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Item No. 12.2.1
Audit & Finance Standing Committee
August 18, 2021

TO: Chair and Members of Audit & Finance Standing Committee

-Original Signed-

SUBMITTED BY:

Dave Reage, MCIP, LPP, Executive Director, Halifax Transit

-Original Signed-

John MacPherson, A/Executive Director, Corporate & Customer Services

-Original Signed-

Jacques Dubé, Chief Administrative Officer

DATE: July 6, 2021

SUBJECT: Increase to Project No. CB000042 – Woodside Ferry Terminal Upgrades

ORIGIN

The approved 2021/22 Capital Budget, Supplemental Report Page B70 (Woodside Ferry Terminal Upgrades CB000042).

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, Dec 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 – The Municipality may spend money for municipal purposes in accordance with this section; 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 Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION ON PAGE 2

RECOMMENDATION

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

1. Approve a transfer of \$200,000 (net HST included) from the Project No. CB000039 Halifax Ferry Terminal; and
2. Approve an increase in multi-year funding for Project No. CB000042 Woodside Ferry Terminal Upgrades by \$200,000 (net HST included), in fiscal year 2021/22; and
3. Approve an increase of \$60,000 (net HST included) to PO 2070847216, for CN Rail Permit Fees and Flagging Services from Project No. CB000042 – Woodside Ferry Terminal Upgrades, as outlined in the Financial Implications section of this report.

BACKGROUND

The Woodside Ferry Terminal was built in 1986 and is one of three locations from which Halifax Transit provides ferry services across the Halifax Harbour. This ferry service holds the designation of being the oldest salt water passenger ferry service in North America. With an average of approximately 2,300 passenger trips each weekday, this facility does not meet current expectations for a transit facility, suffers from significant wear, and has benefited from only a series of partial renovations and updates over the years.

This recapitalization project is intended to serve Halifax Transit for the next 20-30 years, a time frame which is also expected to be a period of growth for the ferry operations. The goal is to improve passenger flow, universal accessibility and customer experience at this facility.

Strategic energy reductions will target a 76% savings over the 2016 baseline, representing almost \$60,000/year in energy cost savings. The Woodside Ferry Terminal will become one of HRM's most efficient facilities and thereby support HRM's new HalifACT plan to be net-zero by 2030.

This facility recapitalization was phased to expedite the new passenger elevators. Phase 1, completed in July 2020, provided new elevator service to support the Phase 2 construction. The Phase 1 construction work was awarded to RoMac Construction (Tender #19-169) and ThyssenKrupp (Tender #19-168). The Phase 2 construction work was awarded to Bird Construction (Tender #19-170) and is currently planned for completion at the end of October 2021. Phase 2 includes:

- New exterior cladding, glazing and roofing systems.
- New interior finishes, new security and fare management kiosk, re-designed universal washrooms and renovated staff areas.
- New escalators at both levels (four in total).
- New mechanical, electrical, security and communications systems.

A Phase 3 is planned for the supply and installation of an emergency generator as well as landscape and entry reconfiguration at the upper pedway. This work will be budgeted in future capital years and will complete the strategic recapitalization of this ferry terminal.

DISCUSSION

Additional work was identified during the Phase 2 construction which includes work to address unknown site conditions relating to the existing structural steel framing and new exterior cladding. Demolition of existing steel not detailed on the original construction drawings is required to accommodate the new exterior cladding system.

Additional CN flagging services are required to support additional time required for the construction work at the pedway in the area over the CN rail tracks.

These increases were planned to be funded through the existing project contingency budget; however, these additional services have had a larger impact than expected on the project costs. Further increases are not anticipated at this time.

Staff has recommended an increase to project Account CB000042 – Woodside Ferry Terminal Upgrades for these additional costs including the following:

- Additional changes to the existing structural steel framing
- Additional CN Rail flagging services

The approved multi-year funding in Account CB000042 – Woodside Ferry Terminal Upgrades is a total of \$9,980,000 (net HST included) including \$2,450,000 (net HST included) in the 2021/22 approved budget.

A summary of the changes are as follows:

Soft Costs committed to date	\$ 1,241,850
Construction costs committed to date	\$ 8,688,150
Remaining Construction Contingency	\$ 50,000
Request for increase for unknown site conditions & CN Flagging	\$ 200,000
New Project Account CB000042 Value (net HST included)	\$10,180,000

Staff has recommended an increase to CN Rail Permit and Flagging Services PO #2070847216 in the amount of \$60,000 (net HST included) for flagging services to support additional time required for the construction work at the pedway in the area over the CN rail tracks. Materials and exterior cladding delivery delays have resulted in additional sequencing of work on site and the need to install temporary protection measures at the unfinished pedway, thereby creating additional requirements for flagging services. CN Rail, a federally regulated enterprise, requires flagging services, by CN trained staff, when work is performed within 20'-0" of their rail tracks. A CN Rail Permit is in place to support the construction work in the CN right-of-way. At the time of award to CN Rail, it was unclear how the contractor would be sequencing the work and the timeframe required for that construction.

The work on site has been affected by the delayed delivery of the exterior cladding materials. These and other factors have negatively affected the efficiency of the contractor's work thereby necessitating additional time on site and the associated CN Flagging services. Since June, 14 additional days of CN flagging work have been planned on site for the month of August 2021.

A summary of the changes are as follows:

PO Award (net HST included)	\$ 30,000
CO increases approved to date	\$ 54,300
Request for Increase (net HST included)	\$ 60,000
New Contract Value (net HST included)	\$144,300

This represents a total increase of 481% to the original contract value of \$30,000 (net HST included).

FINANCIAL IMPLICATIONS

To continue the Woodside Ferry Terminal Recapitalization Phase 2 construction, staff is requesting a transfer of funds from CB000039 Halifax Ferry Terminal. Funding is available within the construction contingency from the Halifax Ferry Terminal Refresh Project, which is now substantially complete. The budget availability has been confirmed by Finance.

The remaining funds in CB000039 will be used for a signage project at Halifax Ferry Terminal.

Budget Summary: Project Account No. CB000039 Halifax Ferry Terminal

Cumulative Unspent Budget	\$ 284,994
Less: Approved Decrease	<u>\$ - 200,000</u>
Balance	\$ 84,994

Based on an estimate of \$60,000 (net HST included) funding is available from Project No. CB000042 Woodside Ferry Terminal The budget availability has been confirmed by Finance.

Budget Summary: Project Account No. CB000042 – Woodside Ferry Terminal

Cumulative Unspent Budget	\$ 74,858
Plus: Approved Increase	\$ 200,000
Less: PO 2070847216 Increase	<u>\$ 60,000</u>
Balance	\$ 214,858

The overall project including construction and consulting is expected to be \$10,180,000 (net HST included).

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report.

COMMUNITY ENGAGEMENT

There was no community engagement undertaken for this report.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

The Audit & Finance Standing Committee may choose not to approve the recommendation in the report, however, this is not recommended by staff as the recapitalization of this facility is required for Halifax Transit to provide uninterrupted and efficient ferry services across the Halifax Harbour. This funding supports continuity of the current construction phase.

ATTACHMENTS

None.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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