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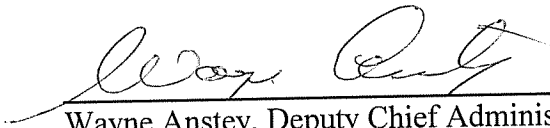
Halifax Regional Council
February 20, 2007

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 15, 2007

SUBJECT: Award - Unit Price Tender No. 06-219, Herring Cove Water and Sewer, Phase 1B - West Region

ORIGIN

The Approved 2005/06 Capital Budget.

RECOMMENDATION

It is recommended that Council:

1. Award Tender No. 06-219 Herring Cove Water and Sewer, Phase 1B - West Region to ACL Construction Limited for materials and services listed at the unit prices quoted for a Total Tender Price of \$2,882,147 (net HST included) with funding from CGU00645 as outlined in the Budget Implications section of this report.
2. Award contract administration and construction inspection services for Tender No. 06-219 Herring Cove Water and Sewer, Phase 1B - West Region, to CBCL Limited for a Total Tender Price of \$123,080 (net HST included) with funding from CGU00645 as outlined in the Budget Implications section of this report.

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3. Approve \$40,000 (net HST included) for quality control and audit inspection services for the water system for Tender No. 06-219 Herring Cove Water and Sewer, Phase 1B - 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 an increase in the gross budget for Capital Account No. CSE00398, Herring Cove Community Integration Fund by \$1,656,400, with funding coming from the Harbour Solutions Project Contingency Fund, in order to fund the shortfall for Phase 1B, as ratified by Regional Council on February 13, 2007.
5. Approve the use of the \$400,000 surplus CNSIP funds for the completion of Phase 1B subject to the approval of the Secretariat, which will increase the budget for Capital Account No. CGU00645, Herring Cove Water and Sewer.

BACKGROUND

The Approved 2006/07 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:

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.

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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 this award report)
- Phase 2A - tendered, not awarded (subject of companion award report)
- Phase 2B - not tendered
- Phase 3 - not tendered

Phase 1B includes water and sanitary sewer servicing on part of Ketch Harbour Road, part of Village Road, Florence Street and fire hydrants within Churchill Estates Subdivision.

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.

DISCUSSION

Tenders were called on March 19, 2006 and closed on March 29, 2006. The following bids, exclusive of taxes, were received:

	<u>Name of company</u>	<u>Bid Price (Net HST included)</u>
1.	A.C.L. Construction Limited	\$3,047,634
2.	Dexter Construction Company Limited	\$3,062,760
3.	J.R. Eisener Contracting Limited	\$3,755,291
4.	Amber Contracting Limited	\$3,843,577

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 \$2,200,000 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 \$160,000. The revised bid price, including net HST, is \$2,882,147.

If this tender award is approved it is anticipated that work will commence in the Spring of 2007, take 23 weeks to construct and should be completed by December 2007 or perhaps early in 2008.

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.

BUDGET IMPLICATIONS

The total estimated project cost for this award is \$3,045,227, including net HST. This amount consists of the lowest tendered price of \$2,882,147, including net HST; Contract Administration and Inspection Services of \$123,080, including net HST and quality control and audit inspection services for the water system of \$40,000, including net HST.

Funding is available in the Approved 2005/06 Capital Budget from Account No. CGU00645, Herring Cove Water and Sewer Services and also from Capital Account No. CSE00398, Herring Cove Integration Fund (CIF). The budget availability has been confirmed by Financial Services.

Budget Summary:

Capital Account No. CGU00645, Herring Cove, Water and Sewer

Cumulative Unspent Budget	\$5,848,728
Less: Tender No. 06-219	\$ 2,285,928
Less CBCL Contract Administration	\$ 123,080
Less HRWC Audit Inspection	\$ 40,000
Balance	\$3,562,800*

Capital Account No. CSE00398, Herring Cove CIF

Cumulative Unspent Budget	\$0
Add: Increase in Budget	\$1,656,400
Less: Tender No. 06-219	<u>\$ 759,299</u>
Balance	\$ 897,101**

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

**Staff is recommending to transfer an amount of \$1,656,400 from the Harbour Solutions Project Contingency Fund to fund the projected shortfall in Phase 1B, with the understanding that any unused portion of this funding will be returned to the Harbour Solutions Project Contingency Fund upon completion of this phase. This is in accordance with item 2 of Council's approved motion of February 13, 2007, which authorized 'a sufficient increase' to complete Phases 1B and 2A, with funding from the Harbour Solutions Project Contingency Fund.

This phase of the project was originally estimated at \$2,200,000.

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, this will increase the 2006/07 Capital Budget.

ALTERNATIVES

Council could choose not to award Phase 1B. This would leave a significant portion of Herring Cove property owners 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. 06-219, Herring Cove
Water and Sewer, Phase 1B - West Region
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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

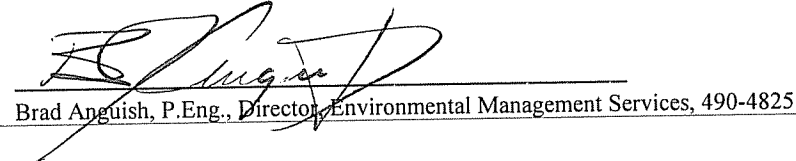
Report Approved by:


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

Financial Approval by:

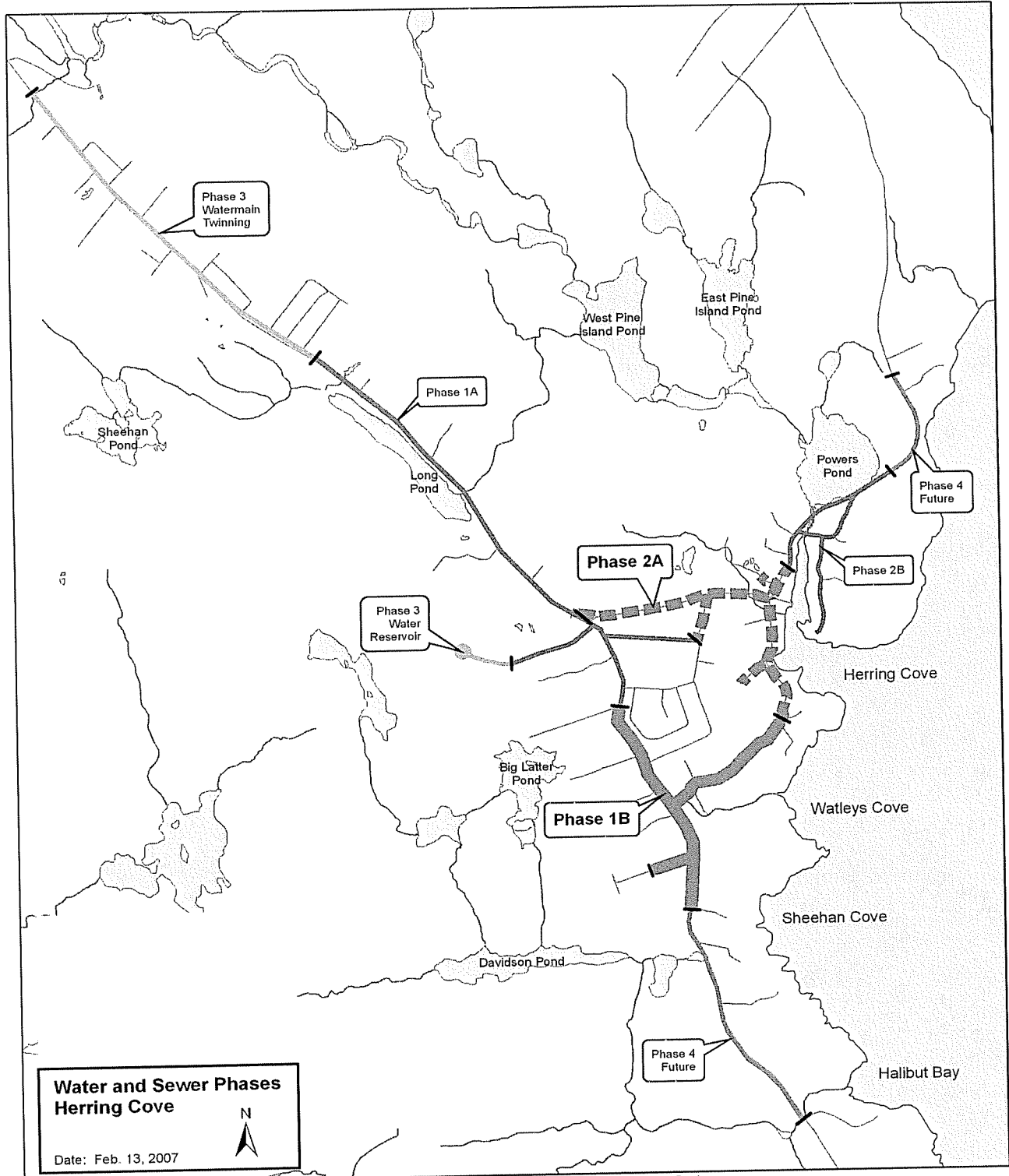

Cathie O'Toole, Acting Manager Finance, 490-6308

Report Approved by:


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

**Award - Tender No. 06-219, Herring Cove
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