

Item No. 10.1.2
Halifax Regional Council
January 24, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Richard Butts, Chief Administrative Officer

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Mike Labrecque, Deputy Chief Administrative Officer

DATE: December 5, 2011

SUBJECT: **Increase to Contract and Budget Increase, Tender No. 11-213
Resurfacing, Water Main Renewal and Gas Main Installation,
Ochterloney Street and Resurfacing Victoria Road – East Region**

ORIGIN

This report originates from a need to increase cost-sharing from Halifax Water and increase the contract value based on the final quantities determined during the construction of this project.

RECOMMENDATIONS

It is recommended that Halifax Regional Council:

1. Approve an increase to the contract with Brycon Construction Co. Ltd. for the Resurfacing, Watermain Renewal and Gas Main Installation, Ochterloney Street (PO 2070529981) in the amount of \$70,381.88 (including Net HST) with funding from project No. CYX01345 – Street Recapitalization, as outlined in the Budget Implications section of this report; and
2. Approve a budget increase of \$109,640.04 (including Net HST) to Project No. CYX01345 – Street Recapitalization, funded through cost sharing with Halifax Water.

BACKGROUND

In accordance with the Approval of Variances to Construction Related Project Guidelines, approved in principle by Regional Council in May 2002 (with revisions approved by EMT in March 2009), cumulative increases to contracts that cumulatively exceed the greater of 15% of the original award amount or \$15,000, must be approved by the CAO or his designate, for funds to be issued.

In accordance with Section 2.a., Policy for Changes to Cost Sharing for Capital Projects, approved by Regional Council on April 24, 2007, when additional cost sharing is identified and the scope of the project is increased such that there is a required increase in the gross capital budget exceeds \$100,000, Council may approve the changes to the expenditure and cost sharing budgets so long as there is no increase in net project cost to HRM. Additional cost sharing commitments must be received in writing prior to the budget changes and any related expenditure of funds.

The following report conforms to the above Policies.

On April 12, 2011, Halifax Regional Council approved the award of this project to Brycon Construction Co. Ltd. in the amount of \$1,040,774.28 (Net HST Included), with a budget increase of \$555,687.95 (Net HST Included) to Project No. CYX01345 – Street Recapitalization, funded through cost sharing with Halifax Water.

DISCUSSION

During construction, an underground structure was discovered on Ochterloney Street that was once part of the Shubie Canal System. Due to the historical nature of this structure, a realignment of the watermain installation was required to bypass the canal system resulting in an increase of construction costs in the amount of \$93,475.71 (including Net HST). Since this work was related to the watermain installation, Halifax Water is to cover the full cost through the cost shared agreement. In addition the initial estimated cost shared amount from Halifax Water as identified in the April 12, 2011 Council Report was \$555,687.95 (Net HST Included). Actual measured final quantities (excluding the cost for the realigned watermain) resulted in a cost shared amount of \$571,852.28 (a difference of \$16,164.33). Therefore the total increase in the cost shared amount was determined to be \$109,640.04.

HRM also incurred additional increases to the contract in the amount of \$64,818. These increases primarily included: Subgrade stabilization on Victoria Rd, additional planning and paving (including the intersection at Ochterloney and Prince Albert Rd), and additional concrete curb on Ochterloney. As a result the total cost of the contract was \$1,215,233.58 (\$1,040,774.28 plus \$64,818 plus \$109,640.04). The cost breakdown is confirmed as follows (Net HST Included):

Original Estimated HW Cost Shared Amount	\$ 555,687.95
Actual HW Cost Shared Amount (Excluding Watermain Realignment)	<u>\$ 571,852.28</u>
Increase to the Cost Shared Component of PO 2070529981	(\$ 16,164.33)

Increase to Contract and Budget Increase

Unit Price Tender No. 11-213

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Increase in Cost Sharing for the Watermain Realignment	(\$ 93,475.71)
Request for Total Cost Share Increase	\$ 109,640.04
Original Contract Award	\$1,040,774.28
Previous Increase to the Contract	\$ 104,077.42
Request for Increase to PO 2070529981	\$ 70,381.88
New Contact Value	\$1,215,233.58

As a note this request for increase to PO 2070529981 represents a cumulative increase of 16.8% to the original contract of \$1,040,774.28.

BUDGET IMPLICATIONS

Funding in the amount of \$67,489.29 plus net HST of \$2,892.59 for a net total of \$ 70,381.88 for the required increase to contract of (PO # 2070529981) is available from Project No. CYX01345 – Street Recapitalization.

Halifax Regional Council awarded this project on April 12, 2011. The award contract did not include the additional cost sharing from Halifax Water in the amount of \$109,640.04 (Net HST Included), which was based on the final construction quantities (as per unit prices in the Tender) and the additional work to realign the watermain. As a result, an additional budget increase of \$109,640.04 is required to Project No. CYX01345 – Street Recapitalization to accommodate this additional cost sharing. The budget availability has been confirmed by Financial Services.

Budget Summary: Project Account No. CYX01345 – Street Recapitalization

Cumulative Unspent Budget	\$ 309,633.54
PLUS: Additional HW Cost Sharing	\$ 109,640.04
Less: Increase to PO 2070529981	\$ 70,381.88
Balance	\$ 348,891.70

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 report will increase the gross project budget but not the net.

ALTERNATIVES

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

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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.

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DA/pm