; payment to Nova Scotia Power Inc. for the extension of electrical transmission lines, and payment to the Halifax Regional Water Commission (HRWC) for water system inspection.

BACKGROUND

In 2005 HRM's Economic Development Strategy identified the Halifax Gateway as a priority action item. Our port, airport, trucking and rail operations directly, or indirectly, account for more than 16 percent of all economic activity in HRM.

In January 2008 Council further endorsed the Municipality's position paper outlining its role and alignment of strategies necessary to support and enable HRM to respond effectively to the Atlantic Gateway opportunities over the long term. Areas identified with a strong municipal focus were; development of the Logistics/Transload Sector through positioning an area within Burnside Phase 12 as the "Atlantic Gateway Halifax Logistics Park" at Burnside; development of an Air Cargo Facility and development of the Home Port Cruise Strategy.

The general role of HRM endorsed by Council is one of strategic support to these priority areas related to the municipal mandate. The success of this strategic support is dependent on how well HRM's priorities are aligned with those of the Atlantic Gateway initiative.

This report supports the logistics/transload sector focus area, which is of critical importance to the growth of the Halifax Gateway and clearly aligns our Business Park and Economic Development Strategy objectives.

Phase 12-1A of Burnside Park is now home to Consolidated Fastfrate currently in operation and future home to Armour Transportation Systems with their facility expected in late 2008. Phase 12-2 will build on the success of these companies and critical logistics mass.

DISCUSSION

Burnside Park Phase 12 is to be constructed in a series of sub-phases in response to market demand. Phase 12-2 follows the award of Phases 12-1A and Phase 12-1B in 2007 and is the primary tender package for the 2008-09 Business Parks capital budget plan.

Phase 12-2 will create 80+ acres of new serviced lot inventory including areas capable of supporting single developments of plus 20 acres in support of the logistics sector initiative. Minimum selling prices will range from \$3.50/sq.ft. to \$5.50/sq.ft. with the variance in pricing accounting for various site characteristics such as graded or ungraded as well as pricing for large acreage sales. Lot 1242 has been set aside for NSPI to be offered at market for the development of a new NSPI substation to service the Burnside and Dartmouth Crossing area.

Planned Gross revenues for Phase 12-2 are estimated at \$16 million including sales of lands that would have been at least partially serviced under Phase 12-1B.

Marketing of New Lot Inventory

The concept plan shown as Attachment 2 to this report identifies the proposed land use mix for Phase 12 overall and the sub-park component branded as Atlantic Gateway Halifax Logistics Park.

The new inventory of available lots, as outline in Attachment 4, will be made publically available for purchase at the unit prices set by Council and directly marketed through HRM's Business Park Office and Website and through the brokerage industry.

In addition to the process, staff has identified a number of lots where demand is expected to be high given the strong economy and tight supply of commercial lands. In these instances staff will be making these lots available through an initial tendering process, with the minimum reserve bid being the Council approved unit price. This will ensure ample opportunity for purchasers and staff's ability to manage the demand for select lots. Those lots not sold via the tender process will simply revert to direct public listings at the Council approved unit pricing.

DISCUSSION

Tenders were called on April 27, 2008 and closed on May 13, 2008. Bids were received from the following companies:

<u>Name of Company</u>	<u>Bid Price (No HST)</u>
1. Brycon Construction Limited	\$6,255,000*
2. Dexter Construction Company Limited	\$6,483,393
3. A.C.L. Construction Limited	\$6,782,855

* Recommended bidder

The scope of Phase 12-2 includes:

- < approximately 2900 linear feet of paved streets
- < overhead power
- < municipal servicing
- < natural gas pipeline
- < sidewalks
- < roadway lighting
- < associated landscaping

It is anticipated that construction will commence within three weeks of the tender award and take 20 weeks to complete.

This is a **UNIT PRICE** contract and the cost will be dependent upon the actual quantities measured and approved by the HRM Project Manager.

There are no Local Improvement Charges associated with this work.

BUDGET IMPLICATIONS

Based on the lowest tendered price of \$ 6,255,000, (no HST included, 100% rebatable), funding is available in the approved 2008/09 Capital Budget from Account No. CQ300741, Burnside and City of Lakes Development. Heritage Gas cost sharing will come from HROP GL 2314 - Natural Gas Future Settlement Charges.

The budget is available and has been confirmed by Financial Services.

Budget Summary: Capital Account No. CQ300741, Burnside/City of Lakes Development

Cumulative Unspent Budget	\$9,788,504
Plus: HROP GL2314 Heritage Gas Cost Sharing	\$ 103,900
Less: Tender No. 08-224	\$6,255,000*
HRWC Inspection Fees	\$ 5,569
CBCL Inspection Services	\$ 196,000
Jacques Testing and Certification	\$ 67,000
Nova Scotia Power Fees	\$ 72,905
Balance	\$3,295,930

*This project was estimated in the Approved 2008/09 Capital Budget at \$ 7,000,000.

The balance of funds will be used on similar Burnside Expansion projects.

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. If approved, this will increase the 2008/09 Capital Budget.

ALTERNATIVES

There are no recommended alternatives to this course of action.

ATTACHMENTS

- Attachment 1 - Memorandum from Heritage Gas
- Attachment 2 - Concept Plan Phase 12 Burnside Park
- Attachment 3 - Site Plan/Construction Limits Phase 12-2
- Attachment 4 - Phase 12-2 Lot Inventory and Pricing

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: John Fawcett, P.Eng., Design Engineer, Design and Construction Services at 490-6824
Michael Wile, Business Parks Manager, Real Property, TPW at 490-5521

Report Approved by:



Peter Stickings, Manager, Real Property, TPW at 490-7129

Financial Approval by:



Catherine Sanderson, Senior Manager, Financial Services at 490-1562

Report Approved by:



Mike Labrecque, P.Eng., Director, Transportation and Public Works at 490-4855



Cathie O'Toole, Director, Infrastructure & Asset Management at 490-4825

MEMORANDUM

TO: Leonard Avery, P. Eng., Heritage Gas

CC Jeff Spares, P.Eng., Sr. Design Engineer, Design & Construction
David Hubley, P.Eng., Manager, Design & Construction

FROM: John Fawcett, P.Eng., Design Engineer, Design & Construction

DATE: May 26, 2008

SUBJECT: **Tender 08-224, Phase 12-2 Development, Burnside Business Park.**

Tender 08-224, Phase 12-2 Development, Burnside Business Park, East Region closed May 13, 2008. Prior to tender award, a cost sharing agreement must be finalized between HRM and Heritage Gas. Enclosed is a bid comparison summary for the items associated with the gas main installation for this project. They are from the lowest bidder, Brycon Construction Limited to the highest.

In the most recent discussions on this subject, Heritage Gas has agreed to pay 50% of the cost of the reinstatement. This includes the cost of the asphalt and gravel over the length of the gas main and across the reinstatement width. Based on these unit prices Heritage Gas's share of reinstatement costs is as follows:

Reinstatement Area - Wilkinson Avenue	1154 m x 1.0 m	=	1154 m ²
Cost for Type 1 Gravel (200 mm thick)	1154 m ² x \$7.00/m ²	=	\$ 8,078
Cost for Type 2 Gravel (550 mm thick)	1154 m ² x \$17.50/m ²	=	\$20,195
Cost for Type B- Asphalt (75 mm thick)	1154 m ² x \$15.50/m ²	=	\$17,887
	Subtotal	=	\$46,160
50% Share of \$46,160	Reinstatement Costs	=	\$23,080

Based on the low bidder's tender prices and the above cost sharing, Heritage Gas's costs for Tender 08-224 Burnside Business Park, Phase 12-2 Development, can be summarized as follows:

Gas Main	\$ 80,820.00
Reinstatement Cost Sharing	<u>\$ 23,080.00</u>
	\$103,900.00
Net HST	<u>\$ 3,562.73</u>
Project Total	<u>\$107,462.73</u>

Actual cost sharing for this project will be based on final quantities determined during construction.

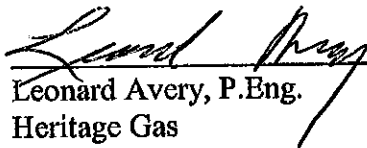
If you agree to this arrangement, please indicate by signing the enclosed copy and returning it to me. If you have any questions, please call me at 490-6824.

Thank you.



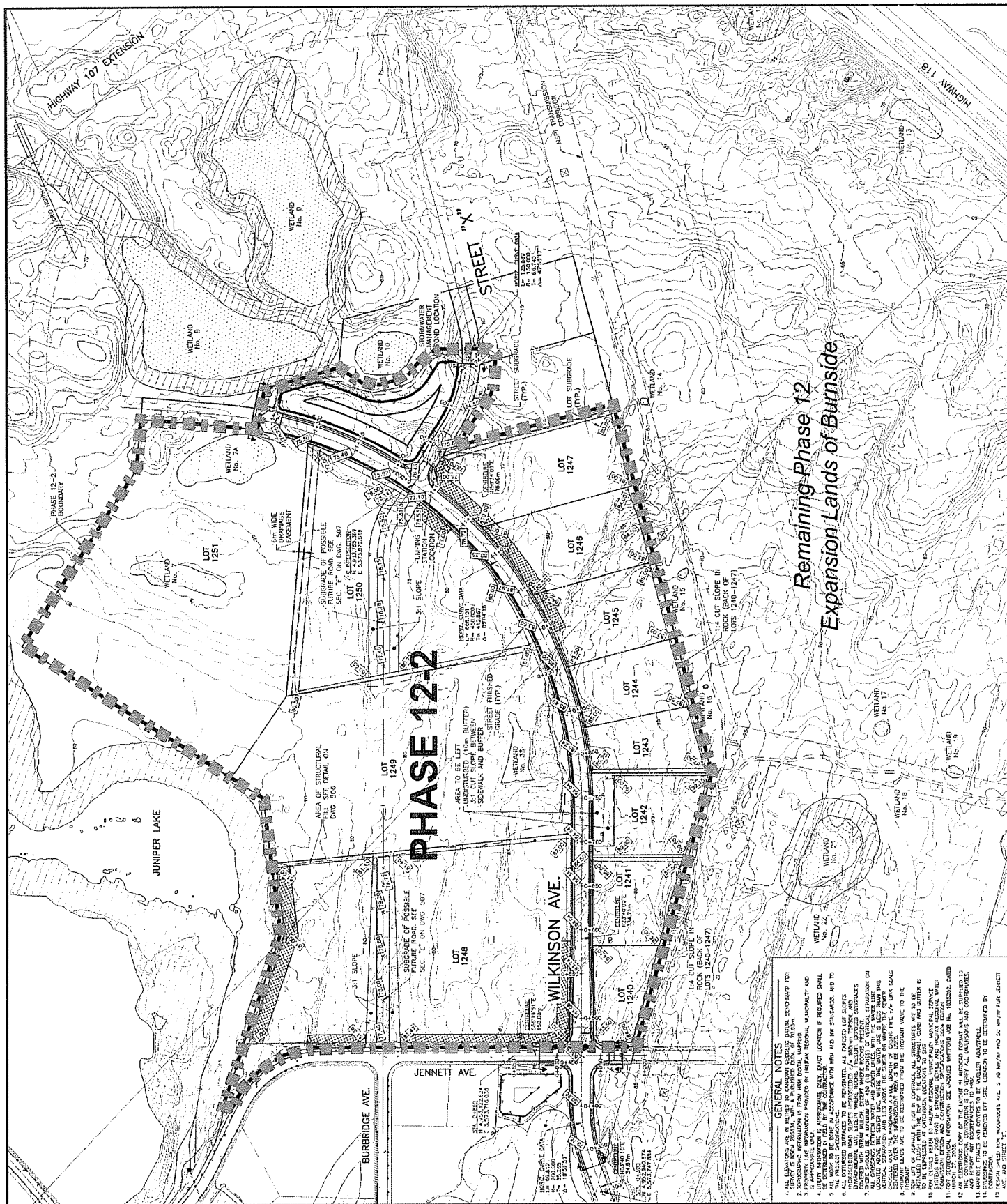
John Fawcett, P.Eng.
Design Engineer

JF/pm



Leonard Avery, P.Eng.
Heritage Gas

May 28, 2008
Date



- GENERAL NOTES**
1. ALL DIMENSIONS ARE IN METERS UNLESS OTHERWISE NOTED.
 2. SURVEY IS TO BE CONDUCTED IN ACCORDANCE WITH THE SURVEYING ACT AND THE SURVEYING REGULATIONS.
 3. PROPERTY LINE INFORMATION PROVIDED BY HURON REGIONAL MUNICIPALITY AND HURON COUNTY.
 4. UTILITY INFORMATION IS APPROXIMATE ONLY EXACT LOCATION IS REQUIRED SHALL BE DETERMINED BY THE CONTRACTOR.
 5. ALL WORK TO BE DONE IN ACCORDANCE WITH THE HURON REGIONAL MUNICIPALITY AND HURON COUNTY STANDARDS AND SPECIFICATIONS.
 6. DIMENSIONS TO BE SHOWN AS REQUIRED FOR ALL STRUCTURES AND TO BE SHOWN TO THE CENTERLINE OF ALL ROADS AND DRIVEWAYS.
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Attachment 4 - Phase 12-2 Lot Inventory and Pricing

PHASE 12-2 - Burnside Business Park (Subject Tender)

Notes:

** Indicates lots to be initially offered through lot tendering process. The per square foot selling price is the Minimum reserve bid for lots being offered under the tender process.

Lot #	Location	Site Condition	Lot Size		Selling Price		Land Use
			sq.ft.	Acres	per sq.ft.	Total	
**1240	Wilkinson Avenue	Graded	79,980	1.84	\$4.50	\$359,910	Light Industrial
**1241	Wilkinson Avenue	Graded	102,155	2.35	\$4.50	\$459,698	Light Industrial
1242	Wilkinson Avenue	Graded	126,672	2.91	\$4.50	\$570,024	Utility - NSPI
**1243	Wilkinson Avenue	Graded	93,193	2.14	\$4.50	\$419,369	Light Industrial
**1244	Wilkinson Avenue	Graded	103,416	2.37	\$4.50	\$465,372	Light Industrial
**1245	Wilkinson Avenue	Graded	129,675	2.98	\$4.50	\$583,538	Light Industrial
**1246	Wilkinson Avenue	Graded	156,464	3.59	\$4.50	\$704,088	Light Industrial
**1247	Wilkinson Avenue	Graded	200,342	4.60	\$4.50	\$901,539	Light Industrial
1248	Wilkinson at Jennett	Graded	435,600	10.00	\$5.50	\$2,395,800	Logistics
1248B	Jennett Avenue	Graded	283,845	6.52	\$4.50	\$1,277,303	Logistics
1249	Wilkinson Avenue	Ungraded	746,718	17.14	\$3.50	\$2,613,513	Logistics
1250	Wilkinson Avenue	Graded	523,614	12.02	\$4.50	\$2,356,263	Logistics
1251	Wilkinson Avenue	Ungraded	830,794	<u>19.07</u>	\$3.50	<u>\$2,907,777</u>	
Sub-total				87.52		\$ 16,014,192	

Phase 12-1 Existing Developed Lots

**1220	Wilkinson at Wright	Ungraded	109,054	2.50	\$7.50	\$817,905	Commercial
**1221	Wright Avenue	Ungraded	161,731	3.71	\$7.50	\$1,212,984	Commercial/Office
**1222	Wright Avenue	Ungraded	150,353	3.45	\$9.00	\$1,353,174	Commercial/Office
**1223	Wilkinson at Wright	Ungraded	434,778	<u>9.98</u>	\$9.00	<u>\$3,913,002</u>	Commercial
Sub-total				19.65		\$ 7,297,065	

NOTE:

Those lots not secured via the initial tender will be placed back in regular inventory at minimum unit pricing.