

**Audit & Finance Standing Committee
March 20, 2013**

TO: Chair and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY: _____
Jane Fraser, Director Planning & Infrastructure

DATE: February 20, 2013

SUBJECT: Advanced Approval for 2013/2014 Project Budget

ORIGIN

This report originates from the 2013/2014 Project Budget.

LEGISLATIVE/AUTHORITY

Under the HRM Charter, Section 79, Halifax Regional Council may expend money for municipal purposes.

RECOMMENDATION

It is recommended that the Audit and Finance Committee recommend to Regional Council the approval of the advanced capital funding for 2013/2014 in the amount of \$13,889,500, as per the Financial Implications section of this report.

BACKGROUND

It has become standard practice for HRM to approve funding for certain capital projects in advance of approving the full Capital Project Budget. The amount of funding advanced then becomes a first commitment against the approved budget. This practice allows HRM to:

- Take advantage of lower bid prices from contractors by calling tenders in the early period of the construction season.
- Take advantage of the full summer construction period to carry out projects which are sensitive to time and weather, such as working in the dry summer season to minimize environmental impacts, or working in school zones during the summer school break.
- Purchase equipment or vehicles which require long lead times for delivery, or tender projects which require a lengthy lead time to order equipment that would otherwise delay construction.

In September, 2008, Council approved a change in the process for early funding approval. The Capital Steering Committee, a committee of senior staff, was granted the authority (until December 31 of any given year) to approve up to 50% advanced funding for projects identified in “year 2” of the 5 year capital plan (refer to Attachment 1). Additional requests for advanced funding that are beyond the parameters of this policy must be addressed directly by Regional Council.

To-date, \$24.1 million has been approved in advance funding against the 2013/2014 Project Budget:

- \$10.1 million has been approved directly by Council for bus purchases (Sep 25, 2012) and the Halifax City Hall restoration (Aug 14, 2012); and
- \$14.0 million has been approved by the Capital Steering Committee (Dec 18, 2012), mainly for state of good repair in roads, buildings, park and playgrounds.

Details of these projects are outlined in the table on page 4 of this report. Public tendering and procurement policies still apply including contract award by Council and, in most cases, advanced funding merely allows the procurement and/or design process to begin.

DISCUSSION

In anticipation that the Project Budget will be tabled on April 30, 2013, several additional projects have been identified that would benefit from advanced funding approvals at this time. These projects, along with the reason for the request, are summarized below (the supplemental page number of the 2012/13 Approved Project Budget is in brackets):

1. CBX01056 - Strategic Community Facility Planning (page A31)
\$250,000 (71% of the proposed budget) is requested to initiate an RFP for Consultant Services for the Concept Design/Site Option Analysis of the new multi-pad arenas for

Halifax and Dartmouth. The advanced funds will allow the project to stay on schedule in accordance with the Long Term Arena Strategy.

2. CB000018 – Highfield Terminal Upgrade (new 13/14)
\$1,000,000 (100% of the proposed budget) is requested to proceed with a tender call in advance of the budget approval, to ensure completion of the project in the 2013 construction season.
3. CR990002 – Municipal Operations – State of Good Repair (new 13/14)
\$1,900,000 (100% of the proposed budget) is requested to allow for early tender and award to obtain competitive pricing and ensure completion of work within the construction season.
4. CT000001 - North Park Corridor Improvements (new 13/14)
\$200,000 (100% of the proposed budget) is requested in order to proceed with the design and tender preparation immediately after the public engagement, which is currently underway.
5. CDX01182 Downtown Streetscapes (page C5)
\$2,285,000 (100% of the proposed budget) is requested so this work may proceed to tender, which is time sensitive, in association with the Central Library Project.
6. CYX01345 Street Recapitalization (page H10)
An additional \$7,025,000 is requested to take advantage of early tendering. This request is in addition to the \$7,501,000 previously approved by the Capital Steering Committee. The total proposed budget in 2013/2014 is \$20,500,000.
7. CKU01084 Sidewalk Renewals (page I3)
An additional \$679,500 is requested to take advantage of early tendering. This request is in addition to the \$1,000,000 previously approved by the Capital Steering Committee. The total proposed budget in 2013/2014 is \$2,500,000.
8. CR000003 New Sidewalks (page I1)
An additional \$550,000 is requested to take advantage of early tendering. The total proposed budget in 2013/2014 is \$1,185,000.

Tendering road related projects early in the spring helps to ensure competitive bids before contractors become busy. It can also be critical to completing projects because the local construction market has limited ability to undertake projects that are tendered later in the season.

For clarity, a summary of all advanced capital approvals against the 2013/2014 proposed project budget is presented in table on the following pages. Unless noted otherwise “Previous Requests” were granted by the Capital Steering Committee.

Project Number	Project Name	Current Request	Previous Request	Total Request	Proposed 2013/14 Budget
CB000002	Multi District Facilities- Upgrades (Bundle)	-	150,000	150,000	3,250,000
CB000010	Regional Park Washrooms	-	120,000	120,000	1,550,000
CBX01046	Halifax City Hall Stone Restoration	-	1,500,000 ¹	1,500,000	1,500,000
CBX01056	Strategic Community Facility Planning	250,000	-	250,000	350,000
CBX01272	Roof (Category 3)	-	100,000	100,000	775,000
CB000018	Highfield Terminal Upgrade	1,000,000	-	1,000,000	1,000,000
CDG00493	Shubenacadie Canal Greenway	-	300,000	300,000	300,000
CDX01182	Downtown Streetscapes	2,285,000	-	2,285,000	2,285,000
CKU01084	Sidewalk Renewals	679,500	1,000,000	1,679,500	2,500,000
CP000002	Park Assets - State of Good Repair	-	380,000	380,000	1,337,000
CP000003	Sports Fields/Courts - State of Good Repair	-	150,000	150,000	995,000
CP990001	Street Trees	-	210,000	210,000	650,000
CPX01331	Regional Water Access/ Beach Upgrades	-	260,000	260,000	940,000
CR000001	Storm Sewer Upgrades	-	100,000	100,000	200,000
CR000003	New Sidewalks	550,000	-	550,000	1,185,000
CRU01077	Bridges	-	750,000	750,000	1,800,000
CRU01079	Other Road Related Work	-	500,000	500,000	1,720,000
CR990002	Municipal Operations - State of Good Repair	1,900,000	-	1,900,000	1,900,000
CRU01241 (Combined with CR990002)	Gravel Roads & Street Drainage Maintenance- Ops	-	107,500	107,500	215,000
CT000001	North Park Corridor Improvements	200,000	-	200,000	200,000
CTU00419	Traffic Signal Rehabilitation	-	300,000	300,000	600,000

Project Number	Project Name	Current Request	Previous Request	Total Request	Proposed 2013/14 Budget
CTU01086	Intersection Improvements	-	900,000	900,000	1,800,000
CVD00434	Conventional Bus Expansion	-	5,075,000 ²	5,075,000	5,075,000
CVD00435	Conventional Bus Replacement	-	3,545,000 ²	3,545,000	3,545,000
CVD00436	Biennial Ferry Refit	-	260,000	260,000	600,000
CW000002	Otter Lake Equipment	-	600,000	600,000	1,600,000
CYU01076	Curb Renewals	-	330,000	330,000	330,000
CYX01345	Street Recapitalization	7,025,000	7,501,000	14,526,000	20,500,000
Total		13,889,500	24,138,500	38,028,000	58,702,000

¹ – Approved by Regional Council Aug 14, 2012

² – Approved by Regional Council Sep 25, 2012

The proposed project budget in 2013/2014 will be approximately \$167,000,000, and the total requested advanced funding in the amount of \$38,028,000 represents approximately 22.8% of the gross budget.

FINANCIAL IMPLICATIONS

Approving funding for a portion of the 2013/14 Project Budget will allow HRM to begin the procurement process. Project funds will not be spent or tenders awarded until Council approval.

Two of the projects included in the recommendation have operating cost impacts which will be included in the 2013/14 Operating Budget and Business Plan as follows:

- CR000003 - New Sidewalks, will have \$25,000 additional annual maintenance and snow removal costs; and
- CB000018 - Highfield Terminal Upgrade, will have \$53,000 additional annual operating costs and \$10,000 one-time start-up cost in 2013/14

COMMUNITY ENGAGEMENT

No community engagement was conducted specifically for this initiative.

ENVIRONMENTAL IMPLICATIONS

Projects may require environmental assessments on a case by case basis.

ALTERNATIVES

The committee could decide not to approve additional advanced funding. This may result in increased tender costs and construction delays.

ATTACHMENTS

Attachment 1 - Advanced Capital Project Funding Policy

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

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Report Prepared by: Peter Duncan, Manager Infrastructure, 490-5449

Original Signed

Financial Approval by:

Greg Keefe, Director of Finance and Information Technology/CFO, 490-6308

Attachment 1

Advanced Capital Project Funding Policy

All capital projects using Advanced Funding must meet the following criteria:

- that only the gross funding line item is required to have appeared in the year 2 outlook of the previous budget for advance funding approval of items in bundled accounts, and not the individual list of bundled items
- advanced funding for each project must not exceed 50% of the proposed capital budget for that project for the upcoming fiscal year
- project manager must provide justification to business unit director for the need for advance funding
- business unit director and capital steering committee must confirm that the project continues to be a part of the capital budget for the new fiscal year
- approval for advanced funding cannot be given prior to October 1st (i.e. 6 months before the commencement of the new fiscal year)
- no advanced capital requests can be approved after December 31st
- the normal procurement process for contracts still applies

Projects which have not been included in the previous year's capital plan and any requests for additional funding beyond the limits established above, must be approved by Council.