

Item No. 11.1.6
Halifax Regional Council
September 14, 2021

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY: _____
Jacques Dubé, Chief Administrative Officer

DATE: September 6, 2021

SUBJECT: **Award – Tender No. 21-003, Cogswell District Project**

ORIGIN

February 26, 2019 Regional Council motion (Item 15.1.6)

MOVED by Councillor Mason, seconded by Councillor Deputy Mayor Mancini

THAT Halifax Regional Council:

1. Authorize the Chief Administrative Officer to proceed with procurement of Constructor services, substantially based on the 90% construction design plan (Attachment A of the report dated February 8, 2019) with funding from Project Account CT000007 Cogswell Interchange Redevelopment, as outlined in the Financial Implications section of the report dated February 8, 2019, and return to Regional Council for approval of the contract award;
2. Direct the Chief Administrative Officer to make public a timeline and public engagement process to complete the creation and adoption of amendments for the Cogswell District 8 in the Municipal Planning Strategy, Land Use Bylaw and Design Manual by March 31, 2019;
3. Direct the Chief Administrative Officer to continuing with public engagement utilizing the Public Art policy as appropriate to finalize placemaking and commemoration aspects, especially completing ongoing engagement with the Mi'kmaw and African Nova Scotian community; and
4. Request a staff report regarding the timeline and the phasing of construction to align with other street recapitalization projects, and options to fund the Cogswell Greenway including potential use of Development Charges on adjacent development sites.

AMENDED MOTION PUT AND PASSED UNANIMOUSLY

Tender No.21-003 released to short-listed qualified bidders on January 30, 2021 and closed on June 2, 2021

RECOMMENDATION ON PAGE 3

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S. 2008, c. 39, subsections 79A(1), 79A(4), 324(2) and 329 provide:

Municipal expenditures

79A (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality; (b) the expenditure is in respect of an emergency under the Emergency Management Act; or (c) the expenditure is legally required to be paid.

...

(4) The Municipality may authorize capital expenditures that are not provided for in its capital budget if the total of such expenditures does not exceed the greater of (a) the amount authorized to be transferred from the operating budget to the capital budget under subsection (3); (b) the borrowing limits established for the Municipality under Section 109; or (c) the amount withdrawn from a capital reserve fund under subsection 120(4).

Street Encroachment

324 (2) The Council may, by by-law, regulate encroachments upon, under or over streets, including stipulating the period of time an encroachment may remain and the entering into of agreements, including terms and conditions, for particular encroachments.

Public Utilities Act Applies

329 Section 78 of the Public Utilities Act applies to the erection or placement of a pole, wire, conduit or pipe in, upon, along, under or across a street.

Public Utilities Act, R.S.N.S. 1989, c. 380, subsection 78 provides:

Consent for erection of pole or wire in city or town

78 No public utility shall, in any city or town, erect or place in, upon, along, under or across any street, road or highway, any pole, wire, conduit or pipe, without first obtaining the consent of the council of such city or town, and the council may give such consent on such terms, including the rate or amount of taxation to be paid by such public utility, or may refuse its consent, as it deems fit, and if the council refuses or neglects to give such consent within one month after such application has been received by the mayor or clerk of such city or town or agrees to give it only on terms which the company will not accept, the matter shall be referred to the Board, and the Board may make an order directing on what terms any such work shall be undertaken, or may refuse to make any order.

HRM Procurement Administrative Order (2020-004-ADM), subsection 28(1) and 32(7) provide:

Award Authority

28(1) The approval authority limits for the awarding of contracts are as follows:

Method	Manager	Director	CAO	Council
...				
Competitive Procurement	Per delegation of authority from Director [not to exceed \$100,000]	\$100,000	\$1,250,000	Any amount
...				

Contract Amendments

32(7) The approval and signing authority limits for cumulative contract amendments are as follows:

Position	Approval Authority
...	
CAO	(a) \$20,000 or (b) a 20% increase to the originally approved contract amount, whichever is greater.
...	
Council	Any amount

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Suspend the rules of procedure under Schedule 2, the Audit and Finance Standing Committee Terms of Reference, of Administrative Order One, the Procedures of the Council Administrative Order, requiring the Standing Committee to review and make recommendations on proposals coming to the Council outside of the annual budget or tender process;
2. Award Tender No. 21- 003, Request for Tender - Cogswell District Project to the lowest bidder meeting specifications, Dexter Construction Ltd. for a Total Tender Price of \$ 95,663,633.52 (net HST included) with funding from Capital Account No. CT000007- Cogswell Interchange Redevelopment as outlined in the Financial Implications section of this report;
3. Approve an increase to RFP 16-047 (PO# 2070765948) to WSP for design services required to cover additional work to support the extended tender bid period in the amount of \$ 26,665.93 (net HST included) from Capital Account CT000007- Cogswell Interchange Redevelopment as outlined in the Financial Implications Section of this report;
4. Approve an increase to Project CT000007 – Cogswell Interchange Redevelopment in the amount of \$27,531,946 with funding to be provided by debt financing, as outlined in the Financial Implications Section of this report;
5. Adopt By-law S-316, amending By-law S-300, Respecting Streets, as set out in Attachment A, to mandate the undergrounding of utility infrastructure in the Cogswell District; and
6. Direct the Chief Administrative Officer to report back to Regional Council with project status updates on a semi-annual basis.

EXECUTIVE SUMMARY

Tender No. 21-003, which will enable construction of the Cogswell District Project, was released to three short-listed qualified bidders on January 20, 2021 and closed on June 2, 2021. The lowest bidder meeting specifications was Dexter Construction Ltd. The tender price of \$ 95,663,633.52 (net HST) exceeds the construction estimate contained in the project budget. The project budget, as reflected in the 2021/22 Capital Plan, was \$95M. This figure included a construction budget of \$84M (including contingency) plus \$11.3M for project “soft” costs (professional services, land acquisitions, project office and fees and permits). Staff is of the opinion that the lowest bid, while higher than estimated, reflects fair market value and is confident in recommending the award to Regional Council.

Based on the lowest bid submitted, contingency, and project soft costs, the total project budget would increase to \$122.6M (gross). This is an increase of \$27.4M since September 2020 and is primarily due to the influence of inflation and higher construction costs since the time of the original project estimate.

Cost sharing from Halifax Water, Bell Aliant, Heritage Gas and Nova Scotia Power is expected to offset the project construction cost, however, the amounts of those contributions are not yet finalized. Contributions from Halifax Water and NSP will require approval of the Nova Scotia Utility and Review Board (NSUARB). The NSUARB approval process takes approximately 6-9 months following application by the utility. Staff propose that Council adopt amendments to By-Law S-300 Respecting Streets to mandate that, subject to an exemption from the Engineer, all utility infrastructure must be installed underground in the Cogswell district. The by-law, when adopted, will provide legislative clarity, and will support HRM staff in their efforts to finalize cost contributions with utilities.

Major land acquisitions required to support the Cogswell District Project are substantially complete, subject to closing conditions. Several minor land acquisitions remain in progress. While important to the project, completion of these minor land acquisitions is not a prerequisite to commencing construction of the project as they are required in later phases.

BACKGROUND

The Cogswell District Project is a city building initiative intended to transform the Cogswell interchange from an underutilized piece of road infrastructure into a new vibrant urban neighbourhood in the heart of the downtown. The interchange, constructed in the late 1960's, was designed to maximize the flow of traffic into the downtown and was geared for one primary user, the vehicular road user. Its construction created a physical and psychological barrier between the downtown, waterfront, and north end of the city.

Over the past 20 years, a multitude of plans and ideas have been put forward for redevelopment of the interchange lands. In May 2013, an extensive public engagement program was hosted by Mayor Savage and the Strategic Urban Partnership (SUP) coined the “Shake-Up”. The SUP Cogswell Shake-Up confirmed the public's desire to see the Cogswell interchange demolished and the lands used to strengthen the downtown.

In May 2014, Regional Council approved the Cogswell Lands Plan (CLP) for a comprehensively designed neighbourhood based on a revised street network configuration and directed a detailed design exercise be undertaken, with the plan returning to Council for a go/no go decision at the 60% level of design completion.

In September 2015, the Cogswell District Team was established with the hiring of a Director to oversee the design completion and eventual reconstruction. In 2016, the Prime Design Consultant, Cost Consultant, and Traffic Engineering Consultant were engaged to undertake the 60% design exercise. The process was overseen by the Cogswell Senior Management Steering Committee and involved the input of all key HRM business units. As well, the Cogswell Team performed extensive outreach to adjacent landowners, developers, utilities, and the public regarding the proposed redevelopment.

On June 5, 2018, Regional Council approved the 60% design plan and directed staff to release a Request for Qualifications (RFQ) for constructor services, complete negotiations with landowners for required land parcels, and complete the 90% design and present final detailed public realm design elements to Regional Council prior to procuring constructor services. To facilitate development of the 90% construction design, and specifically the public realm elements within it, staff undertook an intensive public engagement program. The comments and input received through the public engagement program greatly influenced the 90% construction design. Nearly 80% of comments/ ideas received were incorporated in part or fully in the plan.

On February 26, 2019, Regional Council approved the 90% construction design plan for the Cogswell District. The proposed plan will convert 16 acres of road infrastructure into a mixed-use neighborhood, extending the entrance of the downtown northwards and reuniting communities separated by the interchange lands. The urban street grid will be reinstated and will create development blocks capable of supporting new residential and commercial environments for 2,500 people. High quality dedicated cycling lanes, multi-use trails, new parks and open spaces, a reimagined transit hub, and a significant central urban square will transform this traffic-centric area into a livable pedestrian friendly area for people to live, work, and play. A District Energy system based on ambient heat recovery from the Halifax Wastewater Treatment Plant (WWTP) will provide a green energy source for buildings constructed within the Cogswell District. Specific design elements to enhance overall accessibility have been incorporated within the District and will allow the project to meet gold level certification under the Rick Hansen Certification program.

The proposed construction plan aligns with many of Council's previously approved policy directions. Several features of the new Cogswell District will represent the first implementation of many aspects of these policies. Specifically, the construction plan and creation of the new district aligns with:

- Halifax Economic Growth Plan 2016-21
- Integrated Mobility Plan (IMP)
- Halifax Transit's Moving Forward Together Plan
- Regional Plan
- Centre Plan
- Urban Forestry Master Plan
- HalifACT 2050
- Halifax COVID-19 Economic Response & Recovery Plan

In addition to confirming its support for the Cogswell District Project on February 26, 2019, Regional Council directed staff to proceed to tender for the largest City-building project to be undertaken by the Municipality. The tender was released on January 30, 2021 to the three short-listed bidders qualified through the 2018 Request for Qualifications (RFQ) process. The purpose of this report is to present the results of the tender process, recommend by-law amendments to mandate the undergrounding of utilities, provide an update on outstanding land acquisitions, highlight plans for mitigation to business operations, and outline next steps following tender award.

DISCUSSION

A. Tender Award (Recommendation #2)

Recommendation #2 relates to Tender No. 21- 003 which was distributed to three short-listed qualified bidders on January 30, 2021 and closed on June 2, 2021. Bids were received from two of the three qualified companies:

Name of Company	Bid Price (net HST included)
Dexter Construction Limited	\$ 95,663,634*
Miller Paving Group Limited	\$ 103,957,579

*recommended bidder

Ellis Don, the third qualified bidder, did not submit a quotation.

The submitted bids exceed the construction estimate contained in the project budget. The project budget, as reflected in the 2021/22 Capital Plan, is \$95M. This figure included a construction budget of \$84M (including contingency) plus \$11.3M for project “soft” costs (professional services, land acquisitions, project office and fees and permits). Based on the lowest bid submitted, contingency, and project soft costs the total project budget would increase to \$122.6M.

Staff are of the opinion that the lowest bid, while higher than estimated, reflects fair market value and are confident in recommending the award to Regional Council for the following reasons:

- Both bids are believed to be fair and competitive bids given the price spread between the two submissions.
- The increased construction cost is not unexpected given the following factors: a) the original budget estimate was based on a Class B estimate completed by professional cost consultants in 2018 which means it was accurate to within +/- 10-%, b) the estimate does not take into account inflationary factors since 2018, c) industry authorities indicate project cost increases of 20-30% are common in today’s market, with cost increases between 30% and 40% not unheard of as a result of general labour market shortages in the construction sector, and supply chain issues, high demand, and general risk resulting from the COVID-19 pandemic and severe weather events (i.e. winter 2021 in Texas). It is possible that some portion of these cost increases is temporary; however, it is also possible that costs could continue to increase as the economy rebounds.
- A revised project budget analysis shows the increased project cost is offset by more favorable revenue projections from the sale of the development lots, an approximate cost recovery of 86%, as outlined in the Financial Implications section of this report.
- The tender is a fixed price tender, not a unit rate contract, therefore the risk associated with potential escalating costs over the life of the project is reduced.
- This project is a strategic investment in the downtown. The project will create a new mixed use neighbourhood in alignment with regional plan goals for higher density in the downtown core, add \$470 million in assessed values at full build-out generating over \$24.0M in general rated and transit taxes over a ten year period and is expected to act as a further catalyst for new investments in and around the Cogswell/ Gottingen Street area.

Staff do not recommend modifying the design to bring the project closer to the original budget. Only a small percentage of the total project cost is devoted to design features which could be modified (8%). The vast majority (92%) of the project costs are for hard infrastructure (i.e. roads, utilities) which cannot be substantially reduced even if the design was reconsidered. Any modification to the public realm components of the project would have a negligible impact on the overall project cost but a significant impact in terms of the social and economic impact of the project. It is also important to note that a significant amount of engagement with the public went in the final design. Removal of the public realm features would reduce this project from being the largest “City-building” project undertaken by the Municipality to simply a major infrastructure renewal and relocation project.

Regional Council could choose not to award the tender and cancel the project. This is not recommended as the implications of this alternative would be:

- a. Regional Council’s decision would not be in support of Policies 1, 50, or 60 of the Downtown Halifax Secondary Municipal Planning Strategy. Proceeding with this alternative would present a lost

- opportunity to create the Cogswell District and reconnect the downtown and the north end of the city.
- b. Regional Council has committed in several policies to many of the objectives that are embraced by the Cogswell District project, such as the Integrated Mobility Plan (IMP). These policy objectives will not be realized under this alternative.
 - c. Finally, the existing bridge, overpass and retaining wall structures are over 50 years old. Basic inspections and state of good repair efforts are expected to cost approximately \$3,350,000 over the next 15 years. This figure does not include life-cycle analysis and replacement costs for these aging structures. The average life expectancy of such structures is 75 years.

Regional Council could choose to direct staff to rescope the project and re-tender. This is not recommended as the current design plan is based on a 7+ year process involving extensive public engagement and direction and approval from Regional Council on the project scope and design.

B. Change Order (Recommendation #3)

Recommendation #3 refers to additional design services required from WSP in response to the extended bid period. The construction tender was released on January 30, 2021 with an initial close date of March 31, 2021. The tender period was extended several times in response to requests from the three proponents. These requests for extensions were deemed reasonable given the size and complexity of the project and the stated difficulties experienced in obtaining quotes from sub-contractors due to COVID-19. During the bid extensions, WSP supported staff in responding to bidder's questions via 16 addendums and supplying additional detailed design plans. The additional design costs incurred total \$ 26,665.93 (net HST included). The scope change, combined with previous change orders, amounts to a cumulative increase exceeding 20% of the contract and therefore requires Council approval.

C. Budget Increase (Recommendation #4)

Recommendation #4 relates to the total increase in funds required to complete the project for the following items:

- Dexter Construction Limited contract (Tender No. 21-003)
- An increase in design services costs by WSP to cover work to support the extended tender bid period
- Slight increase to project soft costs for Project Management Office (PMO) and land acquisitions

The revised project budget is \$122.6M. The increase in funds is required primarily because tender pricing came in \$27M (32%) higher than estimated.

D. Undergrounding Utilities (Recommendation #5)

The Cogswell Redevelopment Project will involve the restructuring and relocation of several downtown streets. A significant amount of utility infrastructure (i.e. power, gas, telecommunications, water, sewer, storm) will therefore need to be removed and relocated. The designs call for all utility infrastructure in the Cogswell Redevelopment Area to be placed underground in conduits or vaults, and not above ground on poles and wires. The construction contract includes the civil works necessary to facilitate the undergrounding of all such utility infrastructure. In the case of power and telecommunications, this involves the undergrounding of some existing above ground infrastructure as well as the relocation of some pre-existing underground infrastructure.

There will be some cost contributions from utilities for work being performed by HRM on their behalf which may reduce the net project cost. The amounts of those contributions are not yet finalized. Contributions from Halifax Water and NSP will require approval of the Nova Scotia Utility and Review Board (NSUARB). The NSUARB approval process takes approximately 6-9 months following application by the utility.

The majority of utility infrastructure in the Cogswell district is already underground. Staff propose that

Council adopt site specific amendments to By-Law S-300 Respecting Streets, as set out in Attachment A, to mandate that, subject to an exemption from the Engineer, all utility infrastructure must continue to be underground in the Cogswell district. The by-Law, when adopted, will provide legislative clarity, consistent with the principles of the 1977 cost sharing agreement with Nova Scotia Power, and will support HRM staff in their efforts to finalize cost contributions with other utilities.

E. Project Updates (Recommendation #6)

Recommendation #6 relates to the provision of updates to Regional Council on the progress and status of the Cogswell District Project. Given the size and complexity of the project, staff recommend semi-annual updates be provided to Regional Council, in the form of information reports, which highlight the progress of the project, issues, risks, and budget status.

Land Acquisitions

Major land acquisitions required to support the Cogswell District Project are substantially complete, subject to closing conditions. Several minor land acquisitions remain in progress. The following is an update on both major land acquisitions and those still outstanding.

Crombie Real Estate Investment Trust (REIT)

On January 28, 2021, an Exchange Agreement was executed with Crombie REIT for the exchange of land parcels necessary to develop key public realm spaces within the Cogswell District project, namely Proctor Street, the Transit Hub and Granville Park.

Due diligence, as provided for in the agreement, has been completed by both parties. Staff have completed title searches on the parcels being acquired from Crombie, confirmed the zoning and development potential, and performed Phase 1 and Phase 2 Environmental Site Assessments (ESA) on Parcel C along with soil testing for contaminants. Staff are satisfied that there are no issues of concern arising from these investigations that need to be addressed prior to the closing of the land transaction. Similarly, Crombie REIT have advised there are no issues arising from their due diligence investigation on Parcel CI-B. The land exchange will formally close upon the completion of closing conditions, including the street realignment and creation of Parcel CI-B. During construction, HRM will have a license to access and build upon Parcel C.

Canadian Apartment Properties Real Estate Investment Trust (CAPREIT) and Metropolitan Entertainment Group (MEG) Holdings

Negotiations continue with CAPREIT and MEG Holdings for small parcels of land required to complete the western portion of Proctor Street and the installation of a sidewalk at Upper Water Street near the N.S. Casino. A Purchase and Sale agreement with MEG Holdings has been negotiated and is awaiting Provincial Cabinet approval. This approval is expected by the Fall of 2021. Discussions continue with CAPREIT, although an agreement of purchase and sale has not been finalized. While important to the project, completion of the acquisition of these land parcels is not a pre-requisite to commencing construction.

Easement from Great West Life Realty Advisors (GWLRA)

An easement agreement is required from GWLRA to permit the location of a stormwater pipe, outfall, and 1:100-year overland flow swale on their property located at 1969 Upper Water Street, commonly known as Purdy's Wharf Tower II. The pipe, outfall and swale are required as part of the stormwater management plan for the project and to address flood mitigation measures associated with sea level rise. The easement, being negotiated on behalf of Halifax Water, will permit access to the lands for maintenance of the new stormwater infrastructure. A draft easement agreement has been presented to GWLRA and discussions continue with respect to the impacts of the design. While important to the project, completion of the

easement agreement is not a pre-requisite to proceeding to construction. Acquisition of the easement is required before completion of the project.

Halifax Water- Lease, Purchase, and Easement

Three property transactions have been finalized with Halifax Water. A lease for a small sliver parcel to accommodate a sidewalk adjacent the Wastewater Treatment Plant (WWTP) property on Upper Water Street has been executed and a purchase and sale agreement for a small parcel for road right-of way north of the lease parcel has been signed. Lastly, a subterranean easement agreement between the Municipality and Halifax Water has been negotiated for the large sub-terranean tunnel leading to the WWTP which is currently located within the street right-of way. Once the project is complete the tunnel will be located under proposed development blocks, not within the street right-of-way, hence an easement is required to provide access to the tunnel by Halifax Water. The easement, which runs with the land, will facilitate the development of the lands above the tunnel while also ensuring that the tunnel itself remains accessible and protected.

Migration to Business Operations

A key component of the construction contract is the contractor's obligation to develop a Construction Execution Plan which includes a Mitigation to Business Plan (MBP). This contractual deliverable must be compliant with the Construction Site Management-Best Practices Guidelines prepared by HRM as well as the AO-2018-005-ADM Respecting Construction Site Management. The MBP will address traffic, parking, signage, business access and protection to ensure area business operations can be maintained throughout the construction cycle. The plan will require the contractor to minimize the impact of construction on nearby businesses by maintaining safe, clean, and continual access for customers, guests, owners, and deliveries

Next Steps

Following approval of the tender award by Regional Council, a contract will be signed with Dexter Construction Limited and the project will enter the pre-construction phase. The pre-construction phase is estimated to last approximately 3 months. A detailed schedule for this phase has been developed and includes the following activities which must be completed in advance of actual construction commencing: pre-construction meetings and stakeholder engagement, development of quality management plan, business mitigation plan, risk mitigation plan, inspection measurement and test plan, corporate safety plan and policy, site specific safety plan, environmental control plan, approval to construct by Nova Scotia Environment and Climate Control (NSECC), safety statistics tracking and reporting plan, master construction schedule and phasing plan, shop drawings delivery plan, change management plan, traffic management plan and phasing, infrastructure phasing plan, site layout and general construction plan, deliveries, laydown and storage plan, establish project offices and site trailer locations. Once these activities are complete and approved, equipment and labour will be fully mobilized and ground-breaking on the project will commence.

Preliminary discussions and pre-planning have commenced with Dexter Construction Limited. These discussions have focused on activities required to allow construction of the planned by-pass roads through the project area before closure of the asphalt plants in December 2021. With the by-pass roads in place, construction of the full project can commence. This is expected to happen in January 2022.

FINANCIAL IMPLICATIONS

The completion of the Cogswell project is expected to span fiscal years 2021-22 to 2024-25 and cost approximately \$122.6 million (gross). This is an increase of \$27.4M since September 2020 primarily due to the influence of inflation and higher construction costs since the time of the original project estimate.

	Sep-2020	Aug-2021	
Construction Costs	53.5	95.7	<< Tender
Contingencies & Other	30.5	15.3	
Sub-Total	84.0	111.0	
Professional, Other Costs	11.3	11.6	
Total	95.2	122.6	

(Note: Numbers may not add due to rounding. Numbers include net HST.)

Of this total cost, \$95.7M (net HST included) represents the amount of the current tender with an additional \$26.9M in Contingencies and project “soft” costs (professional services, land acquisitions, project office costs, fees and permits). Offsetting this is some expected cost-sharing from utilities (Halifax Water, Heritage Gas, Bell Aliant, and Nova Scotia Power). The exact amount of that utility cost sharing is subject to negotiation and cannot be estimated at this time.

The current Multi-year budget for Cogswell (CT000007 Cogswell Interchange Redevelopment) is \$95M of which \$88.9M is uncommitted. The current funding source includes debt and reserves with the expectation that the debenture costs will be repaid through the sale of the Cogswell land parcels. To proceed with the Tender the current project will require additional funding over all years of \$27.5M for a total multi-year budget of \$122.6M.

In September 2020, land sales from Cogswell were expected to start in fiscal 2022/23 and be gradually sold with the last parcel sold in fiscal 2029/30. Land sales were estimated to gross between \$85.5M and \$108.5M with the exact proceeds depending on the timing of individual sales and future market conditions. The proceeds from those sales were expected to occur after the expenditures, causing a need for the bridge financing.

Based on current market conditions, staff expect the sale of Cogswell lands to exceed the higher end of the \$85.5M to \$108.5M range with proceeds of approximately \$113.3M. To provide for the higher bridge financing and budget now required, staff expect to issue debentures of \$84M between 2022/23 and 2023/24. Debt charges for the bridge financing are estimated at \$9.3M. While there is still some uncertainty around the timing and amount of the land proceeds, this scenario means that HRM could recoup 86% of its costs through land sales alone. This scenario excludes the cost-sharing expected from utilities. As the project proceeds staff expect to closely monitor the cash flow of the project, land sales and the utility costs sharing and adjust the timing and amount of funding as appropriate. Depending on the timing of land sales, the full \$84M in debentures may not be required.

Budget Summary:

Project Account No. CT000007 Cogswell Interchange Development Project

Cumulative Uncommitted Budget:	\$88,936,452
Add: Budget increase debt funded:	\$27,531,946
Less: Tender #21-003	\$95,663,634 (net HST included)
Less: Increase to RFP 16-047	\$ 26,666 (net HST included)
Balance	\$20,778,098

If the Cogswell project does not proceed as recommended, there will be additional unavoidable costs to maintain and rebuild the existing infrastructure within the Cogswell area. Estimates are that the Municipality will have to spend \$3.4M for deferred and ongoing bridge/structure maintenance. In the longer term (12-25 years) the existing road and bridge structure will have to be replaced at an estimated cost of \$56M. In essence, the municipality can re-build the Cogswell interchange as is for a cost of nearly \$60M (with no

land sales to support the re-build) or it can transform the area at a project cost of \$122.6M, but supported by land sales of approximately \$113.3M plus utility cost sharing.

Annual operating costs of capital (OCC) can reasonably be expected to be in the \$350,000 range based on additional service requirements from Halifax Transit, Transportation and Public Works (TPW) and Parks and Recreation. These expenditures will be funded via future operating budgets.

The financial implications described are estimated based on current assumptions and are contingent on the various risks described in the risk consideration section below and how those are mitigated as the project proceeds.

RISK CONSIDERATION

The risks associated with the recommendations of this report include:

- As with any large-scale multi-year construction project, there is risk associated with scope, cost, and schedule uncertainty. This risk has been mitigated to the fullest extent possible by creation of contract documents that place a significant segmented risk allocation for these issues back to the constructor to own and manage as construction progresses. Additionally, overall construction will be closely monitored by both the HRM project office and the dedicated contract administration services provided by WSP under the prime design contract. A robust change order process will be utilized to manage all changes in the project.

Likelihood of Risk occurrence: Unlikely
Risk Impact: Moderate
Total Risk Level: Moderate

- The outstanding land acquisitions from MEG and CAPREIT, as well as the stormwater easement from GWL Realty Advisors (GWLRA), represent a risk to the project. Negotiations to date have proceeded well with all three entities. As well, the acquisitions and easement are not required until later phases of the project. Of the three remaining acquisition issues, the land required from CAPREIT and the stormwater easement from GWLRA are the most significant in terms of design objectives of the project. If negotiations with either property owner falter, alternative approaches may be required and additional costs may result

Likelihood of Risk occurrence: Possible
Risk Impact: Moderate
Total Risk Level: Moderate

- There are certain risks to the funding of the Cogswell Project. Cost estimates may rise as work unfolds due to labour constraints in the construction sector. The construction contract is, however, based on lump sum pricing and is locked in for the duration of the project subject to any change orders. Likewise, land sale proceeds may come in lower due to real estate market dynamics over time. Economic analysis suggests relatively strong demand for land with residential use permissions into the future, while the commercial value is more difficult to estimate, staff do expect commercial values to return as commercial vacancies decline and economic fundamentals strengthen post COVID-19. It is expected that most of the development within Cogswell will be residential in keeping with the City-building objectives of creating a downtown neighbourhood. There is always the option of holding the land until markets improve. The program is scalable and land values will recover and continue to climb over time.

Likelihood of Risk occurrence: Possible
Risk Impact: Medium
Total Risk Level: Medium

- Staff continue to work with utilities on cost sharing agreements. Cost contributions from NSP and Halifax Water require the approval of the Nova Scotia Utility and Review Board (NSUARB). There is a risk that the parties will not reach agreement on the amounts and/or that the NSUARB won't approve the amounts requested. The risk of not obtaining the desired amount of cost sharing from NSP is mitigated by the proposed amendments to By-Law S-316, referenced in this report, which, subject to an exemption from the Engineer, will prohibit any above ground infrastructure within the Cogswell District. The revised project budget figure presented in this report does not include any estimated cost sharing amounts from any of the utilities.

Likelihood of Risk Occurrence: Possible

Risk Impact: Medium

Total Risk Level: Medium

- The costs of future maintenance and rehabilitation of the existing Cogswell Interchange should be acknowledged as a significant risk if the project does not proceed to tender. Basic inspections and state of good repair maintenance are expected to cost approximately \$3.4M over the next 15 years. The 50+ year old structures are approaching the end of their useful life and replacement costs are estimated at \$56M.

ENVIRONMENTAL IMPLICATIONS

Environmental Plans, Soil Removal & Remediation

The Cogswell Project has performed a site-wide Geotechnical & Environmental Investigation report in 2018 as well as a Phase 1 Environmental Site Assessment (ESA) in early 2019 and a Phase 2 ESA in mid-2019. The initial reviews with Nova Scotia Environment and Climate Change (NSECC) indicate that, in general, the contamination is low and that soils within the project boundary may be re-used within the site pending any future testing results once construction commences. Prior to construction, the Contractor must compile an in-depth Environmental Control plan that will address testing, hauling, re-use and proper disposal of any contaminated soil or rock discovered from site excavation. The plan will further contain an Erosion and Sediment control plan. This plan will incorporate environmental protection and controls as required by NSECC and Federal regulations. Any required permits including streets and services permitting will be provided. The excavation, separation from other on-site material, temporary storage, handling, removal, disposal, testing and any tipping fees for broken pyritic slate at approved disposal sites shall be as approved by Nova Scotia Environment and Climate Change and Federal regulating bodies.

HalifACT 2050/ District Energy

HalifACT's new climate plan is a commitment to reducing emissions, switching to clean and reliable energy sources, adapting to climate impacts and demonstrating local government leadership. The Cogswell project will be a showcase for a unique initiative that embraces the goal of HalifACT 2050 and helps mitigate climate change. Halifax Water's proposed District Energy System (DES) will utilize waste heat energy contained within the effluent of the Halifax Wastewater Treatment Facility for heating and cooling the future buildings within the Cogswell area. This ambient temperature DES will reduce energy use and greenhouse gas emissions from these buildings compared to conventional fossil fuels. This innovative project will be a marquee example of local government leadership in climate change mitigation by using a renewable energy source across several large buildings downtown. As stated recently by Mayor Savage, "the Cogswell district is a statement about the Halifax we are quickly becoming, a city that is connected, designed for people and ready to meet a sustainable energy future".

On June 30, 2021, the Federal and Provincial governments announced \$10.1M of cost shared funding for the DES in the Cogswell District, siting it as one of the "first system of its kind in eastern Canada". Further the initiative was described as "one which aligns with our commitment to our long-term climate change plan

to reduce emissions and harness sustainable energy in our communities. It will create many energy efficiencies for the new Cogswell District and will help us build for the future.” The monies will offset the capital costs of the DES for Halifax Water; the funds will not impact the Cogswell project budget. Final approval of the DES project is required by the Halifax Water Board and NSUARB.

COMMUNITY ENGAGEMENT

Encouraging thoughtful community feedback has been a cornerstone of the Cogswell District Project from the beginning. As part of the 60% design process, the Cogswell Team performed extensive outreach to adjacent landowners, developers, utilities, and the public regarding the proposed redevelopment. Outreach and communications mechanisms included: personal and group meetings, social media platforms, advertising, a town hall session as well as focused public events to present information and elicit comment and input. Additional outreach mechanisms included seven public engagement sessions in April 2018, the Cogswell District Shape Your City on-line survey, and a facilitated discussion with a broad cross-section of stakeholders in May 2018.

A substantial public engagement program was undertaken in August-October 2018 to gather ideas and input on design details for the public realm components of the Cogswell District. The input received greatly influenced the 90% construction design presented in the report to Regional Council on February 26, 2019. Following Regional Council’s approval of the 90% construction plan, the Cogswell team along with project consultants WSP, presented the detailed plan at an Open House held in Scotia Square on March 14, 2019. Very favorable feedback was received from the public on the detailed plans for the parks, open spaces, and balance of the public realm.

As part of the Art and Commemoration Program for the District, numerous informal meetings were held with both the Mi’kmaw and African Nova Scotian communities in the Spring and Fall of 2019. The focus of the meetings was to determine interest in engaging on public art and commemoration opportunities within the Cogswell project and to ascertain the appropriate conduits through which such engagement should occur. As well, a presentation on the commemoration opportunities was made to the Task Force on the Commemoration of Edward Cornwallis and the Recognition and Commemoration of Indigenous History in December 2019.

Feedback from the Mi’kmaw and African Nova Scotian communities on art and commemoration has been generally both positive and hopeful. HRM staff and the Cogswell team will determine the most appropriate and effective means of formally engaging with the respective communities. A framework for this engagement will be developed that builds on the preliminary discussions that have been held thus far to assist with the completion of the art and commemoration program for Cogswell and ensure alignment with the updated Public Art Policy. Since completion of the program is expected to take some time, options for including commemorative art representing the stories of these communities (and others) be incorporated within the project during the construction phase through change orders and/or cash allowances for procurement as set out in the Cogswell budget.

In the fall of 2020, staff engaged with several African Nova Scotian and Mi’kmaw community groups (Black Business Initiative (BBI) Mi’kmaw Economic Benefits Office (MEBONS), 902ManUP, and the Mi’kmaw Friendship Center) to discuss economic development opportunities associated with the project for their communities. Staff and the groups explored opportunities to include contract requirements in the tender that aim to achieve social benefits/impact in accordance with the provisions related to “Social Value” as set out in the revised HRM Procurement Policy (2020-004-ADM). Those contract provisions include:

- Development of a Workforce Development Plan aimed at achieving diversity within the construction workforce (with a target of 10% of all apprenticeships and 20% of all labour provided by individuals from equity seeking groups);
- Development of a Supplier Diversity Plan aimed at promoting diversity for suppliers of the

construction project (with a target of 10% of all subcontracts for goods and services going to businesses owned, managed and controlled by persons from equity seeking groups);

- Appointment of a Community Liaison to work with the Contractor, HRM and the community in the development and implementation of these plans; and
- Establishment of an Advisory Committee made up of members from the African Nova Scotian and Mi'kmaw communities and other equity seeking groups, to work with staff and the contractor to oversee and support the development and implementation of those plans.

As the project proceeds, the public will continue to be engaged in a variety of ways. Updates on the project and its progress will be provided through the Halifax.ca website. Abutting property owners and key stakeholders will be kept abreast of the project through regular dialogue and meetings. Lastly, there will be additional opportunities for the public to dialogue and provide input into the rules that will guide the design and use of buildings on the proposed development blocks, through the Municipal Planning Strategy/Land Use By-law amendment process being led by Planning and Development. Public engagement for this process is expected to commence once the Centre Plan Package B process is complete.

Communication Plan

Once the Cogswell District construction commences, proactive and on-going communication regarding the undertaking will be critical throughout all phases. A construction mitigation communications strategy has been developed to ensure residents, visitors, property owners, stakeholders and Regional Council are well informed about the progress of the project as well as any changes to traffic, transit, and pedestrian movements through the site. Information will primarily focus on construction details/status, timelines, and detour routes, as well as Traffic Demand Management (TDM) measures implemented. Components of the communications strategy include, but are not limited to, leveraging owned and unpaid channels (e.g. Halifax.ca and Shape Your City Halifax websites, public service announcements, social media, digital screen network, employee intranet, HfxALERT), paid channels (e.g. traffic signage as well as advertising via print, radio, digital, social media platforms and Halifax Transit buses), and the development of a mobile construction app similar to the one used during the Halifax Harbour Bridges Commissions Big Lift project. As mentioned earlier in this report, staff recommend providing Regional Council with semi-annual updates on the project through information reports.

ALTERNATIVES

1. Regional Council could choose not to award the tender and cancel the project.
2. Regional Council could choose to direct staff to rescope the project and re-tender.

ATTACHMENTS

Attachment A - Amendments to By-law S-300, Respecting Streets
Attachment B – Showing Proposed Amendments to By-Law S-300

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.

Report Prepared by: Donna Davis, Project Manager, Cogswell District Project, 902.476.8486
John Spinelli, Project Director, Cogswell District Project, 902.293.8567

ATTACHMENT A
(Amending By-law)

HALIFAX REGIONAL MUNICIPALITY
BY-LAW NUMBER S-316
BY-LAW RESPECTING STREETS

BE IT ENACTED by the Council of the Halifax Regional Municipality, under the authority of the *Halifax Regional Municipality Charter*, 2008 S.N.S. c. 39, that By-law S-300, the *Streets By-law*, is amended, as follows:

1. Section 3 is amended by:

(a) adding the words and commas “wires, duct bank,” after the word and bracket “anchors” and before the word “aerial” in clause 3 (h); and

(b) adding clause (pa) after clause (p) and before clause (q), as follows:

(pa) “undergrounding area” means the area of the Municipality shown on Schedule 1;

2. Section 15 is amended by:

(a) adding clause (ea) after clause (e) and before clause (f), as follows:

(ea) in the undergrounding area all wires, cables, pipes, and other Facilities associated with the transmission, delivery or furnishing of telecommunications, electricity, water, wastewater, stormwater, steam, gas, geothermal energy or other utilities, shall be constructed underground and in conduits or vaults, unless authorized otherwise by the Engineer;

(b) striking out the period at the end of clause (f) and replacing it with a semi-colon.

3. Section 45A is added after section 45 and before section 46, as follows:

Schedule

45A. Any Schedule attached to this By-law shall form part of this By-law.

4. Schedule 1 attached to this amending By-law is added to the end of the By-law.

Done and passed in Council this day of , 2021.

Mayor

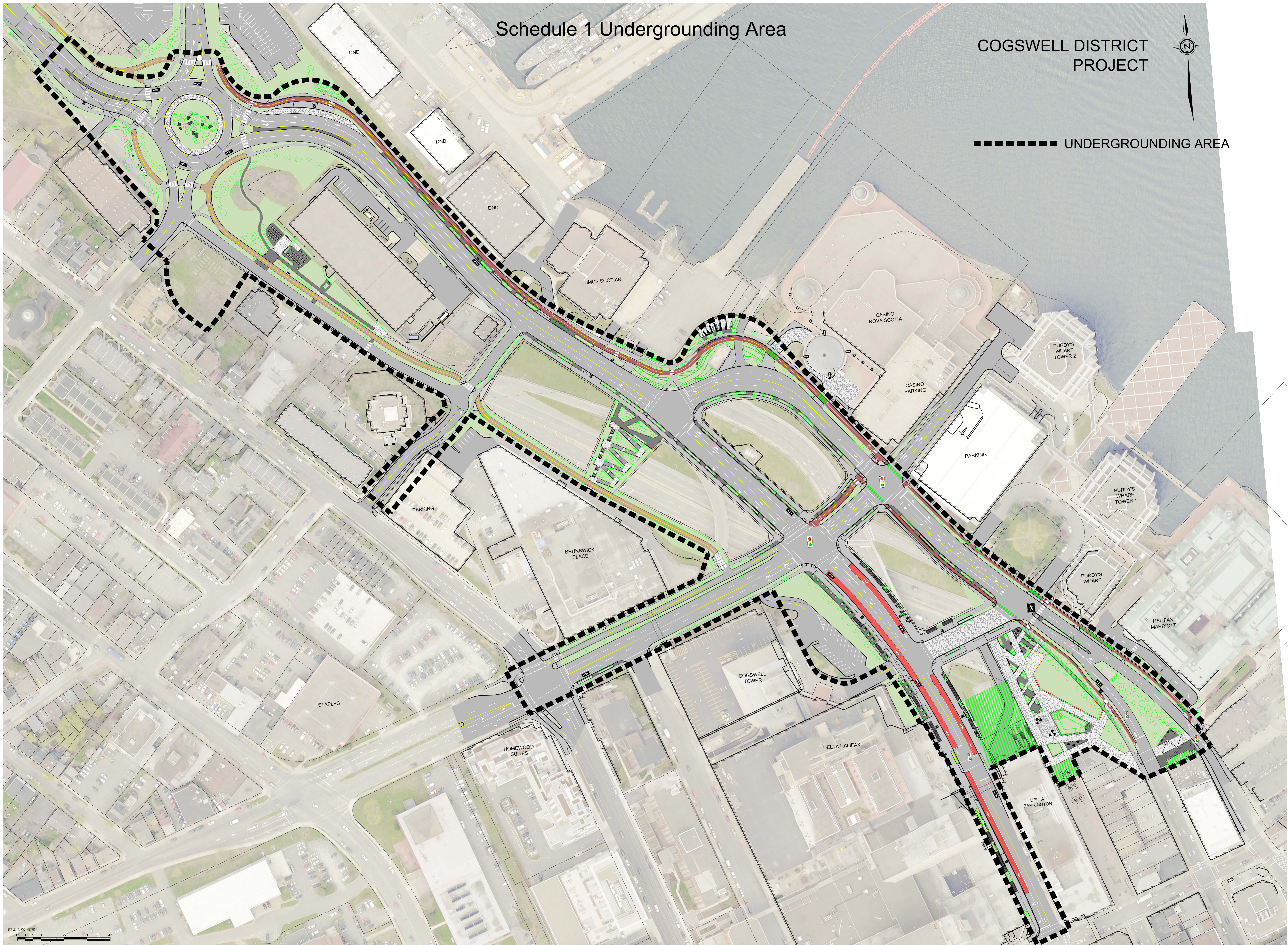
Municipal Clerk

Schedule 1 Undergrounding Area

COGSWELL DISTRICT
PROJECT



----- UNDERGROUNDING AREA



SCALE: 1:500 METRIC
0 5 10 15 20 30 45

**Attachment B
(Showing Proposed Changes to the Streets By-law)**

**HALIFAX REGIONAL MUNICIPALITY
BY-LAW NUMBER S - 300
BY-LAW RESPECTING STREETS**

Definitions

3. In this By-law:

(b) “construct” includes the installation, alteration, or removal of any facility;

(h) “facility” means any pole, pole lines (including braces and anchors), wires, duct bank, aerial cables, manholes, conduits, underground cables, pipes for the carriage of gas or liquids, and associated apparatus for the provision of utility services, including amplifiers, connection panels, transformers, valves and other fittings or equipment, but shall not include any service connection between private property and any main, wire, cable, conduit, duct or pipe in or upon any street.

(la) “person” means a natural person, corporation, partnership, an association, society, firm, agent, trustee, or registered Canadian charitable organization as defined in section 3(bc) of the *Halifax Regional Municipality Charter*, and includes the heirs, executors or other legal representatives of a person, or owner;

(m) “public tree” means a tree the majority of the trunk of which, is located within a street or on municipal property;

(p) “street” means all public streets, roads, lanes, sidewalks, thoroughfares, bridges and squares, and all curbs, gutters, culverts and retaining walls in connection therewith and without restricting the generality of the foregoing includes the full right of way width;

(pa) “undergrounding area” means the area of the Municipality shown on Schedule 1;

(q) “utility” includes any person or corporation that provides water, wastewater services, stormwater services, electric power, telecommunications service, natural gas or other gas intended for use as fuel to the public;

PART III

UTILITY PERMITS

Application

12. This Part shall apply to any utility constructing a facility in or upon any street.

Utility Permit Required

13. (1) No facility shall be constructed without first obtaining a permit therefor from the Engineer and shall be constructed in accordance with the conditions set out in the permit. The location thereof shall be subject to the approval of the Engineer.

(2) A separate permit shall be required for the construction of a facility on each street affected.

Contents of Application

14. The application shall include plans satisfactory to the Engineer showing the location of such facility, existing municipal and utility infrastructure, including public trees.

Permit Conditions

15. Every permit shall be issued on the following conditions:

(a) every line of poles must be run on one side of the street only, except when absolutely necessary to change to the other side, but such change may be made only by the permission of the Engineer;

(b) new poles must not be deposited on any street more than 3 days in advance of their erection;

(c) two lines of poles shall not be erected on the same side of the street;

(d) when directed by the Engineer, or when required to clear trees, poles and wires shall be of such height as the Engineer deems necessary;

(e) poles shall be located at least 18 inches (0.5m) from the curb face on local streets and 24 inches (0.6m) on major or collector streets unless specifically permitted by Engineer;

(ea) in the undergrounding area all wires, cables, pipes, and other Facilities associated with the transmission, delivery or furnishing of telecommunications, electricity, water, wastewater, stormwater, steam, gas, geothermal energy or other utilities, shall be constructed underground and in conduits or vaults, unless authorized otherwise by the Engineer;

(f) underground facilities shall be constructed no less than 30 inches (0.75m) below grade under paved surfaces or otherwise no less than 24 inches (0.6m) below the surface grade of the street;

(g) (i) the utility shall provide and maintain public liability insurance which names the Municipality as an additional insured party, such insurance shall indemnify the Municipality and its employees against any and all claims made as a result of the presence, operation and maintenance in the street of the facility and shall further agree to reimburse the Municipality for any damages caused to the Municipality or its property as a result thereof, except to the extent such loss or damage is caused by the Municipality; or

(ii) where the utility can satisfy the Municipality that it is financially capable of responding to a claim without the benefit of insurance, the utility need not provide proof of insurance as set out in clause (i) but shall save the Municipality and its employees harmless in the event of any claim made as a result of the presence, operation and maintenance in the street of the facility and shall further agree to reimburse the Municipality for any damages caused to the Municipality or its property as a result thereof, except to the extent such loss or damage is caused by the Municipality. 7

Removal of Wires and Poles

16. (1) All broken and dead wires, and all wires, poles and fixtures not actually in use must be removed by the owner unless permitted to remain by the Engineer.

(2) Any broken pole or dead wire that is on any street more than 3 days may be removed by the Engineer at the expense of the owner, after three days notice to remove same.

(3) When a pole is taken down it must be removed the same day.

Change of Location

17. Where in the opinion of the Engineer the location of any facility shall interfere with any works or undertakings of the Municipality, the facility shall be changed or altered and, wherever necessary removed; whenever the Engineer orders such changes of location or removal, it shall be done by the utility without unnecessary delay and at its expense, or it may be done by the Engineer at the expense of the utility.

Street and Services Permit

18. In addition to securing a Utility Permit as herein required, every utility which opens or works upon any street as part of the construction of a facility, shall first obtain a Street and Services Permit in accordance with Part IV and shall otherwise comply with the provisions of Part IV hereof.

Use by Municipality

19. Every utility owning poles shall allow the Municipality free of charge,

(a) (i) the use of a portion of each pole for the purpose of erecting and maintaining thereon municipal infrastructure or municipal street furniture owned by the Municipality, and appurtenances thereto advance notification of which will be provided to the utility; and

(ii) the Municipality indemnifies and saves the utility harmless in the event of any claim made as a result of the presence, operation and maintenance on poles of the utility of such municipal infrastructure or municipal street furniture, except to the extent that such loss or damage is caused by the utility or by a party or parties other than the Municipality;

(b) where the utility wishes to remove a pole which is being used to support municipal infrastructure, the Municipality shall have the option of requiring the pole to remain, and upon removal of the utility's facilities from the pole, ownership of and responsibility for the pole shall be transferred to the Municipality.

Records

20. When required by the Engineer, every utility shall file in the office of the Engineer such records of the facilities owned by it as the Engineer requires. 8

Public Trees

21. (1) Except in the event of an emergency, no utility shall disturb a public tree by pruning or other means without first obtaining permission therefor from the Engineer.

(2) In constructing any facility, a utility shall minimize any disturbance to a public tree.

(3) Where it is necessary for a utility to alter a public tree, the Engineer may assign an inspector to supervise the work, the cost of which shall be borne by the utility.

(4) The Engineer may require that the utility do such things as are necessary to ensure the health and safety of public trees affected by any works carried out by the utility, even where not required by the utility's own standards.

(5) Where a utility disturbs a tree by pruning or other means, the utility shall use sound arboricultural practices as determined by the Engineer.

Utility Penalty

22. Every utility constructing a facility in or upon a street shall comply with this bylaw; and in the event of failure to do so within the time specified by the Engineer, the Engineer may require the removal of the facility.

GENERAL PROVISIONS

Penalty

45. (1) Any person who contravenes any provision of this By-law is guilty of an offence and is liable on summary conviction to a penalty of not less than one hundred dollars (\$100) and not more than five thousand (\$5,000.00) dollars and in default of payment to imprisonment for not more than sixty days.

(2) A person who is alleged to have violated this bylaw and where the notice so provides, may pay a penalty in the amount of \$50.00 to the Chief of Police at the Halifax Regional Police Department provided that said payment is made within a period of fourteen (14) days following the day on which the alleged violation was committed and where the said notice so provides for a voluntary payment, said payment shall be in full satisfaction, releasing and discharging all penalties and imprisonments incurred by the person for said violation.

Schedule

45A. Any Schedule attached to this By-law shall form part of this By-law.

Repeal

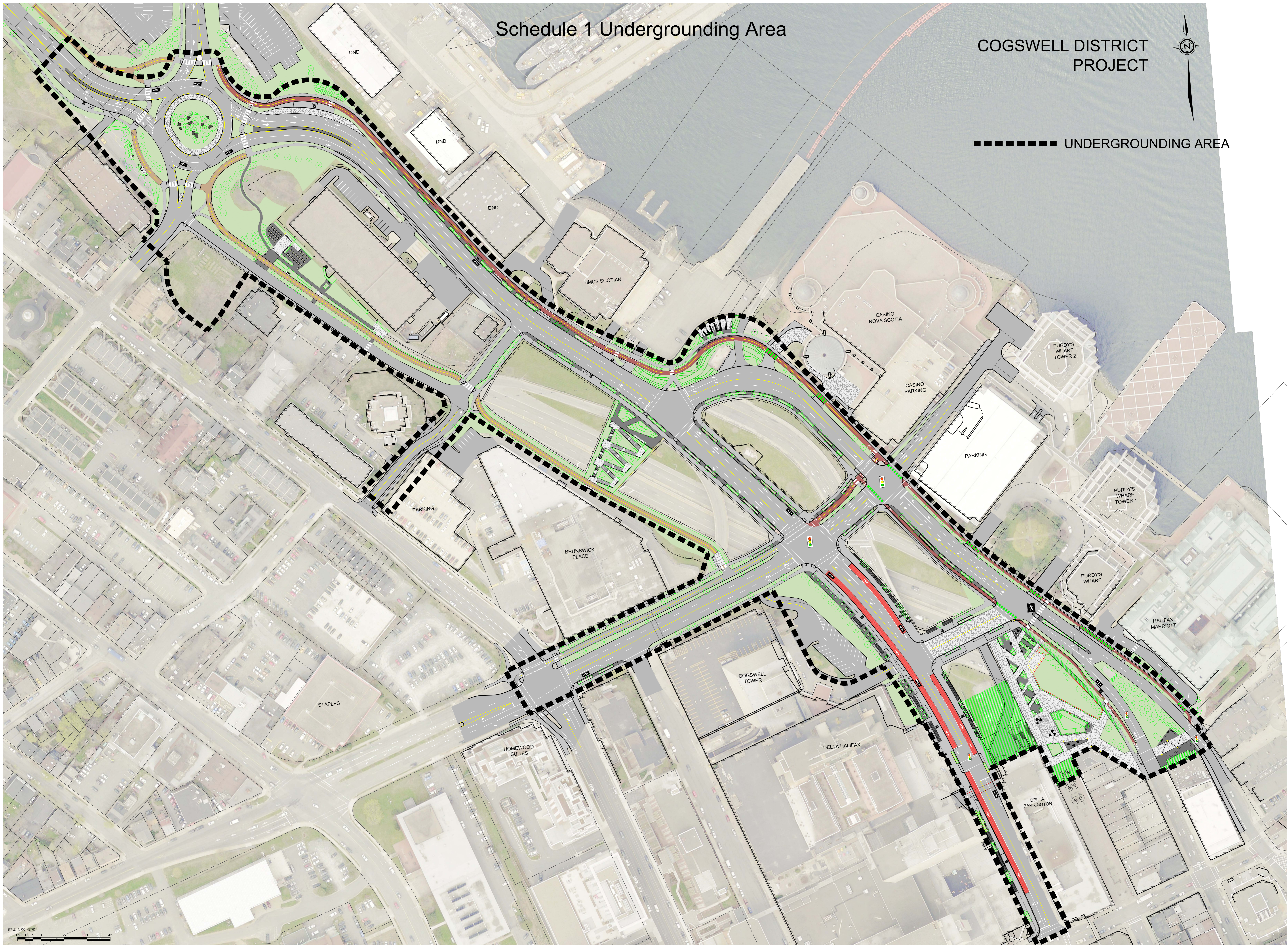
46. Parts I, II, III, IV and V of Ordinance 180, the Streets Ordinance of the City of Halifax; Bylaw S-1400 of the City of Dartmouth; Halifax County Municipality Bylaw No. 6 respecting Municipal Streets and Property; City of Halifax Ordinance No. 7 respecting Poles and Wires in Streets; and City of Halifax Ordinance No. 7A respecting Wires, Cables, Conduits, Ducts and Pipes in the Street are repealed but City of Dartmouth amending bylaw S-1401 is not repealed.

Schedule 1 Undergrounding Area

COGSWELL DISTRICT
PROJECT



----- UNDERGROUNDING AREA



SCALE: 1:750 METRIC
0 5 10 15 20 30 45