


Item No. 10.1.2
Halifax Regional Council
May 24, 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 19, 2011

SUBJECT: **Award - Unit Price Tender No. 11-211, Phase 12-3 Development,
Burnside Business Park - East Region**

ORIGIN

- 2005 HRM Economic Development Strategy
- November 27, 2007 Council Focus Area COW Report - *Economic Development*
- Approved 2010/11 Capital Budget

RECOMMENDATIONS

It is recommended that Halifax Regional Council:

1. Award Tender No. 11-211, Phase 12-3 Development, Burnside Business Park, to the lowest bidder meeting specifications, Brycon Construction Limited, for a Total Tender Price of \$3,679,488 (no HST included, 100% recoverable), from Project No. CQ300741, Burnside and City of Lakes Development, with funding authorized as per the Budget Implications section of this report;
2. Approve an increase in the Gross Budget of Project No. CQ300741- Burnside and City of Lakes Development - in the amount of \$63,019, funded from HROP GL2314 - Natural Gas Future Settlement Charges, as per the Budget Implications section of this report, to reflect the cost sharing of the installation of a natural gas pipeline from Heritage Gas;
3. Authorize, as per the Budget Implications section of this report, the appointment of CBCL Ltd. for construction inspection services (\$173,875); payment to Nova Scotia Power Inc. for the extension of electrical transmission lines (\$70,485), and payment to the Halifax Water (HW) for water system inspection (\$5,958); and
4. Approve the minimum unit value lot pricing and terms set out in Attachment 2 of this report.

BACKGROUND

In keeping with the approved Business Plan and the phased development and build out of Burnside Business Park, Phase 12 is being constructed in a series of sub-phases in response to market demand. The Proposed Phase 12-3 follows the award of Phase 12-2 in 2008 and Phases 12-1A and 12-1B in 2007. Phase 12-3 will create approximately 42 acres of new serviced lot inventory and will include natural gas, sidewalks, bike lanes and street trees.

Minimum lot unit selling prices will range from \$4.15/sq.ft. to \$4.75/sq.ft. with the variance in pricing accounting for various site characteristics. The lower portion of this price range represents two proposed lots which are partially encumbered NSPI easements. Site characteristics such as portions graded or ungraded, location, larger sites, irregular lot configurations, etc. are all taken into consideration. Additionally, lots are offered for sale on a proposed lot configuration and often require a price adjustment when the lot configuration is finalized for a specific transaction. This can result in adjustments to the price whereby a more, or less, valuable portion of the lot is being sold.

The transaction marketing and sales process achieves the highest potential market sale price for each lot. Council should note these price points represent current market value and have been set as “minimum” unit prices. As the market and supply and demand change, these prices will be increased. Any decrease in minimum unit pricing, outside the allowed deficiency allowance provided herein, is subject to Council approval. Planned gross revenue for Phase 12-3 is estimated at \$8.4 million. Demand remains strong for vacant commercial/industrial lands in Burnside and HRM as a whole.

Marketing of New Lot Inventory

The new inventory of available lots, as outlined in Attachment 2, will be made publically available for purchase at the minimum lot unit prices set and approved by Council herein and directly marketed through HRM’s Business Park Office and website and through the brokerage industry.

ECONOMIC IMPACT

Phase 12-3 will generate significant economic benefits in the form of industrial/commercial sector growth, construction, employment, and commercial property taxes.

Highlights (Estimates):

- | | |
|---|---------------|
| ▪ Tender Construction of Streets and Services | \$ 3,866,787 |
| ▪ Construction Value of Buildings and Site improvements | \$ 35,000,000 |
| ▪ Annual Commercial Real Property Taxes at build out: | \$ 1,300,000 |

DISCUSSION

Tenders were called on March 28, 2011, and closed on April 14, 2011. Bids were received from the following companies:

<u>Name of Company</u>	<u>Bid Price</u>
1. Brycon Construction Limited	\$3,679,488*
2. Dexter Construction Company Limited	\$4,422,858

*** Recommended bidder**

The scope of Phase 12-3 includes:

- approximately 900 linear metres of paved street (Cutler Avenue)
- 10 serviced lots
- overhead power
- municipal servicing (water and sewer)
- natural gas pipeline
- sidewalks
- roadway lighting
- associated landscaping

It is anticipated that construction will commence within three weeks of the tender award and take 23 weeks to complete.

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

There are no Local Improvement Charges associated with this work.

BUDGET IMPLICATIONS

Based on the lowest tendered price of \$3,679,488 (no HST included, 100% recoverable), funding is available in the approved 2010/11 Project Budget from Project No. CQ300741, Burnside and City of Lakes Development. Heritage Gas cost sharing will come from HROP GL2314 - Natural Gas Future Settlement Charges.

The budget availability has been confirmed by Financial Services.

Budget Summary: Project No. CQ300741, Burnside/City of Lakes Development

Cumulative Unspent Budget	\$7,391,078
Plus: HROP GL2314 Heritage Gas Cost Sharing	\$ 63,019
Less: Tender No. 11-211	\$3,679,488*
HW Inspection Fees	\$ 5,958
CBCL Inspection Services	\$ 173,875
NSPI Fees	<u>\$ 70,485</u>
Balance	\$3,524,291

*This project was estimated in the Approved 2010/11 Capital Budget at \$6,000,000. As a result of cost sharing from Heritage Gas, the net cost to Project No. CQ300741, Burnside/City of Lakes Development, is \$3,866,787.

The balance of funds will be used to implement the remaining Burnside and City of Lakes Development Phases as approved by Council.

The recommended action will result in the creation of approximately 40 acres of additional lot inventory to be sold at, or above, the minimum lot unit pricing as set out in Attachment 2. Applicable adjustments to the lot unit pricing include, but are not limited to, environmental impacts, grading deficiencies, irregular lot configuration and wetland management. Adjustments or deficiency allowances resulting from HRM staff analysis or a lot and/or the Purchaser's due diligence inspection, if required, shall be to a maximum of 15% of the purchase price. Easements, lot encumbrances, wetland/buffers and remnant parcels shall be priced at market value in accordance with standard market valuation practices.

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. If approved, this will increase the gross 2010/11 Project Budget but not the net.

ALTERNATIVES

Council could choose to not approve the recommendations in this report, but this is not recommended by staff.

ATTACHMENTS

Attachment 1 - Construction Limits and Lot Map
Attachment 2 - Burnside Lot Inventory and Pricing
Attachment 3 - Memorandum from Heritage Gas dated April 18, 2011

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.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: Jim LeClair, Design Engineering Technologist, Design & Construction Services, 490-6826

Report Approved by: _____
Michael Wile, Manager, Business Parks, 490-5215

Procurement Review: _____
Anne Feist, Manager, Procurement, 490-4200

Report Approved by: _____
David Hubley, Acting Director Infrastructure & Asset Management, 490-7166

Report Approved by: _____
Ken Reashor, Director, Transportation and Public Works, 490-4855

JL/rch.

ATTACHMENT 1 - CONSTRUCTION LIMITS AND LOT MAP

Burnside Business Park

Minimum Lot Pricing for Proposed Phase 12-3

Lots in the Burnside Park are available for sale for immediate development. Lots are sold on a per square foot basis and are priced "as is". Every reasonable attempt has been made to ensure the accuracy of this information on lots available for sale in the Burnside Park. However, Halifax Regional Municipality is not liable for any action as a result of decisions made on the basis of this information. All lot sizes are subject to verification by plan of survey and legal description. Availability and prices subject to change without notice. *1 acre = 43,560 sq.ft. **PLEASE NOTE - asterisks * indicate that the lot is under deposit and/or agreement of purchase and sale or is being held for municipal purposes.**

PHASE 12-3

Lot #	Site Condition	Sq. Ft.	\$ / sq.ft.	Total
1252	Graded	158,564	\$4.75	\$753,181
1253	Graded	124,206	\$4.75	\$589,978
1254	Graded	123,291	\$4.75	\$585,632
1255	Graded	193,569	\$4.75	\$919,453
1256	Graded	151,320	\$4.50	\$680,941
1257	Graded	97,393	\$4.50	\$438,267
1258	Graded	337,021	\$4.50	\$1,516,594
1259	Graded	207,670	\$4.75	\$986,432
1260	Graded	205,097	\$4.15	\$844,398
1261	Graded	256,991	\$4.25	\$1,086,913
Subtotal		1,855,122		\$8,401,789

Easements & Wetlands Encumbrances

- Applicable adjustments to the lot unit pricing include, but are not limited to, environmental impacts, grading deficiencies, irregular lot configuration and wetland management. Adjustments or deficiency allowances resulting from HRM staff analysis or a lot and/or the Purchaser's due diligence inspection, if require, shall be to a maximum of 15% of the purchase price. Easements, lot encumbrances, wetland/buffers and remnant parcels shall be priced at market value in accordance with standard market valuation practices.
- Easement encumbrances impacting portions of lands are typically discounted at a minimum of 50% on the approved minimum unencumbered lot pricing. There is a benefit to HRM disposing of such parcels which most often tend to become maintenance liabilities if left in HRM's ownership.
- In instances where there is a wetland and/or wetland buffer located within a property that is not desirable or feasible for the Municipality to retain ownership, it is recommended that these parcels be conveyed at a nominal amount to the purchaser. Such conveyance shall only apply where the area is to remain as



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

M E M O R A N D U M

TO: Jim Bracken, President, Heritage Gas

CC: Jeff Spares, P.Eng., Sr. Design Engineer, Design & Construction Services
David Hubley, P.Eng., Manager, Design & Construction Services
Allison Coffin, P.Eng., Heritage Gas

FROM: John Fawcett, P.Eng., Design & Construction Services

DATE: April 18, 2011

SUBJECT: **Tender No. 11-211 Phase 12-3 Development, Burnside Business Park - East Region**

Tender No. 11-211, Phase 12-3 Development, Burnside Business Park - East Region closed April 14, 2011. Prior to tender award, a cost sharing agreement must be finalized between HRM and Heritage Gas. Enclosed is a bid comparison summary for the items associated with the gas main installation for this project. They are from the lowest bidder, Brycon Construction Limited to highest.

In the most recent discussions with this subject, Heritage Gas has agreed to pay 50% of the cost of the reinstatement. This includes the cost of top soil and sod over the length of the gas main and across the reinstatement widths. Based on these unit prices, Heritage Gas's share of reinstatement cost is as follows:

Reinstatement Area	843 x 1.0 m	= 843 m ²
		<u>843 m² x 50 %</u>
Total Reinstatement Area		= 422 m ²
Top Soil and Sod	422 m ² x 9.50/m ²	= \$ 4,009.00
	Subtotal	= \$ 4,009.00

Memo – Tender No. 11-211
April 18, 2011
Page 2

Based on the low bidder's tender prices and the above cost sharing, Heritage Gas's cost for the Tender No. 11-211, Phase 12-3 Development, Burnside Business Park - East Region can be summarized as follows:

Gas Main	\$59,010.00
Reinstatement Cost Sharing	<u>\$ 4,009.00</u>
	\$63,019.00
Net HST	<u>\$ 2,700.99</u>
Project Total	<u>\$65,719.99</u>

Actual Cost Sharing for this project will be based on final quantities determined during construction.


If you agree to this arrangement, please indicate by signing the enclosed copy and return it to my attention. If you have any questions, please call me at 490-6824.

Thank you,



John Fawcett, P.Eng.

JF/pm



Jim Bracken, President
Heritage Gas

3 May 2011
Date