

**Item No. 10.1.2**  
**Halifax Regional Council**  
**January 29, 2013**

**TO:** Mayor ~~Savage~~ and Members of Halifax Regional Council

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

Original signed  
~~Mike Labrecque, Deputy Chief Administrative Officer~~

**DATE:** December 17, 2012

**SUBJECT:** **Project Payments to WDCL – HRM Sackville Landing  
Recapitalization – Project Management by WDCL**

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**ORIGIN**

The Approved 2011/12 Project Budget, and as per letters of agreement between WDCL and HRM (Attachment B).

**LEGISLATIVE AUTHORITY**

HALIFAX CHARTER, PART IV, FINANCE, **Power to expend money**

79 (1) (ai) public grounds, squares, halls, museums, **parks**, tourist information centres and community centres;

79 (1) (aw) all other expenditures:

(ii) that are required to be made under a contract lawfully made by, or on behalf of, the Municipality,

(iii) incurred in the due execution of the duties, powers and responsibilities by law vested in, or imposed upon, the Municipality, the Mayor, Council or officers.

**RECOMMENDATION**

It is recommended that Halifax Regional Council authorize the Chief Administrative Officer to approve payments to Waterfront Development Corporation Limited (WDCL), to not exceed \$600,000 (net HST included), with funding from Project No. CDX01182, as outlined in the Budget Implications section of this report.

## **BACKGROUND**

Sackville Landing was the property of WDCL until the early 1990's when ownership transferred to the City of Halifax (now HRM). WDCL and HRM have partnered on capital redevelopment projects and maintenance of waterfront properties over the past decade. Sackville Landing is now an HRM-owned park and is located on the Halifax waterfront. Sackville Landing contributes to the contiguous boardwalk, which extends from the Casino, at its northern terminus, to Halifax Port Authority properties to the south.

Due to a host of deficiencies, the park was in need of re-investment. WDCL and HRM exchanged letters of agreement detailing the parties' roles in managing the Sackville Landing project collaboratively. The majority of the boardwalk is owned and maintained by the Waterfront Development Corporation Limited. WDCL committed to act as project manager on HRM's behalf, and at no cost to HRM, due to WDCL's experience in constructing timber boardwalk along the waterfront.

## **DISCUSSION**

This report is brought before Council as the signing authority is above the CAO's limit.

### **Recapitalization Need:**

Sackville Landing has many deficiencies and was in a low state of good repair including:

- Exposed aggregate concrete panels with granite inlays are cracked;
- "The Wave" has many cracks on its surface and the potential for structural deficiencies and poor surface paint;
- The base of the 80-foot Millennium Flag Pole is structurally weak;
- The timber podium is: worn, weathered, black with grime; landscaping is overgrown; Austrian Pines are in decline; and existing landscaping blocks views of the water from adjacent streets (Lower Water and Sackville); and
- Site electrical system is unreliable and at capacity.

### **Scope of Work:**

The scope of this project involves redress of aforesaid deficiencies, namely:

- Removal of exposed aggregate concrete and granite inlay in favour of wooden decking;
- Structural assessment and rehabilitation of "The Wave";
- Structural reinforcement of the base of the 80-foot Millennium Flag Pole;
- Relocation of the Canadian Merchant Marine Memorial in closer proximity to the water;
- Reconstruction of the podium, its two stages, and introduction of stairs;
- New trees, shrubs, and ground cover; and
- Electrical system improvements and light pole replacement is planned for implementation, pending review of the project's financial capacity.

**WDCL as Project Manager for HRM:**

For the Sackville Landing project, WDCL are acting as project manager on behalf of HRM and are in compliance with Provincial procurement regulations.

The above procurement practises were employed with the following project components:

1. Consulting Components - Structural Engineering, Landscape Architecture, Electrical Engineering, Detail Design & Specifications, Conservation Consulting, and Environmental Engineering;
2. Contracting Components - Removals, Wooden Boardwalk Decking Installation, Monument Relocation, Podium/Stage Reconstruction and Landscaping; Trees & Plant Supply & Installation; Restoration of The Wave, Rubber Base Installation and Paint; Impacted Soils Remediation; Electrical System Supply & Installation; and Light Standard Supply & Installation.

**Schedule:**

Construction commenced in April 2012, and will be substantially completed in January 2013.

**Payment:**

In addition to securing detail designs, procurement of construction tenders, and managing construction activities, WDCL has also paid invoices to contractors for the project's execution. HRM is now obligated to reimburse costs of the project in response to invoices received and for those yet to be received up to a maximum of \$600,000, as per HRM's approved capital budget.

**FINANCIAL IMPLICATIONS**

Funding in the amount of \$600,000 (net HST included) is available in Project No. CDX01182. WDCL invoices received for work completed to-date are \$298,747, plus net HST of \$12,804, for a total of \$311,551. Invoices for the work remaining to be completed will be reimbursed to a maximum of \$288,449 (net HST included) upon receipt. The Budget availability has been confirmed by Finance.

<b>Budget Summary:</b>	<b>Project No. CDX01182 – Downtown Streetscapes</b>	
	Cumulative Unspent Budget	\$2,746,454
	Less: Cumulative WDCL Invoices to-date	
	(\$311,550.83) plus authority for CAO to approve	
	project payment balance (\$288,449.17) totalling:	<u>\$ 600,000*</u>
	Balance	\$2,146,454

\* This project was estimated in the Approved 2011/12 Capital Budget at \$600,000.

The balance of funds will be used for Streetscape projects including the Central Library Plazas and Queen Street/Spring Garden Road Streetscaping.

### **COMMUNITY ENGAGEMENT**

The following stakeholders were consulted during the planning and initial construction phases of the project: the area Councillor; a representative of the society who installed and donated (to HRM) The Merchant Marine Monument; the artist of the public art, The Wave; the vendors of Sackville Landing; management of Summit Place; management of Maritime Museum of the Atlantic; management of the Visitor Information Centre; staff of Waterfront Development Corporation Limited.

### **ENVIRONMENTAL IMPLICATIONS**

In late October, CME Ltd. excavated concrete footings of the wooden podium structure and unearthed a buried oil drum and surrounding contaminated soils, which may have been impacting sea water. WDCL and HRM worked with CBCL environmental engineers and Department of Environment to meet Provincial guidelines and to return the site to acceptable regulatory levels consistent with intended park uses.

### **ALTERNATIVES**

None Recommended, work has been carried out on the site.

### **ATTACHMENTS**

- A: HRM Sackville Landing Site Plan
- B: Letter from WDCL to HRM dated October 14, 2012; Letters from HRM to WDCL dated March 7, 2012, and September 12, 2012

Project Payments to WDCL  
HRM Sackville Landing Recapitalization  
Project Management by WDCL  
**Council Report**

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January 29, 2013

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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: Rudv Vodicka, Coordinator, Facility Development, 490-5582

**Original signed**

Report Approved by: Terry Gallagher, Manager, Facility Development, 476-4067

**Original signed**

Financial Approval by: Greg Keefe, Director of Finance & Information Technology/CFO, 490-6308

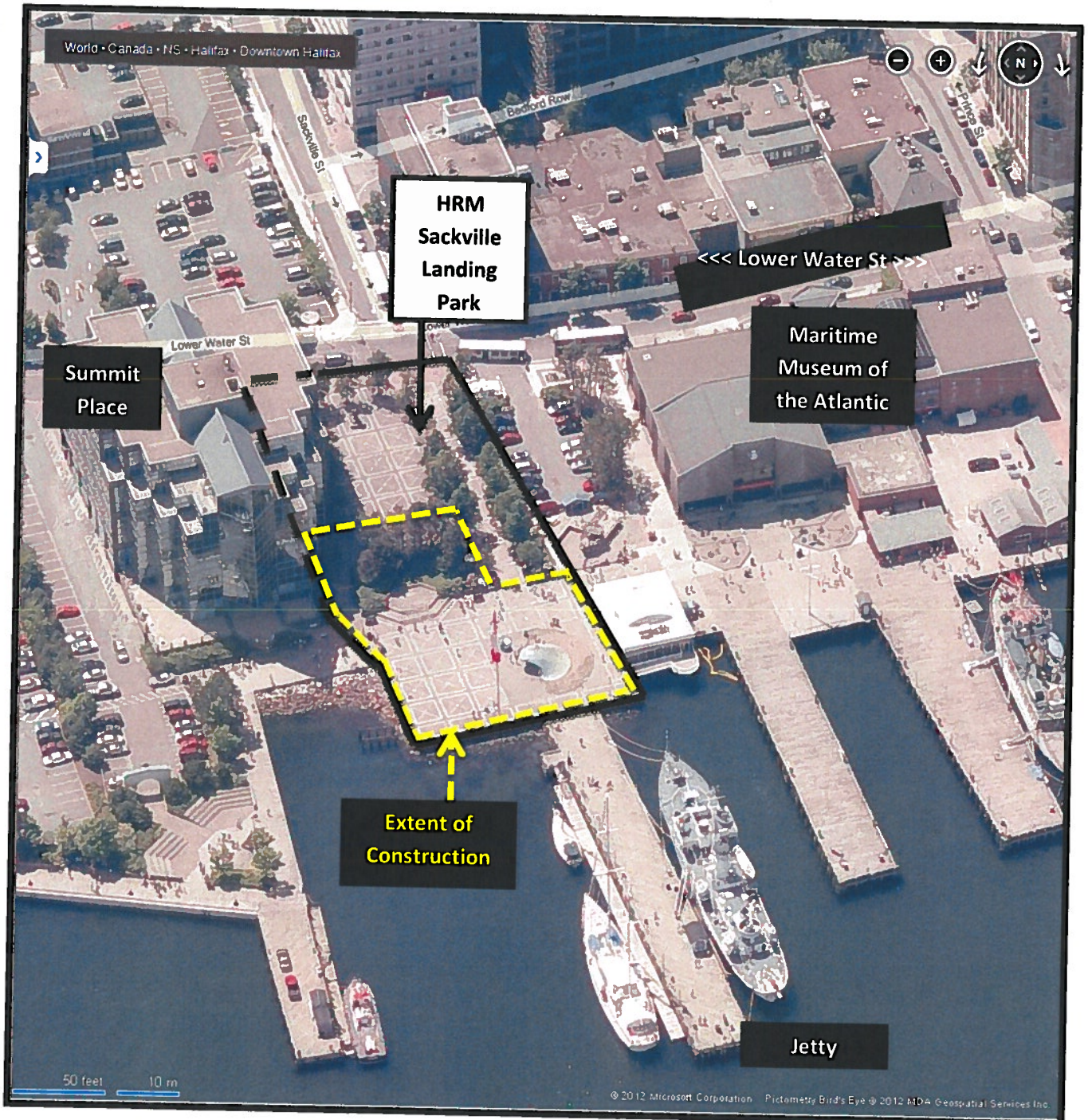
**Original Signed**

Report Approved by: Jane Fraser, Director, Planning & Infrastructure, 490-7166

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**ATTACHMENT -A-**

**HRM Sackville Landing Site Plan**



**ATTACHMENT -B-**

**Letter from WDCL to HRM dated October 14, 2012; Letters from HRM to WDCL dated  
March 7, 2012, and September 12, 2012**



PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

September 12, 2012

Mr. Colin MacLean  
President & CEO  
Waterfront Development Corporation Limited  
The Cable Wharf  
1751 Lower Water Street  
Halifax, Nova Scotia B3J 1S5

Dear Mr. MacLean:

**RE: Letter of Revision – Agreement - Sackville Landing Recapitalization Project**

I understand that WDC has not executed the March 7, 2012 letter of agreement (attached). Subsequent to receiving this letter of agreement, WDC requested HRM employ the recently created (2011) Waterfront Development Reserve Q142 as WDC's source of funds for its 50% capital contribution; the 50/50 contribution was originally proposed in WDC's letter of October 14, 2011 (attached.)

HRM staff reviewed WDC's request and determined the Q142 reserve does not have sufficient funds from which to draw upon in order to satisfy WDC's proposed share of project costs. To borrow from an HRM reserve that has unrealized funds would require Regional Council approval, which would contravene HRM's policy governing reserves, specifically item 8 of "Approved Reserve Policy". This policy states that "reserves will not be in a deficit position." HRM staff is therefore not in a position to recommend such course of action to Regional Council due to the financial risk involved and in reflection of the reserve policy.

Instead, HRM staff conclude that HRM's portion of the Sackville Landing budget (\$600,000), that had been allocated for the project in the 2011/12 Capital Budget, is sufficient to cover the intended scope of work. The capital budget allotment does not tie HRM's project expenditures to WDC's initial offer to cost-share. HRM rather proposes to utilize Q142 funds in the future on other HRM-owned waterfront property when sufficient reserve funds are realized.

In the best interests of the project, HRM will fund the full cost of construction as permitted by policy. HRM hereby recognizes WDC's significant contribution in terms of its project management efforts. I understand hundreds of hours of project management time have been spent by WDC staff to-date, namely by WDC project manager, Jacob Ritchie, to ensure the project's success and completion.



I therefore submit that, in aggregation, the following items constitute the agreement by which our Parties proceed with the Sackville Landing project, the completion of which is anticipated by year-end, 2012:

- 1) This letter, dated September 12, 2012;
- 2) The terms and conditions within the previously HRM-executed letter, dated March 7, 2012; and
- 3) WDC's letter of October 14, 2011 (excepting the proposal to cost-share 50/50.)

I kindly ask you to sign and date this page and return it to my attention.

With kind regards,

Original signed

\_\_\_\_\_  
Peter Stickings  
A/Director  
Planning & Infrastructure  
HRM

September 12, 2012  
Date

CC: WDC: Jacob Ritchie  
HRM: Peter Bigelow, Rudy Vodicka

Attachments: WDC Letter, October 14, 2011  
HRM Letter, March 7, 2012

On behalf of Waterfront Development Corporation Limited, I the undersigned, hereby agree that the aggregation of 1) this letter, dated September 12, 2012; 2) the terms and conditions of HRM's letter, dated March 7, 2012; and 3) WDC's letter of offer, dated October 14, 2011, excepting WDC's proposal to cost-share 50/50 with HRM...constitutes the complete agreement by which the Parties collaborate and proceed toward completion of the Sackville Landing project:

Colin MacLean, President  
WDCL, Name & Title

Original Signed  
Signature

Sept. 13, 2012  
Date



PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

March 7, 2012

Mr. Eric Burchill  
Director of Planning and Development  
Waterfront Development Corporation Limited  
The Cable Wharf  
1751 Lower Water Street  
Halifax, Nova Scotia B3J 1S5

Dear Mr. Burchill:

**RE: Sackville Landing Recapitalization Project**

In order to formalize our collaboration on the Sackville Landing Recapitalization Project, we propose the following conditions by which our organizations may proceed. If you agree with this direction, please sign the third page and return to my attention.

1. **Project representatives** on behalf of the Waterfront Development Corporation Limited (WDC) and Halifax Regional Municipality (HRM) are Mr. Jacob Ritchie, P.Eng. (Project Manager) and Mr. Rudy Vodicka, respectively.
2. HRM agrees that the project's review, inspection, and approval milestones, in which HRM seeks to participate, should be at the discretion of WDC's project manager and should include:
  - a) **Final Concept** and related detail from HRM's Landscape Architect Ms. Nicole May. This milestone should include any outstanding or background data needed (e.g., surveys, stakeholder comments, structural/sub-surface assessments, real property documents);
  - b) **Project Schedule/s** as proposed by WDC's Project Manager;
  - c) **Preliminary and Final Detail Designs** at 75% and 100% completion, or as otherwise agreed to by the Parties;
  - d) **Cost Estimates** associated with (above) Preliminary and Final Detail Design stages;
  - e) Review of **Detail Design/Tender/As-Built Drawings** (stamped);
  - f) Participation in **WDC's procurement, contractor selection/scoring process**;
  - g) Participation in **Pre-Construction and Other Construction Meetings** as mutually agreed to by the Parties;
  - h) Participation/Approval of **Contemplated Change Orders** that require material modification to detail design or cost;
  - i) Periodic review of the **Project's Financial Status** including project cost actuals (including contractor invoices);

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**Planning & Infrastructure**

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- j) **Review/Inspect the job at points throughout construction** as determined by the Parties such as 1) Demolition, 2) Subgrade/Electrical, 3) Structural, 4) Landscaping, 5) Final Review;
  - k) **Review/Inspect deficiencies at Substantial Performance/Completion** stages;
  - l) **Warranty inspection** prior to warranty period expiration; and
  - m) **Reconciliation and sharing of Project's Financial Details** whereby the Parties agree upon final cost-shared amounts as the basis of invoicing and final billing.
3. HRM agrees to **pay invoices** in a timely manner at regular intervals as the project proceeds, and both parties agree to share supporting financial documentation as requested.
  4. Should the Parties disagree at any stage in the project, the representatives will strive to resolve the matter to mutual satisfaction in a timely manner and if the representatives fail to resolve the matter, it shall then be resolved at the senior level of management to mutual satisfaction.
  5. HRM acknowledges that HRM will not communicate directly with WDC's contractors and their subcontractors unless agreed to by the Parties.
  6. Items that are **extras or out-of-scope** to the originally agreed-upon project shall be deemed to be mutually beneficial and for which costs will be split 50/50, unless the Parties agree that any extras or out-of-scope items are materially relevant to one party and thus for which relevant costs will be assumed by that party.
  7. The WDC, as owner's representative for the project, shall ensure that all contractors and their subcontractors agree to, "*Indemnify and hold harmless the HRM, their agents, representatives, and employees from and against all claims, demands, losses, costs, damages, actions, suits or proceedings arising out of or resulting from the performance of construction within the parcel owned by HRM and known as Sackville Landing*". The Parties agree that contractors shall **assume temporary control of the construction sites associated with their contracts** for the duration of their work, including agreed-upon access, staging or lay-down areas, and for which contractors will be **solely responsible and liable for site condition and public safety**. As well, the HRM and WDC will be added as **additional insured** in all project-related insurance contracts.
  8. WDC and its contractors will be responsible for obtaining all **required permits** including those associated with archaeology and the Provincial *Special Places Act*.
  9. Any necessary **overhead costs** of conducting our respective work (e.g., staff time, legal advice, accounting services) that are normally regarded as administrative, sunk costs, or overhead in nature, shall be borne by the respective Parties and should not be included in the overall project costs to be shared jointly.
  10. WDC and HRM will share with one another all messaging intended for **communication** with the public (e.g., PSAs, website content). Unless otherwise noted, such collaborative communication will be the responsibility of Ms. Kelly Rose, WDC, and Ms. Shaune MacKinlay, HRM.

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Waterfront Development  
Corporation Limited



October 14, 2011

Mr. Peter Bigelow  
Manager, Real Property and Planning  
Halifax Regional Municipality  
P.O. Box 1749  
Halifax, NS  
B3J 3A5

Dear Mr. Bigelow:

Thanks to you and Rudy for your time on October 12, 2011 to discuss the move forward strategy for the recapitalization of Sackville Landing.

This letter is intended to accept and clarify your proposed approach to managing the project.

We are in agreement that HRM staff will finalize the project scope and provide the relevant materials and project descriptions to WDC staff.

WDC staff will then initiate an RFP for design services required to develop the detail design and tender documents for the project. Following approval of the final design, by HRM and WDC management, the project will be tendered and managed in the construction phase by WDC staff.

WDC staff will submit bi-weekly updates and all relevant materials to HRM for approval at logical milestones throughout the process. Rudy will be the main point of contact for our Project Manager and will be responsible to disseminate information to other members of your team as required. Any changes to work scope and budget will be approved in writing by management representatives from both organizations prior to proceeding.

We are in agreement that the total project costs will be shared 50/50 between the organizations, subject to our respective approval processes.

 NOVA SCOTIA A Nova Scotia Ocean Corporation

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We will need to clarify some further interface issues relating to interface with the *Wave* artist, other HRM Departments and affiliate organizations such as Halifax Water prior to proceeding with the design phase, but will do so with Rudy.

We look forward to working with your team in the completion of this important project.

**Yours truly**

Original signed

Eric Burchill  
Director of Planning and Development

cc: Rudy Vodicka, HRM  
Jennifer Angel, WDC