

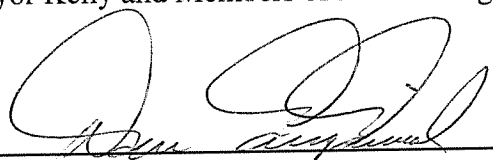
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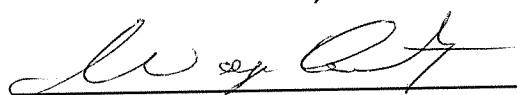


PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
February 20, 2007

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Dan English, Chief Administrative Officer


Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: February 12, 2007

SUBJECT: Award - Unit Price Tender No. 06-252, Herring Cove Water and Sewer, Phase 2A - West Region

ORIGIN

The Approved 2005/06 Capital Budget.

RECOMMENDATION

It is recommended that Council:

1. Award Tender No. 06-252 Herring Cove Water and Sewer, Phase 2A - West Region to ACL Construction Limited for materials and services listed at the unit prices quoted for a Total Tender Price of \$4,737,466 (net HST included) with funding from CGU00645 and CSE00398, as outlined in the Budget Implications section of this report.
2. Award contract administration and construction inspection services for Tender No. 06-252 Herring Cove Water and Sewer, Phase 2A - West Region, to CBCL Limited for a Total Tender Price of \$177,303 (net HST included), with funding from CGU00645 as outlined in the Budget Implications section of this report.

**Award - Tender No. 06-252, Herring Cove
Water and Sewer, Phase 2A - West Region
Council Report**

- 2 -

February 20, 2007

3. Approve \$40,000 (net HST included) for quality control and audit inspection services for the water system for Tender No. 06-252 Herring Cove Water and Sewer, Phase 2A - West Region, to the Halifax Regional Water Commission (HRWC), with funding from CGU00645 as outlined in the Budget Implications section of this report.
4. Approve additional detailed design work on Tender No. 06-252 Herring Cove Water and Sewer, Phase 2A - West Region to CBCL Limited for a Total Tender Price of \$15,514 (net HST included), with funding from CGU00645 as outlined in the Budget Implications section of this report.
5. Approve re-allocation of Phase 1A costs in the amount of \$2,470,800 to the Herring Cove Water and Sewer Account (CGU00645) leaving the remaining costs of \$1,410,575 to be funded by the Herring Cove Community Integration Fund as outlined in the Budget Implications section of this report.
6. Approve the budget amounts for the Capital Contribution Charges revenues and the corresponding expenses under Capital Account No. CGU00645 to be shown at gross values instead of net values as is the current situation. This will result in both budgets being increased by \$1,140,000 respectively as outlined in the Budget Implications section of this report.

BACKGROUND

The Approved 2005/6 Capital Budget included funds for servicing parts of the Community of Herring Cove with municipal water and sewer. The gross capital cost to implement the approved project plan was originally estimated to be \$14.7M. After deducting the sources of external funding (approximately \$10.8M), the amount remaining to be recovered from the property owners via an LIC was \$3.9M (net). Under the approved By-Law it was estimated that a property owner with 100 feet of road frontage would pay \$5600 for sewer and \$6700 for water (approximately \$12,300 for both). Based on the approved By-Law the cost for properties with other frontages will be different.

Based on the work completed and bids received, staff are now projecting the gross cost to implement the approved project plan will be approximately \$21.3M thereby resulting in a funding shortfall of approximately \$5.4M. If this shortfall were to be passed to property owners, it is estimated that a property owner with 100 feet of road frontage would pay \$15,500 for sewer and \$12,500 for water (approximately \$28,000 for both), which is more than double the original estimate. Please note that the shortfall was based on the projected costs.

At the February 13, 2007 Regional Council meeting, the following In Camera recommendation was ratified by Council:

**Award - Tender No. 06-252, Herring Cove
Water and Sewer, Phase 2A - West Region
Council Report**

- 3 -

February 20, 2007

That Halifax Regional Council:

1. Authorize staff to bring forward tenders for Phase 1B and 2A for award as soon as possible.
2. Authorize a sufficient increase to the Community Integration Fund to complete Phases 1B and 2A, with funding from Harbour Solutions Project contingency.
3. Authorize expenditure of all Herring Cove Community Integration Funds (\$4.5M) toward completion of Phases 2A and 1B.
4. Approve the use of \$400K surplus CNSIP funds for completion of Phases 2A and 1B, subject to the approval of the Secretariat.

The Herring Cove water and sewer project consists of the following phases (see attached map):

Phase 1A - completed

Phase 1B - tendered, not awarded (subject of companion award report)

Phase 2A - tendered, not awarded (subject of this award report)

Phase 2B - not tendered

Phase 3 - not tendered

Phase 2A includes servicing properties on Hebridean Drive, part of Village Road, part of St. Pauls Avenue, Harrigan's Road and Margaret Lorne Drive.

At the September 14, 2006 Herring Cove CLC meeting, the Committee unanimously agreed that Phase 2A of the project should be awarded next. The reasons given by the CLC for making this recommendation are as follows: (1) because it services the greatest number of residents in Herring Cove, (2) delivers safe water and modern sewer services into the heart of the community, (3) addresses the serious issue of possible failure of septic systems on Hebridean Drive, (4) the primary pumping station to service Herring Cove is included in this phase and (5) it will service the Seniors Complex, two Churches, and two Church Halls.

Since this project was originally designed by CBCL Limited, staff is recommending that they be retained to provide construction inspection and administration services. The estimated fee for this work was derived from prices quoted in the original design proposal (June 2004) and will be based on the actual time spent on the project.

In conjunction with the construction inspection services provided by the HRM consultant, HRWC staff will perform part time Field Audit Inspections to provide an overview level of quality assurance and provide technical assistance as required to the consultants in ensuring that all HRWC specifications and regulations are being met during the construction phase of the project. With the water system being a buried system with no easy access after construction, a high degree of reliance is placed on quality assurance and inspection during the construction phase. The Field Audit

Inspection is a standard component of the municipal infrastructure construction process. The estimated cost of the HRWC audit inspections is \$40,000.

During detailed design, CBCL Limited were requested by HRM to carry out additional design work related to this phase of the project. The additional design work includes (costs shown exclusive of taxes) relocation of Village Road sewage pumping station (\$2,500) and additional water system features for Phase 2A as requested by the HRWC (\$12,500). This work was beyond the terms of the original design proposal and was approved by HRM/HRWC staff prior to CBCL proceeding with the work.

DISCUSSION

Tenders for Phase 2A were called on August 2, 2006 and closed on August 23, 2006. The following bids were received:

<u>Name of company</u>	<u>Bid Price (Net HST included)</u>
1. A.C.L. Construction Limited	\$4,985,923
2. J.R. Eisener Contracting Limited	\$5,155,195
3. Brycon Construction Limited	\$5,636,881
4. Dexter Construction Company Limited	\$6,643,943

The scope of work for this tender generally consists of the construction of a sewage collection system consisting of a pumping station/forcemain; sanitary sewer, including service laterals to the property lines; and water distribution system, consisting of pipes, valves, hydrants, pressure reducing valve chambers, and service laterals to the property lines. Environmental protection and sedimentation control measures required during construction are also included.

The bids received exceeded the original estimate of \$3,300,000 by a significant amount. Staff reviewed the design with the low bidder and negotiated some slight changes to the design. The changes consisted mainly of reducing pipe lengths and regrading pipes which resulted in less rock, less reinstatement and increased productivity for the contractor. The changes did not compromise the design and resulted in an estimated cost reduction of \$240,220. The revised bid price, including net HST, is \$4,737,466.

If this tender award is approved it is anticipated that work will commence in the Spring of 2007, take 30 weeks to construct and should be completed by December 2007.

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

The installation of new sewer and water systems is subject to Local Improvement Charges under By-law L-124.

Phase 1A Actual Costs Adjustment

Total Phase 1A costs of \$2,470,800 were originally approved under the Canada - Nova Scotia Infrastructure Programs (CNSIP) but are currently billed under the Herring Cove, Community Integration Fund Account (#CSE00398). Staff recommends re-allocation of these costs so that they are matched against the CNSIP funding received in Capital Account No. CGU00645, Herring Cove, Water and Sewer.

Reflecting the Capital Costs Contribution at gross value

When HRWC submitted the CCC budget amount, it was expressed at a net value of \$3,360,000. This figure was derived by reducing the anticipated CCC charges of \$4,500,000 by corresponding expenses of \$1,140,000. Showing these figures at gross values will be consistent with the approach used by HRM in showing all other capital revenues and expenditures.

BUDGET IMPLICATIONS

The total estimated project cost for this award is \$4,970,283, including net HST. This amount consists of the lowest amended tendered price of \$4,737,466, including net HST; Contract Administration and Inspection Services of \$177,303, including net HST; quality control and audit inspection services for the water system of \$40,000, including net HST; and additional detailed design work for phase 2A of \$15,514, including net HST.

Funding is available in the Approved 2005/6 Capital Budget from Account No. CGU00645, Herring Cove Water and Sewer Services and also from Account No. CSE00398, Herring Cove, Community Integration Fund (CIF). The initial costs of this phase will be drawn against the CIF account until it is fully utilized and then the remaining balance will be drawn against Account No. CGU00645. The budget availability has been confirmed by Financial Services.

Budget Summary: **Capital Account No. CSE00398, Herring Cove CIF**

Cumulative Unspent Budget	\$ 618,625
Add-back Phase 1A Adjustment	<u>\$ 2,470,800</u>
Adjusted Unspent Balance	\$3,089,425
Less: Tender No. 06-252	<u>\$ 3,089,425</u>
Balance	\$ 0

Capital Account No. CGU00645, Herring Cove Water and Sewer

Cumulative Unspent Budget	\$ 10,200,386
Less: Phase 1A Adjustment	\$ 2,470,800
Adjusted Unspent Balance	\$ 7,729,586
Less: Tender No. 06-252	\$ 1,648,041
Less CBCL Contract Administration	\$ 177,303
Less HRWC Audit Inspection	\$ 40,000
Less Additional Design Phase 2A	\$ 15,514
Balance	\$ 5,848,728*

*The remaining balance is comprised of LICs, CCCs, Sewer Redevelopment Charges and Stewardship Funds related to Phases 1B, 2B and 3, and so is not available to be used towards Phase 2A. The remaining balance will be used to partially offset the costs of the future project phases: Phase 1B (\$3,045,227- tender price); Phase 2B (\$4,307,600 - projected) and Phase 3 - exclusively HRWC project (\$3,360,000 - projected).

The CCC budget and the corresponding expenses shown at gross values will offset each other to zero and therefore has no budget implications.

Phase 2A costs of the project were budgeted at \$3,300,000 and later projected at \$5,439,500.

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.

ALTERNATIVES

1. Council could choose not to award Phase 2A. This approach would not be consistent with the recommendation from the Herring Cove CLC and would leave a significant portion of Herring Cove property owners (including phase 2B) without the opportunity to have central services.

Staff does not recommend this alternative.

ATTACHMENTS

Plan Showing Water and Sewer Phases - Herring Cove

**Award - Tender No. 06-252, Herring Cove
Water and Sewer, Phase 2A - West Region
Council Report**

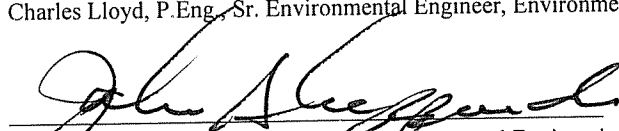
- 7 -

February 20, 2007

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: Charles Lloyd, P.Eng., Sr. Environmental Engineer, Environmental Engineering Services, 490-6942

Report Approved by:



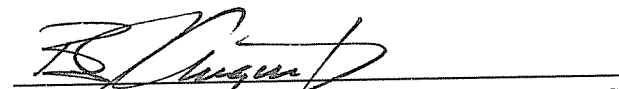
John P. Sheppard, P.Eng., Manager, Environmental Engineering Services, 490-6958

Financial Approval by:



Cathie O'Toole, Acting Manager Finance, 490-6308

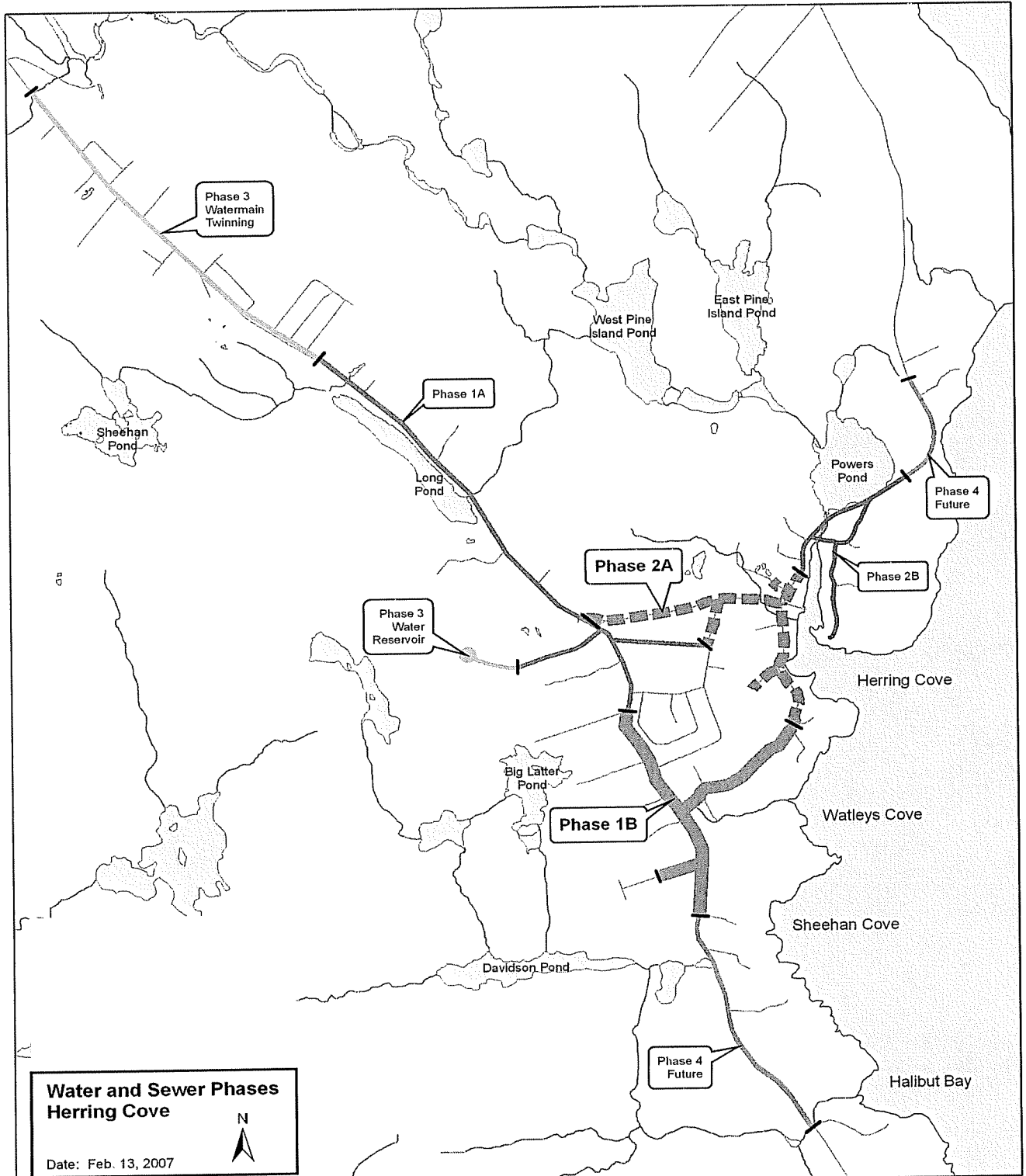
Report Approved by:



Brad Anguish, P.Eng., Director, Environmental Management Services, 490-4825

**Award - Tender No. 06-252, Herring Cove
Water and Sewer, Phase 2A - West Region
Council Report**

February 20, 2007



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