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Item No. 12.4.1
Audit & Finance Standing Committee
March 27, 2019

TO: Chair and Members of Audit & Finance Standing Committee

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SUBMITTED BY:

Jerry Blackwood, Director, Corporate & Customer Services

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Jacques Dubé, Chief Administrative Officer

DATE: February 19, 2019

SUBJECT: Award – Tender 18-159 - New St. Andrew’s Community Centre

ORIGIN

The approved 2017/18 Capital Budget, Supplemental Report Page R50 (St. Andrew’s Community Centre Renovations – CB000011).

The approved 2018/19 Capital Budget, Supplemental Report Page R46 (St. Andrew’s Community Centre Renovation – CB000011).

Regional Council Meeting September 19, 2018, Item No. 12.4.3 Approved increase to account.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, December 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Administrative Order 2014-15 Respecting Reserve Funding Strategies (5) , The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserve, (6) The Chief Administrative Officer may recommend to the Council that Reserve funds be expended.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend that Regional Council:

1. Approve an unbudgeted withdrawal in the amount of \$480,000 (net HST included), from the Capital Fund Reserve, Q526;
2. Increase 2018/2019 Capital Project Number CB000011 – St. Andrew's Community Centre Renovation by \$480,000 (net HST Included); and
3. Award Tender No. 18-159, New St. Andrew's Community Centre, to the lowest bidder meeting specifications, PCL Constructors Canada Inc., at a cost of \$10,334,743 (net HST included) with funding from Project Account No. CB000011 – St. Andrew's Community Centre Renovations and Project Account No. CBX01162 Environmental Remediation/Building Demolition, as outlined in the Financial section of this report.

BACKGROUND

St. Andrew's Community Centre (SACC) is located in west end Halifax and was originally constructed as a school. HRM renovated the building for recreation needs in 1983. The building, though clean and as welcoming as possible, is an old school with limited windows, poor lighting, old heating and mechanical infrastructure, and no outdoor play / community space. The driveway to the facility is also in need of repair. In 2013, the project scope was to complete a renovation to this centre, however this was determined not to be feasible. The existing building layout is not flexible enough for the changing needs of the community.

A \$6,100,000 multi-year budget was approved by Regional Council for this project during the 2017/18 Budget process. In September 2017, consultants were hired and the design progressed through schematic design and design development. Through the 2018/19 capital budget, increased funding was requested as a result of the Class C estimates presented during design development bringing the total approved budget to \$8,950,000. Class B estimates provided by the consultants in April 2018, resulted in a project cost estimate of \$9,688,169 which exceeded the approved budget. In September 2018, Regional Council approved an additional increase in budget for a total project budget of \$10,082,586 (net HST included).

DISCUSSION

Demolition of the current facility will include the removal and disposal of hazardous materials; decommissioning and removal of site utilities, building structure and foundation; and the placement of new fill to bring the area back up to grade.

Construction of the new facility will be fully accessible and will include a double gymnasium, community kitchen, universal washrooms and locker rooms, dance studio, multi-purpose room, group/meeting rooms, youth and senior room, day care, indoor playground, administration area, streetscaped corridor with multiple seating areas for eating, gatherings and informal meetings.

Landscaping will provide greenspace; a furnished outdoor patio; and open space play areas. The parking and entrance to the site will be shared by SACC patrons as well as Alta Gymnastic patrons.

The new facility is to be welcoming, functional to community needs, and inclusive. It is scheduled to open in the Fall of 2020.

Tenders were called on November 20, 2018, with closing on January 8, 2019. Bids were received from the following companies:

Name of Company	Bid Price (Net HST Included)
*PCL Constructors Canada Inc.	\$11,298,345
Bird Construction Group	\$11,321,288
Avondale Construction Ltd.	\$11,402,415
Marco Maritimes Ltd.	\$11,589,303
EllisDon Corporation	\$12,150,348

***Recommended proponent**

Value Engineering:

Based on budget availability and in compliance with section 1.0, 1.1, 1.1.11, 1.1.11.2 (b) of the Tender, HRM staff, facilitated by Procurement, met with the lowest bidder and design team to negotiate cost saving opportunities. This included a change of scope in mechanical, electrical, architectural, site development and overall square footage. These items added up to a savings of \$963,603 (net HST included) resulting in a revised bid of \$10,334,742 (net HST included). Programming has not been impacted by these decisions. The additional funds requested as part of this award are to cover FF&E and contingency. Any unused funds will be returned to the reserve.

Scope of work and Schedule:

- Demolition of existing building.
- New 31,700 sq. ft. facility including a double gymnasium, community kitchen, group rooms, dance studio and administration space.
- Landscaping
- Commissioning of new building.
- LEED Certification

It is anticipated that work will commence within three weeks of the Tender award and take approximately 18 months to complete.

FINANCIAL IMPLICATIONS

Budget Summary: Capital Fund Reserve, Q526

Balance in reserve at January 31, 2019	\$ 15,063,909
Projected revenue to March 31, 2019	\$ 1,605,537
Commitments to March 31, 2019	<u>\$(13,513,495)</u>
Projected net available balance, March 31, 2019	\$ 3,155,951
Withdrawal per recommendation	<u>\$ (480,000)</u>
Revised projected net available balance March 31, 2019	\$ 2,675,951

Obligation Reserve - Capital Fund Reserve, Q526

The reserve is funded by the sale of land in HRM, other than Business/Industrial Parks or sale of land conveyed to HRM for parks, playgrounds or similar public purposes. Several other large properties are now excluded from deposit to this reserve and are being redirected to the Strategic Capital Reserve, Q606. The Capital Reserve Fund Reserve is governed by the Halifax Regional Municipality Charter Section 120 (1), (3), and (4). Withdrawals from the reserve are for capital expenses for which the Municipality may borrow.

The recommendation has a negative effect on the projected balance as this is an unbudgeted withdrawal. In reviewing a five-year capital budget plan in relation to withdrawals from this reserve, there are sufficient funds to accommodate this unbudgeted withdrawal, without impacting the current five year planned withdrawals for this reserve.

Based on the lowest bid price of \$9,910,000 plus net HST of \$424,743 for a net total cost of \$10,334,743, funding is available in the Approved 2018/19 Capital Budget from Project Account No. CB000011 – St. Andrew's Community Centre Renovations and Project Account No. CBX01162 Environmental Remediation Building. The budget availability has been confirmed by Finance

Budget Summary: Project Account No. CB000011 – St. Andrew's Community Centre Renovations

Cumulative Unspent Budget	\$10,090,687
Plus: Approved Increase	\$ 480,000
Less: Tender No.18-159	<u>\$10,015,628*</u>
Balance	\$ 555,059

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

Cumulative Unspent Budget	\$ 640,876
Less: Tender No.18-159	<u>\$ 319,115</u>
Balance	\$ 321,761

* The project was estimated prior to tender at \$9,580,233 (net HST included).

RISK CONSIDERATION

Risks associated with construction safety will be mitigated by ensuring safe work practices and standards are met during the construction process through a construction safety plan.

Local resident disruption: There will be noise and vibration generated during the demolition phase and possibly dust generation – mitigation efforts include adherence to the HRM noise by-laws and control measures to reduce dust and debris and containment to the site.

Unforeseen site conditions mitigated by multiple site visit opportunities for bidders to review existing structure and site. Destructive testing was performed to reveal structural components and concealed areas have been completed to allow in depth exposure of entire structure.

Archaeological discoveries such as unmarked graves mitigated by multiple phases of testing such as boreholes, trenching and ensuring team of archaeologists are included in the excavation phase of this project.

ENVIRONMENTAL IMPLICATIONS

An Environmental Site Assessment and multiple Hazardous Materials Assessments have been completed. These reports have formed part of the tender package issued for the demolition of the existing building. Minimal hazardous materials are currently on site and will be remediated with this demolition package. All activities will follow a strict remediation protocol to ensure proper removal and disposal of all hazardous material.

ALTERNATIVES

The Audit & Finance Standing Committee may choose to recommend that Regional Council:

- (1) Not approve the increase to 2018/2019 Capital Project Number CB000011 – St. Andrew's Community Centre Renovation project. This may result in the tender being cancelled and re-issued.
- (2) Not award the tender. This is not recommended by staff as the new building is required for Parks & Recreation to meet the needs of this community.

ATTACHMENTS

None

A copy of this report and information on its status can be obtained by contacting the Procurement Office at 902.490.4170, or Fax 902.490.6425.

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