




P.O. Box 1749
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Item No. 10.1.3
Halifax Regional Council
April 19, 2011

TO: Mayor Kelly and Members of Halifax Regional Council

Original signed by 

SUBMITTED BY: _____

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer, Operations

DATE: April 11, 2011

SUBJECT: Washmill Lake Court Underpass

ORIGIN

Halifax Regional Council Supplementary Report – January 25, 2011, Item 10.1.3 – Washmill Lake Court Underpass.

RECOMMENDATIONS

It is recommended that Halifax Regional Council:

1. Approve funding from Project No. CQ300748, in the amount of \$4,500,000 to complete Phases 2 and 3 of the Washmill Lake Court project as per the 2011/12 Draft Project Budget Program, as outlined in the Discussion section of this report; and
2. Authorize an increase to the contract with Dexter Construction Company Limited for Washmill Lake Court - Phase 2 (Purchase Order #2070491284, in the amount of \$2,700,000 (HST 100% recoverable), with funding from Project No. CQ300748, as outlined in the Budget Implications section of this report.

BACKGROUND

At the January 25, 2011, Regional Council meeting, Council approved the following motion:

“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.”

As well, a discussion was held on the potential to remove specific components of the project without jeopardizing the funding requirements as stipulated under the Infrastructure Stimulus Funding (ISF) Program.

As outlined in the January 25, 2011, Council report, the original estimate for the overall project was \$10 million, and two-thirds funding had been approved under the Infrastructure Stimulus Fund (ISF) based on this amount. To date, two phases of the project have been awarded and constructed. Phase 1 was awarded to Brycon Construction on March 2, 2010, in the amount of \$2,005,000.00 (HST 100% recoverable) and included the construction of the detour road to subgrade, a temporary storm water retention pond, excavation to subgrade for Upper Washmill Court, and environmental controls. As previously indicated, the actual final construction costs for Phase 1 was \$3,199,637.00 (HST 100% recoverable), as a result of additional removal and disposal of rock and other work that was intended to be carried out in Phase 2 but had to be moved forward to Phase 1.

The Phase 2 tender package initially included the remaining components of the project and was tendered on May 3, 2010. It closed on May 21, 2010, and HRM received one tender bid in the amount of \$12,300,000; however, the remaining available budget was approximately \$8,000,000. In order to move forward with the project and remain within the budget limits, staff reduced the scope of work for the Phase 2 tender by providing two options, and ultimately created a contract package that concentrated primarily on the bridge structure and some components of the road. On June 22, this revised Phase 2 tender closed and was approved by the CAO in the amount of \$8,129,590.00 (HST 100% recoverable). However, during construction, cost increases to the contract occurred as a result of additional common and rock excavation and the reinforcement of steel that was required in the bridge.

In order to remain within the Phase 2 budget, a decision was made to concentrate on the bridge structure and to remove most of the components of the proposed road extension from the contract. These outstanding Phase 2 components were then to be moved forward to form Phase 3, pending Council approval. To date, the bridge has been constructed and, due to winter conditions, some work from the Phase 2 contract will be completed in the Spring/Summer of 2011. The total combined cost to date for Phase 1 and 2 is approximately \$11,000,000.

Phase 3 was to include the outstanding items from Phase 2 (i.e., road gravels, curb and gutter, base asphalt, upper/lower Washmill Court stormwater sewer pipes, removal of retention pond, retaining walls) and sidewalks, bike lanes, driveway modifications, retaining walls, street trees, ornamental light standards, top lift of asphalt, wetlands construction, additional stormwater installation along Susie Lake Drive, and traffic intersection improvements. This additional work was estimated to be \$5,000,000-\$7,000,000.

Pursuant to the Contribution Agreements, all ISF projects had to initially be completed prior to March 31, 2011. On December 2, 2010, the Federal Government allowed municipalities to request an extension to the deadline for the projects to be completed no later than October 31, 2011. Council requested an additional extension and amended contribution agreements have now been received and signed.

The full amount of funding has been claimed, subject to a 10% holdback which is held until substantial completion is achieved. As previously indicated, based on discussions with our funding partners, if an extension is granted, the Federal Government will withhold their portion of the "hold-back" if the entire project is not complete by October 31, 2011. The federal portion of the hold-back is \$333,333.

Ongoing discussions with the Provincial government continue to affirm that the federal portion of the 10% hold-back will not be released if the project is not completed by October 31, 2011.

DISCUSSION

On January 18 and January 25, 2011, staff provided an update to Council on the status of the Washmill Lake Court project and advised that additional funding was required to complete the works. The original estimate of \$10,000,000, was to include aspects of the project outlined in this report (with the exception of the Susie Lake stormsewer upgrade). As described in the Background section of this report, approximately \$11,000,000 has been spent on Phases 1 and 2, but additional work remains outstanding. At that time, it was reported that an additional \$5,000,000-\$7,000,000 was required to complete the remaining components of the project.

HRM staff is currently working on a tender document to complete this work and, on direction from Council, has reduced the scope of work from the original plan. Chain Lake/Susie Lake intersection improvements, curb and gutter/sidewalk from the Telus entrance to the intersection of Chain Lake/Washmill, street trees, and ornamental light standards will be removed from this contract without impacting the funding requirements under the ISF program. If these items are removed, staff is estimating the remaining required work will cost approximately \$4,500,000. Based on the unit prices submitted in the Dexter Construction Tender No. 10-259 (Phase 2), the cost for the outstanding items for Phase 2 work is estimated to be \$2,700,000. The estimated cost to complete Phase 3 is \$1,800,000 + HST (which also includes materials testing and environmental monitoring), for a total cost of \$4,500,000. Additional funding will be required for the future traffic intersection improvements at Chain Lake/Washmill.

A separate tender for Phase 3 will be required to complete the final lift of asphalt, bike lanes, sidewalks, wooden light standards, driveway modifications, wetlands construction, Susie Lake stormsewer system, and retaining walls. It is anticipated this work will be tendered in early May.

It was hoped that the downstream stormsewer system along Susie Lake Drive could be deferred until 2012; however, the Department of Environment is requesting this system be installed this year to accommodate additional flows that will result from upstream development. The estimated cost for this stormsewer system is \$600,000, and has been included in the \$4,500,000.

Based on recent traffic counts, it is believed the Chain Lake/Susie Lake intersection improvements can be delayed beyond 2011. This intersection area will be monitored for traffic volumes, and intersection improvements will be initiated once the volumes reach a specific threshold. The intersection improvements will ultimately impact the alignment of the curb and gutter/sidewalk from the Telus entrance to the intersection of Chain Lake/Washmill, and thus staff is recommending to defer installation of this infrastructure until the intersection improvements are made.

As outlined in the Background Section of this report, staff considered having Phase 3 include the outstanding items from Phase 2 (i.e., road gravels, curb and gutter, base asphalt, Washmill Court stormwater sewer pipes, retention pond removal, retaining walls) and added with sidewalks, bike lanes, driveway modifications, retaining walls, street trees, light standards, final lift of asphalt, wetlands construction, additional stormwater sewer installation along Susie Lake Drive and traffic intersection improvements. However, based on a review of the terms of the Phase 2 contract and on a consideration of the relevant time constraints, staff has concluded it is preferable that these outstanding items should be completed under that contract. Accordingly, it is recommended that this component of work should be reactivated under the subject contract with Dexter Construction upon funding approval from Council. This does not constitute a sole source award as this work has already been competitively tendered and awarded to Dexter Construction as part of the Phase 2 work.

BUDGET IMPLICATIONS

Funding in the amount of \$2,700,000 (HST 100% recoverable) for the required increase to the Dexter Construction Phase 2 contact (PO #2070491284) and \$1,800,000 (HST 100% recoverable) for the remaining components in Phase 3, is included in Project No. CQ300748 in the 2011/12 draft project budget. Included in the draft budget funding is \$454,000 from the Business Parks Reserve which will bring the Business Parks contribution up to a total of 1/3 of the project cost. That draft project budget is subject to council review and approval. Funding sources will be confirmed in the budget process.

Budget Summary:	<u>Project No. CQ300748, Washmill Lake Court</u>
	Cumulative Unspent Budget \$ 577
	Add: Draft 2011/12 Budget \$4,500,000
	Less: Increase to PO 2070491284 <u>\$2,700,000</u> *
	Balance \$1,800,577

*This represents an increase of 33% to the original award of \$8,129,590 (HST 100% recoverable) for a total revised contract cost of \$10,829,590 (HST 100% recoverable). The remaining funds from this account will be used to tender Phase 3 in 2011/12.

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.

ECONOMIC DEVELOPMENT

The completion of Washmill Lake Court Extension/Hwy 102 Underpass will provide a key third entrance/exit to the park, improving existing services to the existing park businesses and allow for the effective continued planned build out of Bayers Lake. The next phase within the approved business park boundary, will generate significant benefits to the economy in the form of retail sector growth, construction, employment and commercial property taxes.

Highlights (Estimates):

✓ Construction Value of Building and Site improvements	\$230,000,000
✓ Annual Commercial Real Property Taxes at build out:	\$ 7,000,000
✓ Annual cost of servicing at full build	\$ 460,000

COMMUNITY ENGAGEMENT

The Business Park Development Functional Plan Part II, endorsed by Regional Council in 2009, provides a solid management plan for growth of commercial sector uses for the park. The plan was developed through detailed study and shaped through public and stakeholder consultation. The subject infrastructure was identified by the public and the Bayer Lake Business Association as a critical piece to improving the existing traffic capacity issues in the park and along Lacewood Drive, and a prerequisite to park expansion.

ALTERNATIVES

1. Council could choose to not approve the reactivation of the remaining components of the Dexter Construction Tender No. 10-259 (Phase 2), and direct staff to retender this work along with additional items described above. However, staff does not recommend this alternative for reasons identified above.
2. Council could choose to negotiate and award the remaining components of Phase 3 to Dexter Construction Ltd. Advantages include an earlier construction start date as a result of eliminating the need for a tendering process of Phase 3, and the elimination of potential scheduling conflicts between two different contractors, assuming Dexter Construction Ltd. was not the successful low bidder for the Phase 3 tender. The disadvantages include the uncertainty in the tender price if staff was to tender Phase 3. As well, Phase 3 represents a significant amount of work and the construction industry may not be receptive to a direct award for this level of effort to Dexter Construction Ltd

ATTACHMENTS

Funding Model

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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Financial Approval by: _____
Bruce Fisher, Acting Director of Finance, 490-6308

Report Approved by: _____
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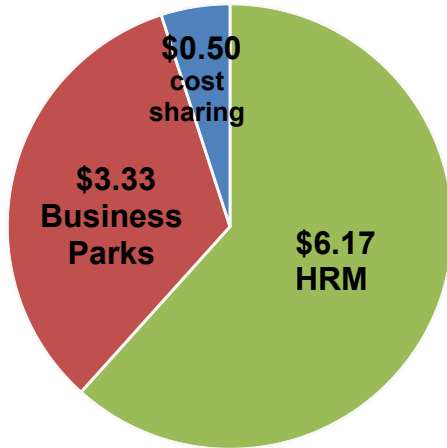
Legal Approval by: _____
Mary Ellen Donovan, Director Legal Services, 490-4226

Original Signed

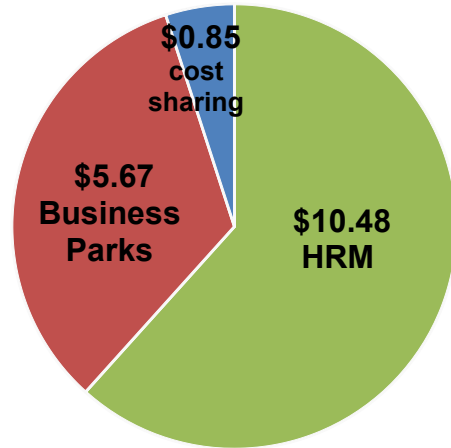
FUNDING MODEL

ORIGINAL FUNDING SCENARIO WITHOUT FEDERAL STIMULUS FUNDING FOR THE REGIONAL HIGHWAY 102 UNDERPASS

\$10m Original Cost Estimate



Based on \$17m Cost Estimate

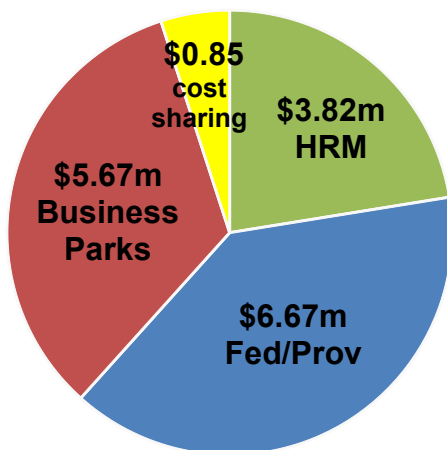


Notes:

- the actual cost sharing contributions from private lands is not yet known as most neighbouring lands are not yet approved for development at this time. A general 5% estimate has been used.
- the one-third cost sharing proportioned to the undeveloped HRM lands at Bayers Lake will be paid in advance and funded from the Business Parks Reserve. The Reserve component will be recaptured as the lands are sold for development.
- the original \$10m estimate was not a reasonable figure given the scope of this project. The project cost has not increased due to overdesign, major overruns or creep of scope. The design estimate for the completed infrastructure should have originally been between \$15m to \$18m.

CURRENT FUNDING MODEL WITH FEDERAL STIMULUS PROGRAM FUNDING

Based on \$17m Cost Estimate



Notes:

- cost sharing from private lands is a 5% allowance.