
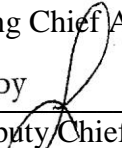




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Item No. 8.1
Halifax Regional Council
January 18, 2011
January 25, 2011

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 
Wayne Anstey, Acting Chief Administrative Officer
Original Signed by 
Mike Labrecque, Deputy Chief Administrative Officer

DATE: December 10, 2010

SUBJECT: Washmill Lake Court Underpass

ORIGIN

- The Approved 2009/10 and 2010/11 Project Budgets;
- Halifax Regional Council's Award of RFP No. 08-325;
- Halifax Regional Council's October 7, 2008, approval of Project No. CQ300748, Washmill Lake Court/102 Underpass/Regency Park Drive Development;
- Halifax Regional Council's June 2, 2009, Approval-In-Principle of the Business Parks Development Functional Plan, Bayers Lake/Ragged Lake;
- Halifax Regional Council's September 8, 2009, approval of the Washmill Lake Court Extension/Hwy 102 Overpass project, under the Federal Infrastructure Stimulus Funds Program Project List;
- The award of Washmill Lake Court Extension Phase 1 by Council on March 2, 2010; and
- The award of Washmill Lake Court Extension Phase 2 by the CAO on June 28, 2010.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Approve the resolution to request an extension to the March 31, 2011, deadline for funding the Washmill Lake Court Extension under the Federal Government's Economic Action Plan, included with this report as Attachment A;

RECOMMENDATIONS CONTINUED ON PAGE 2

2. Approve a budget increase of \$597,881.44 (HST exempt) to Project No. CQ300748, Washmill Lake Court/102 Underpass, with funding from Project No. CQ300743 – Bayers Lake Infill and Ragged Lake Development, as outlined in the Budget Implications section of this report;
3. Authorize an increase to the contract with Brycon Construction Limited for Washmill Lake Court Extension Phase 1, Tender No. 10-201, in the amount of \$994,137 (HST exempt), with funding from Project No. CQ300748, Washmill Lake Court/102 Underpass, as outlined in the Budget Implications section of this report; and
4. Direct staff to bring forward a funding plan for the final phase (Phase 3) of the Washmill Lake Court project (as outlined in the Discussion section of this report) as part of the 2011/12 Capital Budget Program.

BACKGROUND

Bayers Lake Business Park (BLBP) is presently constructed with two entrances/exits for the park. The addition of a third entrance/exit is a prerequisite for continued development in the BLBP, and to reduce traffic backlogs and congestion. Until such transportation improvements are made, the remaining 200+ acres of undeveloped land within the present business park boundaries will remain largely undeveloped. The SGE Acres Governor's Lake Transportation Study, prepared for HRM and the Province in 2002, recommended the extension of Washmill Lake Court under the Highway 102 and connecting with Regency Park Drive. The requirement for this connection is a key deliverable in the Business Parks Development Functional Plan, Bayers Lake/Ragged Lake, approved-in-principle by Regional Council on June 2, 2009.

The currently proposed extension and alignment of Washmill Lake Court under Highway 102, and connection with Regency Park Drive, adds another entrance to the BLBP. This alternate access to the park will provide access for residents of Fairview, Clayton Park, Mainland South, Peninsula Halifax, and will reduce traffic loading on Lacewood Drive. The provision of this infrastructure is intended to relieve existing and future traffic pressures while also allowing for continuing development in this economic centre of HRM.

On March 2, 2010, Halifax Regional Council approved the award of Phase 1 of this project to Brycon Construction Limited in the amount of \$2,005,000.00 (HST exempt), from Project No. CQ300748, Washmill Lake Court/102 Underpass. Phase 1 included the detour road to subgrade, temporary storm water retention pond, excavation to subgrade for Upper Washmill Court, and environmental controls. Construction commenced April 5, 2010, and is completed.

On June 22, the Phase 2 tender closed. On June 28, 2010, the CAO approved the award of the Washmill Lake Court Phase 2, Tender No. 10-259, to Dexter Construction in the amount of \$8,129,590.00 (HST exempt). Phase 2 included the bridge structures, the gravels and asphalt for the detour road, storm water piping and environmental controls. Due to the urgency of the project and the lateness in the year, construction commenced on July 6, 2010.

It is noted that there are a number of components of the project that remain outstanding from the original scope and will require an additional phase. Phase 3 is described in detail in the Discussion section of this report.

The original estimate for the project was \$10 million, and two-thirds funding has been approved under the Infrastructure Stimulus Fund (ISF) based on this amount. The ISF is one of several funding programs under the Government of Canada's Economic Action Plan (EAP), which provided funding for projects that were construction ready and could be substantially completed by March 31, 2011.

The Contribution Agreements for all ISF projects stipulate that they need to be completed by March 31, 2011. On December 2, 2010, the Federal Government extended the deadline for the work to be completed to **October 31, 2011**. Approximately 10% of the 23,000 infrastructure projects across Canada will likely miss the original deadline of March 31, 2011.

DISCUSSION

The full project will not be completed by March 31, 2011, and an extension will be required. To qualify for an extension, projects must have begun work and incurred eligible costs by March 31, 2011, and **a Council resolution is required which commits to finishing the project and accepting responsibility for any costs incurred beyond October 31, 2011**. If approved, an amended Contribution Agreement will be prepared by the Canada/Nova Scotia Infrastructure Secretariat and must be signed no later than February 28, 2011. In this case, the amount on which funding was based has already been spent and an increase to the budget is required in addition to the deadline extension, in order to comply with the contribution agreement. Costs are detailed as follows:

Phase 1 was awarded in March 2010 for \$2,005,000 (HST exempt) and is completed. Phase 1 included the detour road built to subgrade, temporary storm water retention pond and excavation to subgrade for Upper Washmill Court.

The increased cost for Phase 1 arises from both cost over-runs, as well as including work in Phase 1 that was originally intended to be carried out in Phase 2. The work originally intended to be completed in Phase 2 included removal and disposal of pyritic rock that was to be used to construct the subgrade of the detour road. After construction commenced, an application for the temporary use of this pyritic slate was submitted to N.S. Department of Environment but the application was denied. As a result, the slate was removed in Phase 1 and new rock had to be imported to construct the detour road. This resulted in an extra cost of \$550,000. In addition, the quantity of rock excavation for Upper Washmill Court was under-estimated and a retaining wall had to be constructed to facilitate construction of the bridge footings, which added \$500,000 and \$190,000 respectively to the contract. This extra work had to be completed and an increase to Purchase Order No. 2070479083 in the amount of \$994,137.00 (HST exempt) is required.

Council Report

Contract Award Amount (HST exempt)	\$ 2,005,000.00
Previous approved increase (Contingency)	\$ 200,500.00
CURRENT REQUEST FOR INCREASE (HST exempt)	<u>\$ 994,137.00</u>
New Contract Value (HST exempt)	\$ 3,199,637.00

Phase 2 was awarded in June 2010 for \$8,129,590.00 (HST exempt). This phase included the bridge structures, the detour road above the subgrade, and some storm water piping. Construction commenced in July 2010 and is nearing completion. Most of the work has been completed but some minor components of the project will be finalized by July 2011.

Phase 3 will include additional storm water piping/systems, sidewalks, concrete curb and gutter, road gravels and asphalt for Upper Washmill Court, traffic signal upgrades, trees, street lighting, retaining walls and upgrades to the existing section of Washmill Lake Court. This work will not be completed prior to March 31, 2011, and in order to proceed, a funding source must be ascertained by staff and approved by Council. As previously stated in this report, a Council resolution is required which commits to finishing the project and accepting responsibility for any costs incurred beyond October 31, 2011. If approved, an amended Contribution Agreement will be prepared by the Canada/Nova Scotia Infrastructure Secretariat and must be signed no later than February 28, 2011. Phase 3 must therefore be completed prior to October 31, 2011, and commencement will occur, pending Council's approval of recommendation number 4 of this report.

It is noted that the combined costs for Phases 1 and 2 will be approximately \$11 million. Additional analysis is currently underway to determine the full extent of the work for Phase 3, but at this point in time, it is estimated an additional \$5-\$7 million will need to be accommodated in the 2011/2012 project budget to complete this work. The total cost for this project is now estimated at \$16-\$18 million, with \$6,666,667 funded through the infrastructure stimulus program.

BUDGET IMPLICATIONS**Phase 1 – Washmill Court Underpass**

Funding in the amount of \$994,137.00 (HST exempt) for the required increase to the contract (Purchase Order No. 2070479083) is available from Project No. CQ300748, Washmill Lake Court/102 Underpass. The availability of funds has been confirmed by HRM Finance.

Budget Summary: Project No. CQ300743 – Bayers Lake Infill and Ragged Lake Development

Cumulative Unspent Budget	\$ 1,021,099.16
Less: transfer to CQ300748	<u>\$ 597,881.44</u>
Balance	\$ 423,217.72

Project No. CQ300748 –Washmill Lake Court/102 Underpass

Cumulative Unspent Budget (Req 2050412175)	\$ 396,255.56
Plus: transfer from CQ300743	<u>\$ 597,881.44</u>
Less: Increase to PO 2070479083	<u>\$ 994,137.00</u>
Balance	\$ 0.00

If the extension of the project deadline is approved, estimated additional \$5-\$7 million expenditure must be included in the 2011/2012 project budget to complete this work.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

N/A

ALTERNATIVES

- Council could choose not to approve the extension of the deadline to October 31, 2011. Staff does not recommend this, as to date the project is not completed.
- With respect to recommendation numbers 2 and 3, Council could choose not to approve the funding source and additional construction costs to Brycon Construction Limited. However, staff does not recommend this alternative. The work was imperative to the overall contract and had to be performed in order to complete the bridge work.
- Regarding recommendation number 4, Council may direct staff not to move forward with identifying a funding plan to complete Phase 3. However, at this point in time the requirement is to complete the full project (pending approval of the October 31, 2011 deadline) which includes the Phase 3 components. Otherwise, HRM may incur the risk of losing the \$6,666,667 funded through the infrastructure stimulus program.

ATTACHMENTS

Attachment A – Motion to Request an Extension for Infrastructure Project Under Canada's Economic Action Plan

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.

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Report Prepared by: Peter Duncan, P.Eng. Manager Infrastructure Planning Office, 490-5449

Financial Approval by: _____
Cathie O'Toole, CGA, Director of Finance/CFO, 490-6308

Report Approved by: _____
Phillip Townsend, Director Infrastructure & Asset Management, 490-7166

Attachment A
MOTION TO REQUEST AN EXTENSION FOR INFRASTRUCTURE PROJECT
UNDER CANADA'S ECONOMIC ACTION PLAN

Moved by
Seconded by

WHEREAS the federal and provincial governments will make a one-time extension of the deadline for funding of the project under the Infrastructure Stimulus Fund and the Building Canada Fund – Communities Top-Up from March 31, 2011 to October 31, 2011;

AND WHEREAS all funding from the Government of Canada and the Province will cease after October 31, 2011;

AND WHEREAS the Halifax Regional Municipality has asked the provincial government for an extension to federal and provincial funding to October 31, 2011 for the following project:

Project number	Project title	Total eligible cost (\$)	Federal contribution (\$)
05-09-0110	102 Overpass	10,000,000	3,333,333

THEREFORE BE IT RESOLVED THAT the Halifax Regional Municipality attests that it will continue to contribute its share of the required funding for the aforementioned project;

AND BE IT FURTHER RESOLVED THAT actual claims for all eligible costs incurred by March 31, 2011, for the aforementioned project must be and will be submitted no later than April 30, 2011 to the Province of NS;

AND BE IT FURTHER RESOLVED THAT Halifax Regional Municipality will ensure that the project will be completed.

[CARRIED]