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PO Box 1749  
Halifax, Nova Scotia  
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Halifax Regional Council  
September 19, 2006

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
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Dan English, Chief Administrative Officer

  
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Wayne Anstey, Deputy Chief Administrative Officer - Operations

**DATE:** September 6, 2006

**SUBJECT:** Award of Unit Price Tender No. 06-372, Duke Street Outfall - Sewer Rehabilitation, Halifax, NS

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**ORIGIN**

Staff

**RECOMMENDATION**

It is recommended that Council:

1. Approve an increase to the 2006/07 Capital Budget in the amount of \$600,000 for a new capital project, Duke Street Outfall - Sewer Rehabilitation with funding from the Sewer Redevelopment Reserve Account Q104, as outlined in the Budget Implications Section of this report.
2. Award Tender No. 06-372, Duke Street Outfall - Sewer Rehabilitation to Brycon Construction Limited for materials and services listed at the unit prices quoted for a Tender Price of \$496,460 including net HST from the above new capital account with funding authorized as per the Budget Implications Section of this report.
3. Enter into the attached agreement with the Armour Group Limited, and authorize the Chief Administrative Officer to execute the agreement.

## **BACKGROUND**

In May of 2006 an existing combined sewer outfall - known as the Duke Street Outfall pipe - partially collapsed and was subsequently repaired on a temporary basis by HRM. The existing corrugated metal pipe was installed in the late 1960's and runs through a parking lot/service corridor between Historic Properties and the Law Courts. This pipe has reached the end of its service life and needs to be replaced. It has been our experience that generally once a pipe has reached the end of its expected life and becomes weak and fails, that future failures will continue to occur and will become more frequent. An inspection of the pipe in the vicinity of the temporary repair indicated that the condition of the pipe had deteriorated significantly. The surface above the pipe is paved and is used for parking, fuel deliveries, garbage pick-up, and similar activities resulting in a number of heavy vehicles crossing over the pipe daily. Additional failures or collapses of this pipe could put the municipality in a liability situation, thus this project is considered a Priority 1. Staff is recommending that the entire section of corrugated pipe be replaced.

Due to the time of year when the failure occurred (the start of the tourist season) and the location (Historic Properties), it was decided, in consultation with the lessee of the property - Armour Group Limited (Armour) - that replacement of this pipe would be deferred until later in the summer/fall when fewer people would be impacted by construction. Additionally, Armour indicated that they were planning to redesign and rebuild the existing parking area and would consider integrating this work with the pipe replacement thus saving both parties money. Staff have negotiated with Armour and reached the attached agreement which defines what each party will design, build and pay for as part of integrating the work.

## **DISCUSSION**

Tenders were called on August 19, 2006 and closed on August 30, 2006. The following bids, exclusive of taxes, were received:

	<b><u>Bid Price</u></b>
1. Brycon Construction Limited	\$480,000
2. Amber Contracting Limited	\$560,250
3. Dexter Construction Company Limited	\$611,500
4. J.R. Eisener Contracting Limited	\$953,000

The scope of work for this tender generally consists of the replacement of the existing corrugated metal pipe (currently functioning as a combined sewer) with a new concrete pipe (that will function as a storm sewer after Harbour Solutions is implemented), and reinstatement of the area up to and including sub-grade. Final reinstatement of the area with asphalt will be completed by Armour. HRM and Armour have agreed on a cost sharing arrangement (attached to this report) for the reinstatement work.

It is anticipated that work will commence within two weeks of the tender award and take six 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.

### **BUDGET IMPLICATIONS**

Based on the lowest tendered price of \$480,000 plus net HST for a total project cost of \$496,460, Pending Council approval of Recommendation #1, funding would be available from Account No. CSU00911, Duke Street Outfall - Sewer Rehabilitation. The budget availability and compliance to the reserve has been confirmed by Financial Services.

**Budget Summary:**                      **Account No. CSU00911, Duke Street Outfall - Sewer Rehabilitation**

Cumulative Unspent Budget	\$600,000
Less: <b>Tender 06-372</b>	<u>\$496,460 *</u>
	\$103,540

\* This project was estimated in July 2006 at \$650,000.

Staff is requesting funding beyond the tender amount for potential additional unforeseen work such as unstable or contaminated soil as this area is old infill land. There are also about 25 existing parking spots that will not be accessible while the pipe replacement is underway. Staff is working with Armour to resolve this issue in a fair manner. The additional funds may be needed to resolve the parking issue. Without access to these funds in a Capital Account, staff will have to return to Council for funding - thus delaying this project for many weeks.

Any remaining funds from this account will be returned to the Sewer Redevelopment Reserve Account Q104.

### **FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, budget, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation. If approved, this will increase the 2006/07 Capital Budget and the Reserve withdrawals.

**ALTERNATIVES**


Council could choose not to implement this replacement or defer this work until a future time. This approach is not recommended as it is likely that this pipe will continue to fail more frequently potentially resulting in flooding, damage to vehicles and injury to people crossing over the pipe, and additional expenses due to additional emergency repairs having to be made to this pipe.

**ATTACHMENTS**


Cost Sharing Agreement between Halifax Regional Municipality and The Armour Group Limited

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 at 490-4208.

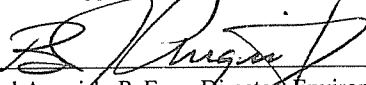
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Report Approved by:

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Cathie O'Toole, CGA, A/Director, Finance , 490-6308

## ATTACHMENT

**THIS AGREEMENT** made in duplicate the            day of            , 2006

**BETWEEN:**

**HALIFAX REGIONAL MUNICIPALITY**, a municipal body corporate, with head office in Halifax, in the County of Halifax and Province of Nova Scotia (hereinafter called “the Municipality”)

and

**THE ARMOUR GROUP LIMITED**, a body corporate, with head office in Halifax, in the County of Halifax and Province of Nova Scotia (hereinafter called “Armour”)

**WHEREAS** the Municipality is rehabilitating an existing municipal sewer pipe located within an existing easement running through the parking lot between 1869 Upper Water Street (Historic Properties) and 1815 Upper Water Street (Law Courts) of Halifax Regional Municipality;

**AND WHEREAS** Armour, leasee of 1869 Upper Water Street (Historic Properties), is intending to re-grade and re-pave an existing parking area, which partially includes the above mentioned existing twenty foot wide easement.

**THE PARTIES HEREBY AGREE AS FOLLOWS:**

1. The Municipality and Armour shall work together in a timely fashion to integrate and coordinate the rehabilitation of the existing sewer pipe (funded primarily by the Municipality), and the re-grading and re-paving of the existing parking area (funded primarily by Armour) as the parties have previously discussed.
2. The rehabilitation of the existing sewer pipe shall be in accordance with HRM Plan No. 06036301 entitled Duke Street Outfall - Sewer Rehabilitation (dated Aug 14, 2006). The re-grading and re-paving of the existing parking area shall be in accordance with Armour Group Plan No. 101 entitled Historic Properties South Parking Lot (dated Aug 10, 2006).
- 3a. The Municipality shall tender and obtain unit prices for the rehabilitation of the existing sewer pipe, manholes, catchbasins, catchbasin leads, re-connection of existing catchbasin leads, and reinstatement of the portion of the parking area incidental to the sewer work (calculated to be approximately 600 sq. metres), up to and including the sub-grade elevations.
- 3b. The Municipality shall pay for the cost of replacing the existing sewer pipe, manholes, re-connection of existing catchbasin leads to the main pipe, and reinstatement of the existing gravels and paving for the portion of the parking area incidental to the sewer work. To calculate the asphalt and gravel portion of the cost, the thickness of the existing gravels and asphalt will be measured and the costs ‘pro-rated’. In no case will the thickness of gravels and asphalt paid by the Municipality exceed those shown on Armour Group Plan No. 101.

- 4a. Armour shall obtain unit prices for the re-grading and re-paving of the parking area (including base gravels and asphalt) and other desired modifications (for example changes to the entrance from Upper Water Street).
  
- 4b. Armour shall pay for the costs of re-grading and re-paving of the parking area not covered by clause 3b (above), including base gravels and asphalt, and other desired modifications to the parking area, including new catchbasins and new catchbasin leads, and the rehabilitation of the existing catchbasins and existing catchbasin leads within the sewer easement.
  
5. The Municipality and Armour shall agree on the quantities and unit prices for each cost shared item (for example gravel, asphalt, catchbasins, catchbasin leads and connection of new catchbasin leads) prior to starting construction.

In witness whereof the parties hereto have executed this agreement, the day, month and year first above written.

SIGNED, SEALED AND DELIVERED)

**THE ARMOUR GROUP LIMITED**

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President

**HALIFAX REGIONAL MUNICIPALITY**

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