

**Item No. 10.1.1**  
**Halifax Regional Council**  
**January 15, 2013**

**TO:** Mike Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original signed by   
Richard Butts, Chief Administrative Officer

Original Signed by   
Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** December 6, 2012

**SUBJECT:** Award - Unit Price Tender No. 12-274, Phase 12-4 Development,  
Burnside Business Park - East Region

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**ORIGIN**

This report originates with the Planning and Infrastructure approved business plan and operating and capital budget. The continued development of the municipality's industrial lot supply is a key deliverable under HRM's Regional Plan through the Business Park Functional Plan and is further supported through HRM's Economic Strategy.

**LEGISLATIVE AUTHORITY**

The recommended action complies with Charter Sections 61 (5b), 71 and 79. This action also complies with Administrative Order #35, the Procurement Policy.

**RECOMMENDATIONS**

It is recommended that Halifax Regional Council:

1. Award Tender No. 12-274, Phase 12-4 Development, Burnside Business Park, to the lowest bidder meeting specifications, Brycon Construction Limited, for a Total Tender Price of \$7,198,000 (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;

**RECOMMENDATIONS CON'T ON PAGE 2**

2. Approve an increase in the Gross Budget of Project No. CQ300741- Burnside and City of Lakes Development - in the amount of \$113,360, 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, in the amount of \$246,725 (no HST included, 100% recoverable); payment to Nova Scotia Power Inc. for the extension of electrical transmission lines, in the amount of \$67,674.10 (no HST included, 100% recoverable); and payment to the Halifax Water (HW) for water system inspection, in the amount of \$46,791.50 (no HST included, 100% recoverable); and
4. Approve the minimum unit value lot pricing and deposit terms set out in Attachment 2 of the Confidential Information Report dated November 29, 2012.

## **BACKGROUND**

The phased development and build out of Burnside Park, Phase 12, is being constructed in a series of sub-phases in response to market demand. The Proposed Phase 12-4 follows the award of Phase 12-3 in 2011, 12-2 in 2010 and Phases 12-1A and 12-1B in 2007. Phase 12-4 will create approximately 45 acres (+/-18 lots) of new serviced lot inventory and will include natural gas, sidewalks, bike lanes and street trees.

Demand remains strong for serviced build ready commercial/industrial lots in Burnside and HRM as a whole. The new inventory of 12-4 lots, as outlined in Attachment 2 of the Confidential Information Report, will be made available for purchase at, or above, the minimum lot unit prices set by Council, through HRM's Business Park Office and website and through the brokerage industry.

In addition to direct sales revenue, Phase 12-4 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                   | \$ 7,198,000 |
| ▪ Construction Value of Buildings and Site improvements         | \$35,000,000 |
| ▪ Estimated annual Commercial Real Property Taxes at build out: | \$ 1,300,000 |

## **DISCUSSION**

Tenders were called on November 8, 2012, and closed on November 22, 2012. Bids were received from the following companies:

<u>Name of Company</u>	<u>Bid Price</u>
1. Brycon Construction Limited	\$7,198,000.00*
2. Dexter Construction Company Limited	\$7,459,681.30

**\* Recommended bidder**

The scope of Phase 12-4 includes:

- approximately 2240 lane metres of paved street (Cutler Avenue and Higney Avenue);
- Approximately 800 lane metres of paved street on Wilkinson Avenue;
- 18 serviced lots, plus access to two undeveloped lots;
- overhead power;
- municipal servicing (water and sewer);
- natural gas pipeline;
- sidewalks;
- roadway lighting;
- associated landscaping;
- 400 metres of dedicated bike lanes on Wilkinson Avenue.

It is anticipated that construction will commence within three weeks of the tender award and be completed by September 20, 2013.

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.

**FINANCIAL IMPLICATIONS**

Based on the lowest tendered price of \$7,198,000 (no HST included, 100% recoverable), funding is available in the approved 2012/13 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 Finance.

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

Cumulative Unspent Budget	\$13,494,213.74
<b>Plus:</b> HROP GL2314 Heritage Gas Cost Sharing	\$ 113,360.00
<b>Less: Tender No. 12-274</b>	<b>\$ 7,198,000.00*</b>
HW Inspection Fees	\$ 46,791.50
CBCL Inspection Services	\$ 246,725.00
NSPI Fees	<u>\$ 67,674.10</u>
Balance	<b>\$ 6,048,383.14</b>

\*This project was estimated in the Approved 2012/13 Capital Budget at \$10,000,000. As a result of cost sharing from Heritage Gas, the net cost to Project No. CQ300741, Burnside/City of Lakes Development, is \$7,445,830.60.

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 45 acres (+/-18 lots) of additional lot inventory to be sold at, or above, the minimum lot unit pricing, as set out in Attachment 2 of the Confidential Information Report. Applicable adjustments to the lot unit pricing include, but are not limited to, environmental impacts, grading deficiencies, irregular lot configuration and wetland management. Vendor adjustments or deficiency allowances following final construction and survey, 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.

### **COMMUNITY ENGAGEMENT**

The recommended action is consistent with the objectives of the Industrial Park Program and supports Council's approved Capital Budget, Regional Plan and Economic Strategy.

### **ENVIRONMENTAL IMPLICATIONS**

There are no Implications at this time

### **ALTERNATIVES**

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

**ATTACHMENTS**

Attachment 1 – Development Overview

Attachment 2 - Construction Limits/Key Map

Attachment 3 - Memorandum from Heritage Gas dated November 23, 2012.

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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:                      John Fawcett, Design Engineer, Design & Construction Services, 490-6824

Michael Wile, Business Parks Manager, Real Estate & Land Management, P&I, 490-5521

Report Approved by:                      \_\_\_\_\_

Peter Stickings, Manager, Real Estate & Land Management, P&I 490-7129

Procurement Review:                      \_\_\_\_\_

Anne Feist, Manager, Procurement, 490-4200

Report Approved by:                      \_\_\_\_\_

Jane Fraser, Director, Planning and Infrastructure, 490-7166

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## **DEVELOPMENT OVERVIEW**

### **Introduction**

It is important that HRM have an appropriate inventory of land available for the Logistics Park that will service the Gateway as well as for business seizing opportunities related to the Irving Shipbuilding project. HRM's Economic Strategy identified the Halifax Gateway as a priority action item. Having appropriate land available for the Logistics Park that will service the Gateway is important.

The Business Parks Functional Plan (BPFP) is one mechanism for implementing HRM's 2006 Regional Plan. BPFP is a strategic plan for the future expansion of industrial parks and ensuring adequate supply of industrial lands within HRM.

### **Phase 12- 4 - Development Overview**

Phase 12-4 will create approximately 45 acres (+/- 18 lots), of new serviced industrial/commercial lot inventory and streets infrastructure complete with natural gas, sidewalks, shared and dedicated bike lanes, and the planting of 176 new street trees.

### **Demand**

Demand remains strong within Burnside for new lot inventory both from existing occupants in the park who continue to grow as well as new business locating to the park and region. Some recent additions to Burnside include Cherubini Metals Works, Rendan Fabricators, Nova Cold Storage and Seaboard/Harmac Transport. Continued growth in the logistics, transportation and manufacturing sector is fueling strong demand.

### **Target Market**

The new lot inventory is targeted to the logistics, warehousing, distribution and general light industrial user. The new inventory will also be critical to help ensure proper supply of land is readily available to facilitate industry requirements expected to service the ship building contract.

### **Land Use**

The new lot inventory created is to be designated for a range of economic uses characteristic of traditional industrial/light industrial/commercial uses such as, but not limited, to manufacturing, distribution, warehousing, research & development, commercial and institutional uses.

### **Economic context/impact**

The municipal construction of the Phase 12-4 infrastructure and subsequent private development of the new lot inventory will generate significant economic benefits in the form of industrial/commercial sector growth, construction, employment, and commercial property taxes.

### **Construction Highlights (Estimates):**

- |   |               |
|---|---------------|
| ▪ Tender Construction of Streets and Services         | \$ 7,198,000  |
| ▪ Construction Value of Buildings/Site improvements   | \$ 39,500,000 |
| ▪ Annual Commercial Real Property Taxes at build out: | \$ 1,500,000  |

**Phase 12-3 Burnside**



**Consolidated Fastrate**



**Rendan Fabricators**

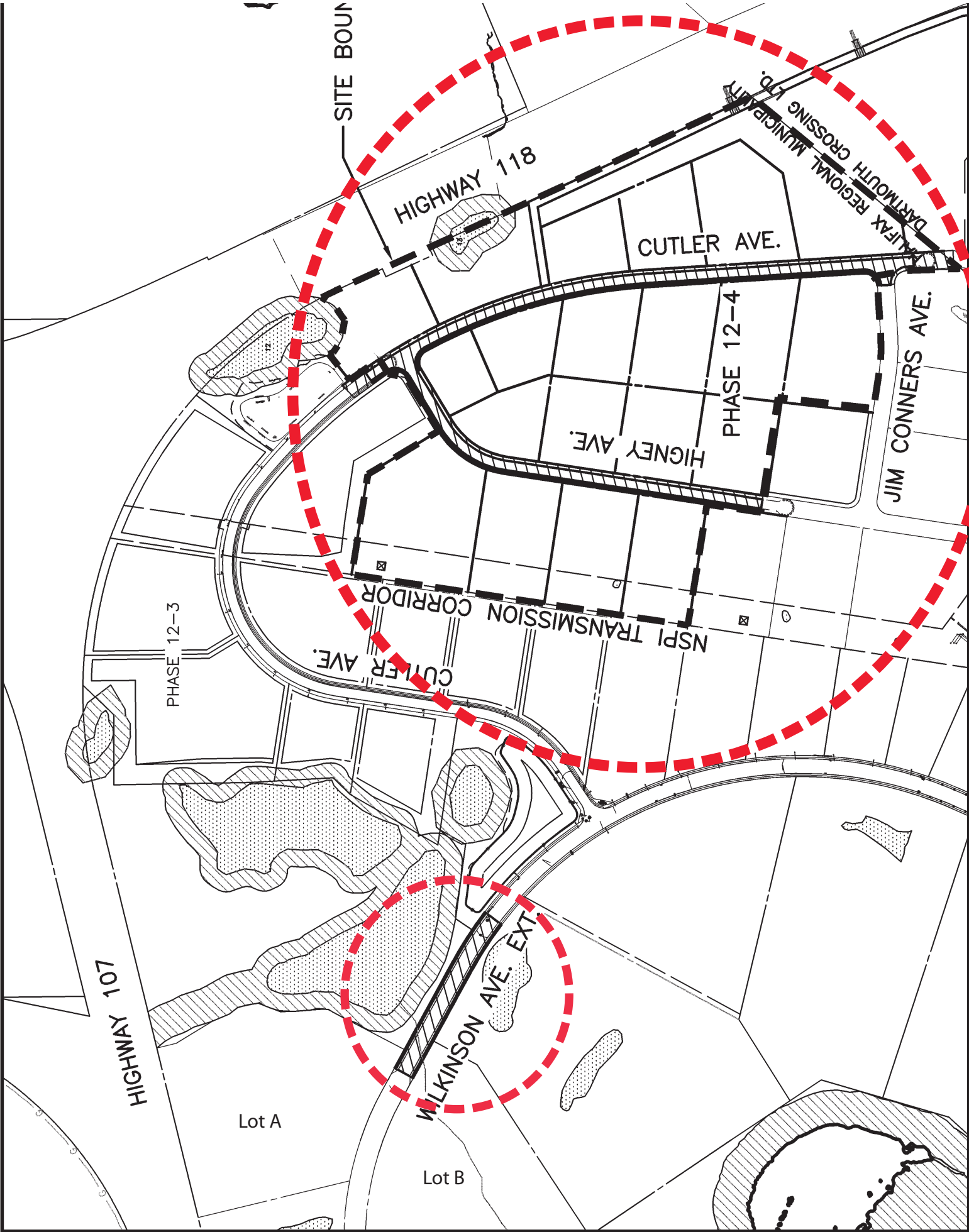


**Nova Cold Storage**



**Armour Transportation**





**MEMORANDUM**

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: November 23, 2012

SUBJECT: **Tender No. 12-274 Phase 12-4 Development, Burnside Business Park - East Region**

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Tender No. 12-274, Phase 12-4 Development, Burnside Business Park - East Region closed November 22, 2012. 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	1,417 x 1.0 m	= 1,417 m <sup>2</sup> <u>1,417 m<sup>2</sup> x 50 %</u>
Total Reinstatement Area		= 708.5 m <sup>2</sup>
Top Soil and Sod	708.5 m <sup>2</sup> x 10/m <sup>2</sup>	= \$ 7,085.00
	Subtotal	= \$ 7,085.00



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Based on the low bidder's tender prices and the above cost sharing, Heritage Gas's cost for the Tender No. 12-274, Phase 12-4 Development, Burnside Business Park - East Region can be summarized as follows:

Gas Main	\$106,275.00
Reinstatement Cost Sharing	\$ 7,085.00
<b>Project Total</b>	<b>\$113,360.00</b>

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,

Original signed

✓  
John Fawcett, P.Eng.

JF/rch.

Original Signed

\_\_\_\_\_  
Jim Bracken, President  
Heritage Gas

18 December 2012  
Date

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