

Re: Item No. 11.1.6

HALIFAX

Cogswell District Project- Tender Award #21-003

Halifax Regional Council - September 14, 2021

Donna Davis, Project Manager
John Spinelli, Project Director

Project History

- May 2013- Cogswell “Shake-Up”
- May 2014- Cogswell Land Plan approved
- September 2015- Project Director hired
- September 2016- Prime Design Consultant engaged
- June 2018- 60% design approved
- November 2018- RFQ created short list of bidders
- February 2019- 90% design approved; direction to proceed to tender

Tender Award

- Tender released to 3 short-listed qualified bidders on January 30, 2021
- Tender closed June 2, 2021
- Bids received from two qualified bidders:
 - **Dexter Construction Limited** **\$95,663,633 (net HST included)**
 - Miller Paving Group Limited \$103,957,579 (net HST included)
- Ellis Don, the third qualified bidder, did not submit a bid
- Recommended bidder- Dexter Construction Limited

Rationale for Award

- Tender price higher than construction estimate – increase of \$27M (32%)
- Staff confident in recommending the award to Regional Council
- Competitive bids
- Increased costs not unexpected- Class B estimate, inflation, current market conditions, impact of COVID-19
- Offset by more favorable land revenue projections- \$113.3M
- Strategic investment

Impact to Project Cost

- Total project cost increases to \$122.6M (gross) from \$95.2M
- This is an increase of \$27.4M- primarily as a result of inflation and higher construction costs since original project estimate
- Small increase to professional / other costs
- 86% recoup of project cost is estimated from land sales
- Approximately 100% recoup of project cost is currently estimated once utility cost sharing agreements are finalized

Cost Sharing

- Cost sharing agreements are being negotiated with utilities
- Amounts of contributions not finalized
- Contributions from Halifax Water and NSPI require NSUARB approval
- Recommended amendments to By-law S-300 Respecting Streets to mandate all utility infrastructure be installed underground in the Cogswell district
- The by-law changes will provide legislative clarity and support efforts to finalize cost contributions with utilities

Project Budget and Recoveries

	Sep-2020	Sep-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	
Budget	95.2	122.6	<< Full Budget
+ Debt Costs	5.9	9.3	
+ Land Sales	94.7	113.3	
Net Cost after Land Sales	6.4	18.6	<< Estimated Net

Utility cost sharing could reduce final net project cost to zero

Notes:

1. Numbers are in million dollars and are net HST included
2. Numbers do not add due to rounding
3. Land sales assume full market value

Land Acquisition Updates

- Major land acquisitions substantially complete. Several minor land acquisitions remain in progress
- Crombie REIT- Exchange Agreement executed; Due Diligence completed (Granville Park, Transit Hub, Proctor Street)
- Canadian Apartment Properties Real Estate Investment Trust (CAPREIT)- negotiations continue for Proctor Street parcel
- Metropolitan Entertainment Group (MEG) Holdings- awaiting NS cabinet approval for Cogswell @ Lr. Water Street parcel
- Halifax Water- lease and PSA complete (roundabout); sub-terranean easement negotiated
- Great West Life Realty Advisors (GWLRA)- negotiations continue for stormwater easement (Cogswell Street)

Social Benefits Updates

- Social benefit provisions included in construction contract
- Developed in concert with Black Business Initiative (BBI), Mi'kmaw Economic Benefits Office (MEBONS), 902ManUP, and the Mi'kmaw Friendship Center)
- Workforce Development Plan- 10% of apprenticeships and 20% from equity seeking groups
- Supplier Diversity Plan- 10% of all subcontracts for goods and services to businesses owned, managed and controlled by persons from equity seeking groups
- Community Liaison hired by Contractor to work with HRM and the community in the development and implementation of the plans
- Advisory Committee- members from African Nova Scotian and Mi'kmaw communities and other equity seeking groups; work with staff and contractor in support of development and implementation of the plans.

Risks

- Scope, Cost, Schedule
- Outstanding land acquisitions
- Funding
- Utility Cost Sharing Agreements
- Material Supply Chain

Next Steps

- Contract with Dexter Construction Ltd.
- Pre-construction phase- 3 months
 - Plans
 - Schedules
 - Permits
- Early works- construction of by-pass roads- by December 2021
- Full mobilization- Winter 2022
- Communications
 - Stakeholders
 - Social Benefits Advisory Committee
 - Public
 - Regional Council

Recommendations

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;

Recommendations

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;

Recommendations

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 CAO to report back to Regional Council with project status updates on a semi-annual basis.



THANK YOU

Questions

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