

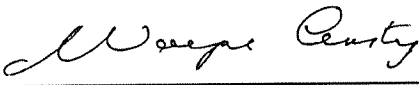


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Item No.

Halifax Regional Council
July 7, 2009

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Wayne Anstey, Acting Chief Administrative Officer

DATE: July 3, 2009

SUBJECT: Highway 102/Larry Uteck Blvd. Interchange Cost Sharing

ORIGIN

This report originates from staff.

RECOMMENDATIONS

It is recommended that Regional Council approve the funding plan for the Highway 102/Larry Uteck Boulevard Interchange project as outlined in the Budget Implications section of this report.

BACKGROUND

On May 26, 2009 Council approved a funding plan for the Highway 102/Larry Uteck Boulevard Interchange, and authorized the mayor and Municipal Clerk to sign a cost sharing agreement.

DISCUSSION

Since the funding plan and cost sharing agreement was approved by Council, the Province has received bids for the construction of the interchange and have informed staff that the low bid is higher than the pre-tender estimate for construction.

However, the level of cost sharing from both the Federal and Provincial Government has increased. And environmental costs have decreased. In addition the contingency has been reduced by the Province since actual bids have been received.

The net impact to HRM is summarized in the table below

	<u>Pre-tender Estimate</u>	<u>Post Tender Estimate</u>
Expenditures:		
Interchange & Ramps	16,700,000	19,735,000
Add'l. Environmental Costs	500,000	100,000
Engineering - Inspection and testing	800,000	876,116
Additional Contingency	1,000,000	436,200
Attachment A	<u>19,000,000</u>	<u>21,147,316</u>
Design Fees - Attachment B	500,000	600,000
Land - Attachment C	1,600,000	1,600,000
Water, Wastewater, Nat. Gas	970,000	1,015,750
Total Cost	<u>22,070,000</u>	<u>24,363,066</u>
Funding:		
Federal Grant	5,900,000	7,044,678
Provincial Grant	6,900,000	7,351,319
Bedford South CCC	2,295,155	2,295,155
Bedford West CCC	3,365,005	3,625,533
Water, Wastewater, Nat. Gas	970,000	1,015,750
Net HRM Costs	<u>2,639,840</u>	<u>3,030,631</u>

The Net HRM cost included in the "Pre-tender Estimate" column was previously approved by Council.

The amount that can be recovered from the Bedford West CCC has increased. When the project is complete, staff will determine whether an increase to the CCC rate is required. Construction on the project is expected to start in July 2009 and is expected to be completed by July 2010.

BUDGET IMPLICATIONS

HRM's share of the total project costs is \$9,967,069, most of which will be recovered.

Project Cost to HRM	\$9,967,069*
Less: Bedford South CCC	\$2,295,155**
Less: Bedford West CCC	\$3,625,533***
Less: Halifax Water/Heritage Gas Cost Sharing	<u>\$1,015,750****</u>
Net Cost to HRM	\$3,030,631

The net cost to HRM was originally estimated at \$3.0 million.

* \$9,967,069 represents HRM's \$8,951,319 share plus \$1,015,750 payable by Halifax Water and Heritage Gas. While the provision of water, sanitary, and natural gas services is included in the project, it is not cost shareable with the provincial and federal governments. HRM must pay 100 percent of these costs and will be recovering the full amount from Halifax Water and Heritage Gas.

** \$2,295,155 will be recovered from developers in the Bedford South CCC area

*** \$3,625,533 will be recovered from developers in the Bedford West CCC area. The increase is due to the increased cost of the interchange.

**** Halifax Water/Heritage Gas funding has increased because the actual bid price to install water, wastewater, and natural gas lines is greater than the pre-tender estimate.

Budget Summary: Capital Account No. CTU00971, Highway 102/Larry Uteck Boulevard Interchange

Cumulative Unspent Budget	\$ 5,833,000
Less: Gross budget reduction	<u>\$ 2,666,000*</u>
Adjusted Budget 2008/09 Budget	\$ 3,167,000
2009/10 Capital Budget	\$ 6,363,000
Adjusted Cumulative Budget	\$ 9,530,000
Less: Cost of land (including net HST)	<u>\$ 1,587,766</u>
Balance	\$ 7,942,234

As per the cost sharing agreement with the province, the funds will be due 60 days after the project is complete. The province has indicated that completion of the Larry Uteck Interchange project will be on July 31, 2010. This date has been set due to funding arrangements and cash-flow time-lines associated with Federal funding.

The balance of funds in the account will be used to carry out construction of the Highway 102/Larry Uteck Boulevard Interchange. Budget availability has been confirmed by Financial Services.

*The province is now responsible for construction of the Highway 102/Larry Uteck Boulevard Interchange, therefore, HRM will need to remove the provincial cost sharing from the capital budget. This amount is \$2,666,000 and was approved in the 2008/09 capital budget. There is no change to the net capital budget.

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, the gross capital budget will be reduced but not the net budget.

ALTERNATIVES

Council could agree not to approve the spending increase. If this occurs the tender will not be awarded.

ATTACHMENTS

None

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.

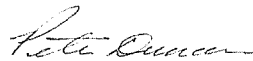
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Report Approved by:



Peter Duncan, Acting Director, Infrastructure and Asset Management at 490-5449