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Item No. 9.1.9
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
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Jane Fraser, Director, Planning & Infrastructure

DATE: July 30, 2014

SUBJECT: 6067 Quinpool Road, Halifax – Administrative Order Number 50

ORIGIN

Regional Council, Meeting of July 22, 2014

Item 11.1.8 - 6067 Quinpool Road, Halifax – Administrative Order Number 50

Motion approving five recommendations (see BACKGROUND Section on p.2 of this report), specifically:

3. Authorize the demolition of the building at 6067 Quinpool Road (a subsequent report will be prepared to outline the funding of these costs as outlined in the Financial Implications Section of this report);

LEGISLATIVE AUTHORITY

Halifax Regional 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.

Recommendations on Page 2

RECOMMENDATION

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

- 1) Approve a budget increase of \$200,000.00 to Project Account No.CBX01162 – Environmental Remediation/Building Demolition, with funding from Q101, Sale of Capital Assets Reserve, for contract planning services for the purpose of undertaking the process to amend the Municipal Planning Strategy for Halifax and the Land Use By-Law for Halifax Peninsula at 6067 Quinpool Road, as previously approved by Halifax Regional Council on July 22, 2014, Item 11.1.8; and,
- 2) Approve a budget increase of \$4,500,000.00 to Project Account No.CBX01162 – Environmental Remediation/Building Demolition, with funding from Q101, Sale of Capital Assets Reserve, for demolition and environmental remediation at 6067 Quinpool Road, as previously approved by Halifax Regional Council on July 22, 2014, Item 11.1.8.

BACKGROUND

The property at 6067 Quinpool Road, Halifax, formerly known as Saint Patrick's High School, was transferred from the Halifax Regional School Board to the municipality in December 2013, and is now vacant. Following a review of the property under Administrative Order 50, it was recommended to Regional Council that it was surplus to municipal requirements.

Regional Council subsequently approved the following recommendations (i.e., 1.-5. below) as per report Item 11.1.8 – 6067 Quinpool Road, Halifax – Administrative Order Number 50, on July 22, 2014. Today's report before Audit & Finance Standing Committee specifically deals with the funding requirements to implement recommendations 3 and 4:

1. *Declare the property at 6067 Quinpool Road, Halifax, surplus to municipal purposes;*
2. *Categorize the property as 'Economic Development', as per Administrative Order 50;*
3. *Authorize the demolition of the building at 6067 Quinpool Road (a subsequent report will be prepared [i.e., to Audit & Finance Standing Committee] to outline the funding of these costs as outlined in the Financial Implications Section of this report);*
4. *Direct staff to initiate the process to consider amending the Municipal Planning Strategy for Halifax and the Land Use By-Law for Halifax Peninsula at 6067 Quinpool Road to address design, building height, mass, density, and use; and,*
5. *Direct staff to return to Regional Council with the specifics of the disposal method for 6067 Quinpool Road following consideration of amendments to the Municipal Planning Strategy for Halifax.*

This report sets out the specific funding approach for the costs for building demolition and planning services. Approval is required from Audit and Finance Standing Committee and then Regional Council.

DISCUSSION

The initial order-of-magnitude estimate of \$3,500,000 for demolition, disposal, and environmental was proposed by municipal staff in preparing the Regional Council report of July 22, 2014. Subsequent to that report, municipal staff has completed work with Dillon Consulting, which includes the preparation of a

demolition specification and tender document for the St. Patrick's High School building (6067 Quinpool Road). The recommended, detailed (Class C) budget estimate based on Dillon's assignment is \$4,500,000, which includes a 30 percent contingency. It also includes funds for environmental testing, monitoring, and reporting.

The scope of work for demolition considers previous environmental reviews of the site as well as potential (future) uses. Despite these precautions, demolition projects inherently carry potential high risk, such as contamination beneath the slab. More detail appears in the Environmental Section of this report.

The scope of the complete demolition and environmental remediation project includes:

1. Structural Disposal;
2. Hazardous Materials Removal & Environmental Testing;
3. Site Services & Reinstatement;
4. Miscellaneous Items (e.g., security, electrical removals);
5. Construction Management & Administration;
6. Contingency; and
7. Net HST

A report to Regional Council will be necessary to award the contract for demolition and environmental remediation to the lowest bidder meeting specifications.

The scope of work for the planning consultant will be to initiate the process to consider amending the Municipal Planning Strategy for Halifax and the Land Use By-Law for Halifax Peninsula at 6067 Quinpool Road to address design, building height, mass, density, and use. The process will also include public consultation, and a report back to Regional Council.

FINANCIAL IMPLICATIONS

The scope of work appears in the Discussion Section, above.

Project No. CBX01162 – Environmental Remediation / Building Demolition:

Cumulative Unspent Budget	\$1,416,072.33
Add: Funds from Q101 for Demolition & Remediation	\$4,500,000.00
Add: Funds from Q101 for Contract Planning Services	<u>\$ 200,000.00</u>
Balance	\$6,116,072.33

Sale of Capital Assets (Sale of Land), Q101 Summary:

Projected net available balance, March 31/15 as at July 31	\$11,206,546
Less: Contract Planning Services	\$ 200,000
Less: Demolition & Remediation	<u>\$ 4,500,000</u>
Revised Projected net available balance March 31/15	\$ 6,506,546

The Regional Council report of July 22, 2014, further stated that costs for building demolition and planning services are to be funded from the eventual sale proceeds of 6067 Quinpool Road surplus property. Any balance remaining in project accounts after work is complete, and after all invoices are paid, should be repatriated to the Q101 reserve.

Funding availability in Q101, Sale of Capital Assets (Sale of Land) Reserve has been confirmed by Finance.

COMMUNITY ENGAGEMENT

As per Administrative Order 50, the area Councillor was advised of the recommendation to *surplus* the subject property with *Economic Development* categorization. Councillor Watts hosted a public meeting on May 21, 2014, at which public comments were received and reported in the July 22, 2014, Regional Council report. Future plan amendments are subject to community consultation and public hearing.

The financial implications of the recommendations in this report do not require further community engagement.

ENVIRONMENTAL IMPLICATIONS

This property is listed as contaminated with Nova Scotia Environment (NSE), and has been the subject of extensive review by environmental consultants. Underground Storage Tanks (USTs) were used onsite to store furnace oil and one UST remains today. An Aboveground Storage Tank (AST) remains in-place in confined space conditions in the basement, which was permitted by NSE until such time that it could be properly decommissioned when the building is demolished. Past fuel releases have impacted soil and groundwater, but levels today are within applicable guidelines under the current land use. The levels of contaminants onsite will need to be re-evaluated should there be an anticipated change in land use, and further remedial work may be required.

Current outstanding issues of onsite environmental concern also include:

- No readily available documentation exists regarding historic petroleum USTs on other properties up-gradient of the site, and which could be impacting HRM's property;
- Hydraulic fluid is leaking from the elevator into the elevator pit and an adjacent sump has malfunctioned, causing hydraulic fluid to mix with groundwater; and
- Staining on the boiler room floor may be associated with creosote from the chimney.

Given the building's age and materials used at time of construction, several other hazardous conditions exist inside the building, including: asbestos ceiling and floor tiles, asbestos pipe insulation wrap, indications of mould, and presence of mercury and lead.

The known environmental issues will be further monitored and abated as part of the demolition budget and process, as approved by Regional Council. Environmental risk will be assessed throughout the planning phase once future uses are identified.

ALTERNATIVES

Regional Council approved, on July 22, 2014, the building's demolition and process initiation to consider amending the applicable Municipal Planning Strategy and Land Use By-Law at 6067 Quinpool Road. The Audit & Finance Standing Committee could, alternately, recommend that Regional Council...

- 1) *Not* approve funds withdrawal from Q101, Sale of Capital Assets (Sale of Land) Reserve, and to, instead, recommend the source of funding be taken from 'Capital from Operating' in the current fiscal year, 2014/15;
- 2) Delay demolition/environmental remediation and plan amendment initiation, and fund these implementation components in the next fiscal year (2015/16) as part of the annual capital budget process. This alternative would increase the property's holding costs by an estimated \$200,000 to \$400,000.

ATTACHMENTS

Attachment 1 - Site Plan of Subject Property
Attachment 2 - Photographs of Subject Property

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: Rudy Vodicka, Coordinator, Public Lands Development, 902-490-5582

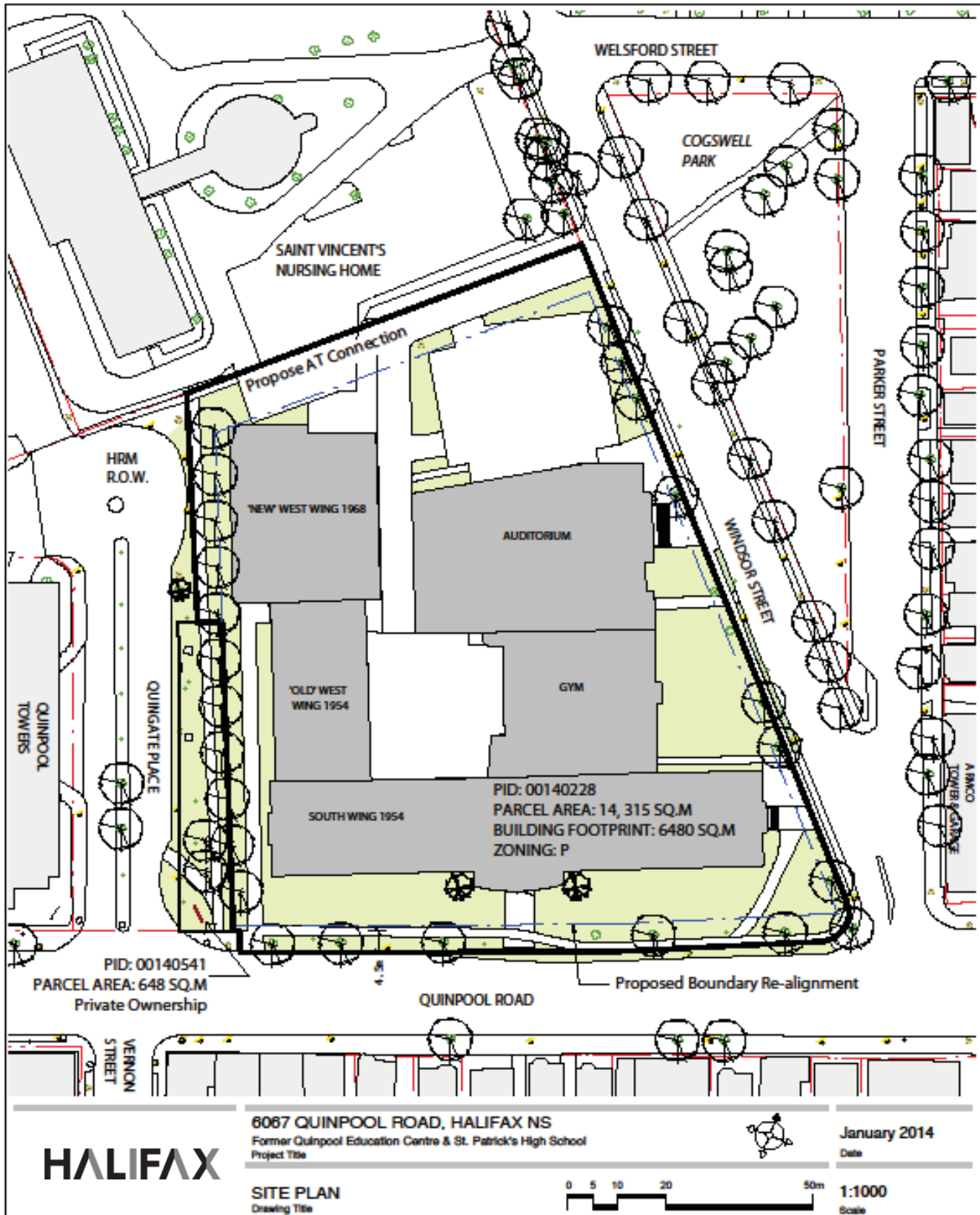
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Report Approved by: Peter Stickings, Manager, Real Estate & Land Management, 902-490-7129

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Financial Approval by: Greg Keefe, Director of Finance & ICT/CFO, 902-490-6308

Attachment 1 – Site Plan of Subject Property
A&FSC REPORT - 6067 Quinpool Road



HALIFAX

Attachment 2 – Photographs of Subject Property A&FSC REPORT - 6067 Quinpool Road

