


# HALIFAX

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**Item No. 11**  
**Halifax Regional Council**  
**October 6, 2015**

**TO:** Mayor Savage 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

**DATE:** September 25, 2015

**SUBJECT:** **Tender No. 15-162 Demolition of Former St. Pat's High  
Increase to Contract and Budget Decrease**

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## INFORMATION REPORT

### ORIGIN

This report originates from a CAO Award Report requesting an increase for the Demolition of Former St. Pat's High contract beyond 15% of its original value. The CAO Award Report also recommended reducing the project budget from the revised value of \$4,500,000 to \$2,450,000.

Agenda Item No. 11.1.15, Halifax Regional Council, June 23, 2015

Agenda Item No. 11.3.5, Halifax Regional Council, October 7, 2014 (Approved):

Approve a budget increase of \$4,500,000.00 to Project Account No.CBX01162 Environmental Remediation / Building Demolition, with funding from Q101, Sale of Capital Assets Reserve, for demolition and environmental remediation at 6067 Quinpool Road, as previously approved by Halifax Regional Council on July 22, 2014, Agenda Item 11.1.8.

### LEGISLATIVE AUTHORITY

In accordance with Administrative Order #35, The Procurement Policy, Appendix B, Contract Amendment Guidelines: a) contract amendments must be fully funded, b) contract amendments that exceed the greater of 10% of the original award amount or \$10,000, must be approved by the Director for funds to be issued and c) contract amendments that exceed the greater of 15% of the original award amount or \$15,000, must be approved by the CAO for funds to be issued.

Once the cumulative 15% increase or \$15,000 limit has been reached and CAO approval sought, successive approvals for contract amendments require CAO approval.

The Halifax Charter Section 35(2)(d)(i).

The following report conforms to the above guidelines.

## **BACKGROUND**

On October 7, 2014, Regional Council approved a budget increase to Project CBX01162 Environmental Remediation/ Building Demolition of St. Pat's High School, the original project estimate was \$3.5 million the project estimate was then increased to \$4.5 million. The budget increase was based on information gathered from environmental testing conducted by an engineering consulting firm and allowances for unknowns.

On June 23, 2015, Regional Council approved the award of Tender No. 15-162 to Capital Demolition and Environmental Services II at a cost of \$1,327,011.71 (net HST included). Demolition is underway with the New West Wing removed down to the foundation and the Auditorium removal in progress.

Unforeseen asbestos has been discovered in the South Wing and Old West Wing (original building). Various locations have been found to contain:

- Asbestos pipe insulation embedded in mortar and block walls
- Asbestos pipe insulation improperly disposed of above ceilings and in mechanical chases. This is presumed to have been performed during prior renovations and is outside acceptable practices.

These conditions result in a more intense removal process under Type III containment rather than the simplified glove-bag removal process; these conditions also result in increased manual effort rather than mechanical equipment. Discovery of these items required removal of ceilings and removal of walls.

## **DISCUSSION**

Staff has recommended that the CAO authorize an increase to the contract for Tender No. 15-162, Demolition of Former St. Pat's High, to Capital Demolition and Environmental Services II, for changes to the contracted scope of work in the amount of \$396,286.80 (net HST included) with funding from Project No. CBX01162 - Environmental Remediation/Building Demolition, as outlined in the Financial Implications section of this report.

Although testing was performed both prior to the acquisition of the facility from HRSB and after receipt of the facility, these asbestos conditions were not identified. The contractor is completing removal of the Auditorium and has submitted a notice of delay as work on the South and Old West wings requires approval for increase to contract.

The following risks have been identified as potential cost impacts to complete the project:

- Delay claim – a notice of delay has been submitted by Capital Demolition and Environmental Services II. Staff are not in agreement with the justification at this point.
- Vermiculite (asbestos containing) around windows of South Wing and Old West Wing – work is underway by the contractor, consultant, and testing company to limit the impact.
- Unforeseen soil contamination – testing was performed through test pits and water sampling; however, some risk exists for unfound contamination.

The potential impacts of the vermiculite issue and delay claim (if applicable) are expected to be known by mid-October 2015. The potential impact of excessive soil contamination (if applicable) is expected to be known by spring 2016.

Demolition of the New West Wing has been completed without issue, which reflects the variability found in a building of this vintage.

### ***Lessons Learned:***

As a result of the change orders, the following lessons learned have been identified:

- Review of acceptance process for HRSB surplus properties
- Investment in increased levels of destructive testing to reduce the risk of unforeseen conditions to a level acceptable by HRM.

**FINANCIAL IMPLICATIONS**

Staff is further recommending to the CAO that the project budget CBX01162 be reduced from \$4,500,000 to \$2,450,000 to better reflect the estimated value of work to be completed. The process to achieve the budget reduction is notification to the Manager of Accounting Services of what the revised budget approval should be.

The revised budget will include funding for the increased asbestos removal, which is the subject of this report, funding for additional unforeseen contamination (vermiculite and hydrocarbons if required), removal of Halifax Water infrastructure, project oversight and testing and a contingency.

Funding in the amount of \$380,000.00 plus net HST of \$16,286.80, for a total of \$ 396,286.80, is available in Project No. CBX01162 - Environmental Remediation/Building Demolition. The budget availability has been confirmed by Finance.

**Budget Summary:      Project No. CBX01162 - Environmental Remediation/Building Demolition**

Cumulative Unspent Budget	\$ 4,144,868.19
<b>Less: Increase to PO 2070696357</b>	<b><u>\$ 396,286.80</u></b>
Balance	\$ 3,748,581.39
<b>Less Budget Reduction:</b>	<b><u>\$ 2,050,000.00</u></b>
Balance	\$ 1,698,581.39

Based on the original award of \$1,327,011.71 (net HST Included) this represents a 29.9% increase to the contract.

**COMMUNITY ENGAGEMENT**

N/A

**ENVIRONMENTAL IMPLICATIONS**

Disposal of asbestos will follow applicable regulations.

**ALTERNATIVES**

None

**ATTACHMENTS**

None

**Tender No. 15-162 Demolition of Former St. Pat's High  
Increase to Contract and Budget Decrease**

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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Original Signed