



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 11.3.1
Halifax Regional Council
October 7, 2014

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE:

September 26, 2014

SUBJECT:

Request for Budget Increase and Tender Award, Bicentennial Theatre Renovation

ORIGIN

September 17, 2014 meeting of the Audit & Finance Standing Committee, Item No. 9.1.10

LEGISLATIVE AUTHORITY

Audit & Finance Standing Committee Terms of Reference section 3.8, which states "to review and make recommendations on proposals coming to Halifax Regional Council outside of the annual budget or tender process including but not limited to:

- New Programs or services not yet approved
- Programs or services that are being substantially altered
- Proposed changes in operating or budget items
- Committing of funds where there is insufficient approved budget, or,
- New or increased capital projects not included in the approved budget
- Increases in project budget due to cost sharing
- Creation or modification of reserves and withdrawals not approved in the approved budget

RECOMMENDATION

It is recommended by the Audit & Finance Standing Committee that Halifax Regional Council

1. Approve an increase to Project No. CB000035 - Bicentennial Theatre Renovation, in the amount of \$75,000, with funding from the Capital Surplus Reserve Q103; and
2. Award Tender T14-159 – Bicentennial Theatre Renovations to the lowest tender price, Schooner General Contracting Limited, in the amount of \$300,239.39 (Net HST Included) with funding from Project No. CB000035 – Bicentennial Theatre Renovations as outlined in the Financial Implications section of the staff report dated July 29, 2014.

BACKGROUND

A staff report dated July 29, 2014 pertaining to a request for a budget increase and tender award for renovations to the Bicentennial Theatre located at 12390 Highway 224, Musquodoboit.

For further information please refer to the attached staff report dated July 29, 2014.

DISCUSSION

Staff responded to questions regarding the current condition of the facility and noted that the budget increase is required to remove hazardous building materials found during a subsequent assessment of the site. The Audit & Finance Standing Committee reviewed this matter at its meeting held on September 17, 2014 and forwarded the recommendation to Regional Council as outlined in this report.

FINANCIAL IMPLICATIONS

As outlined in the attached staff report dated July 29, 2014

COMMUNITY ENGAGEMENT

All meetings of the Audit & Finance Standing Committee

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

ALTERNATIVES

The Audit & Finance Standing Committee did not discuss alternatives.

ATTACHMENTS

1. Staff report dated July 29, 2014.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Liam MacSween, Legislative Assistant, 902.490.6521

HALIFAX

P.O. Box 1749
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Attachment 1

Audit & Finance Standing Committee
September 17, 2014

TO: Chair and Members of Audit & Finance Standing Committee
Original Signed

SUBMITTED BY:

Richard Butts, Chief Administrative Officer
Original Signed

Jane Fraser, Director, Planning & Infrastructure

DATE: July 29, 2014

SUBJECT: Request for Budget Increase and Tender Award, Bicentennial Theatre Renovation

ORIGIN

Approved 2014/15 Project Budget, Supplemental Report page A6.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, December 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend to Regional Council to:

1. Approve an increase to Project No. CB000035 - Bicentennial Theatre Renovation, in the amount of \$75,000, with funding from the Capital Surplus Reserve Q103; and
2. Award Tender T14-159 - Bicentennial Theatre Renovations to the lowest tender price, Schooner General Contracting Limited, in the amount of \$300,239.39 (Net HST Included) with funding from Project No. CB000035 - Bicentennial Theatre Renovations as outlined in the Financial

Implications section of this report.

BACKGROUND

The Bicentennial Theatre and Cultural Centre is located at 12390 Highway 224, Musquodoboit, N.S. The 7,500 square foot building was originally built in 1927 and has a replacement cost value of \$1,153,875. The 2013 building condition assessment assigned it with a current facility condition index of thirteen (13) percent. A rating of over ten (10) percent puts a building in the fair to poor condition range. It is the objective of the municipality to keep buildings in the good to fair condition rating.

Priority Rationale: The facility, which is operated by the Musquodoboit Valley Bicentennial Theatre non-profit organization, is a well-used community facility and is in need of recapitalization. The building is a priority for recapitalization based on the 2013 Building Condition Assessment. This project was planned using the unit price estimates from the Building Condition Assessment.

Project No. CB000035 - Bicentennial Theatre Renovation, with a budget of \$250,000, was approved by Regional Council in the 2014/15 budget.

DISCUSSION

Upon approval of the 2014/15 budget, staff engaged John Doucet Architects to develop the solicitation package and manage the project, and IPECC to complete an accessibility audit for inclusion in the tender. Further, staff reviewed the scope of work with the community group. Tender No. T14-159 was publicly advertised on the Nova Scotia Public Tenders website on June 11, 2014, and closed on July 15, 2014.

A site meeting was held on June 17, 2014. Six (6) potential bidders attended.

At closing, two (2) qualified bids were received as follows:

Company	Price	Price with Net HST
Schooner General Contracting Limited	\$287,900	\$300,239.39
Gaudet Building Contractors Limited	\$2,000,000	\$2,085,720.00

Scope of Work & Timeline:

Scope of work includes:

- Improvements to barrier free washroom
- Re-shingle roof
- Wood shingle replacement
- Exterior painting
- New corner boards and skirt boards
- New doors
- Electrical work
- Chimney repointing
- Fire Caulking

Work for this project will be coordinated with the Community Group schedule and take approximately four to six weeks to complete.

Subsequent to issuing the tender but prior to closing, upon request by the architect, a Hazmat Survey was completed. This survey was not addressed in the original Building Condition Assessment. The survey found asbestos containing materials and lead paint on the shingles. The results of the survey were posted as an addendum to the Tender and had unanticipated implications on the materials disposal and work costs. As a result, the cost of the works exceeds the anticipated budget.

HRM's standard terms and conditions as stated in the Tender allow that where a bid exceeds fifteen (15) percent of the estimated contract value, HRM may choose to:

- (a) Award the contract for the bid amount.
- (b) Make major changes to the scope of work (10 percent of the estimated contract value or greater) and re-tender the work.
- (c) Make minor changes to the scope of work (less than 10 percent of the estimated contract value) and negotiate changes with the lowest competent bidder to achieve an acceptable contract price. If negotiation fails, the contracting authority can make changes to the scope of work and re-tender.

In consideration that a reduction of scope would not be reflective of the building assessment and recapitalization requirements of the facility, it is recommended that Council award the contract for the bid amount.

As part of the Tender, Theatre seating replacement was included as an optional, unit price scope of work, dependent on budget considerations. Since the value of the lowest qualified bid exceeds the project budget, this work will not be included as part of this contract and will be addressed in a subsequent fiscal year budget planning process.

FINANCIAL IMPLICATIONS

Increase to Budget: Funding in the amount of \$75,000 is available from the Capital Surplus Reserve Q103.

Based on the lowest tendered price of \$287,900.00, plus net HST of \$12,339.39, for a net total price of \$300,239.39, and the approved Increase to budget, funding is available in the Approved 2014/15 Project Budget from Project No. CB000035 – Bicentennial Theatre Renovations. The budget availability has been confirmed by Finance.

Budget Summary:		<u>Project No. CB000035 - Bicentennial Theatre Renovations</u>
	Cumulative Unspent Budget	\$250,000.00
	Plus: Increase to Budget from Q103	\$ 75,000.00
	Less: Tender No. 14-159	<u>\$300,239.39</u>
	Balance	\$ 24,760.61
		<u>Q103 Capital Surplus Reserve</u>
	Projected net available balance March 31/15	
	As at July 31	\$233,754
	Withdrawal per recommendation	<u>(75,000)</u>
	Revised net available balance March 31/15	\$158,754

Risk Management: The risks with the remainder of the project are typical of recapitalization of an older building. This will require diligent project management by the Consultant and collaboration with the contractor to stay within budget. Schedule Risk is mostly nuisance and will be mitigated by working with the community group on schedule.

COMMUNITY ENGAGEMENT

Staff engaged the community group to develop the final specification and assess opportunities for increased accessibility in the facility.

ENVIRONMENTAL IMPLICATIONS

There are no identified environmental impacts related to this project and scope of work.

ALTERNATIVES

Cancel the project. This is not recommended as the facility is in need of recapitalization and is well used.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.php> 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: Richard MacLellan, Acting Manager, Facility Development, 233-4846

Original Signed

Financial Approval by:

Greg Keefe, Director of Finance & ICT/CFO, 490-6308
