

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Geri Kaiser, Acting Chief Administrative Officer



Paul Dunphy, Acting Deputy Chief Administrative Officer - Operations

DATE: June 23, 2008

SUBJECT: Award - Tender No. 08-069, Biennial Ferry Re-fit - Woodside I

ORIGIN

Approved 2008-2009 HRM Capital Budget

RECOMMENDATION

It is recommended that Council:

1. approve an increase to Capital Project CVD00436, Biennial Ferry Re-fit, in the amount of \$176,915, with funding as a withdrawal from the Ferry Reserve Q129;
2. award Tender No. 08-069, Biennial Ferry Re-fit - Woodside I to Lunenburg Foundry and Engineering Ltd. for a total award cost of \$639,284.72 including net HST from Capital Account No. CVD00436, Biennial Ferry Re-fit with funding authorized as per the Budget Implications section of this report;
3. approve an additional maximum upset amount of \$64,000, including net HST, for additional costs to paint the vessel and for unforeseen work, with funding from Capital Account No. CVD00436 Biennial Ferry Re-fit as detailed in the Budget Implications section of this report.

BACKGROUND

The three harbour ferries are required to be retro-fitted on a strict alternating schedule as mandated by Transport Canada. The amount of \$550,000 was allocated three years ago for the 2008/09 capital budget. Funds were to accommodate the drydock re-fit of the Woodside 1, to be completed in the fall of 2008. The ferries are steel, self-propelled, double-ended, with an aluminum wheelhouse, specifically designed to provide year round passenger transportation across the Halifax Harbour Narrows.

Despite being the newest of the three Metro Transit ferry vessels, the Woodside ferry is relatively old at 22 years. The other two ferries are 28 years old, with the expected average life span for a ferry vessel of its type being 30 years. As a result of the age of the vessel and as part of its biennial re-fit, extensive work is required on the Woodside vessel. There has not been any major work carried out on this vessel since it was built in 1986.

The timing of the dry-dock and re-fit of each ferry vessel is crucial as all three ferry vessels are required to deliver service for the regular existing ferry schedules. With one ferry vessel out of commission, the Alderney Ferry Service (from Dartmouth to Halifax) is required to operate on half-hour service only, instead of its regular 15 minute service in peak travel times. During the mandatory drydocking process, the ferry is required to be out of the water for approximately 6 weeks. This amount of time is already a major inconvenience to the travelling public. Approximately 8,000 passenger trips per day are made on the Metro Transit ferry service. This type of ongoing re-fit is traditionally scheduled in the Fall months, and not the busy summer season, although there is really no optimum “down time” to conduct this required work

Extra work has been identified for the vessel and the cost of drydocking has increased since the proposed budget. The increase is due to a number of contributing factors that could not be predicted at the time the budget was proposed, including the price of oil having risen to an all-time high; and the rising costs of labour, material, steel and other services.

DISCUSSION

Tender #08-069, Biennial Refit - Woodside I was publicly advertised on April 10, 2008 and closed on May 9, 2008. One bid was received from Lunenburg Foundry and Engineering Ltd. The other potential bidder for this tender was notified at the time of advertising but did not respond. The Lunenburg Foundry and Engineering bid is as follows:

Vendor	Cost (net HST included)
Lunenburg Foundry and Engineering Ltd.	\$639,284.72

It has been identified that while the ferry is in drydock, it is the only opportunity to have it re-painted. A portion of the painting is already accounted for in the tender bid, but there may be additional costs to apply the new brand design and for other minor jobs, discovered once the ferry is up on drydock. Therefore, an additional maximum upset amount of \$64,000 above the tender price, is being requested to offset any unforeseen costs which may arise to execute any minor jobs required, taking advantage while the ferry is up on drydock to rectify these problems.

Time is of the essence in this award because in order to secure early fall dry-dock time as detailed in the Background Section, the vendor must be notified as soon as is possible.

BUDGET IMPLICATIONS

Based on approval of Recommendation #1, and based on the tendered cost of \$639,284.72 net HST included, plus additional funds in the amount of \$64,000 to cover painting and unforeseen work funding is available from Capital Account No. CVD00436 Biennial Ferry Re-fit as confirmed by Financial Services.

Budget Summary:	<u>Capital Account No. CVD00436 Biennial Ferry Re-fit</u>	
	Cumulative Unspent Budget	\$526,370
	Plus: Funding Increase From Reserve Q129	\$176,915
	Less: Tender No. 08-069	\$639,285
	Less: Additional Paint and Unforeseen Work	<u>\$ 64,000</u>
	Balance	\$ 0

* This project was estimated in the Approved 2008/09 Capital Budget at \$550,000.

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. Approving this report will increase the gross capital budget and withdrawals from reserves.

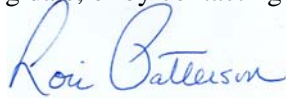
ALTERNATIVES

There are no recommended alternatives.

ATTACHMENTS

None

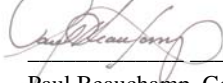
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.



Report Prepared by:

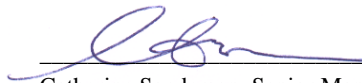
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