



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 12.2.2
Audit & Finance Standing Committee
February 17, 2022

TO: Mayor Savage and Members of Halifax Regional Council

- Original Signed -

SUBMITTED BY: _____
Jacques Dubé, Chief Administrative Officer

DATE: February 4, 2022

SUBJECT: **Award – 22-1024, Alternative Procurement – Broad Street (North)
Roundabout**

ORIGIN

At the May 12, 2009 Regional Council meeting, a motion was passed to implement a Capital Cost Contribution (CCC) program and Infrastructure Master Plan for the Bedford West Secondary Planning Strategy.

At the June 9, 2020 Regional Council Meeting, a motion was passed to amend the Infrastructure Master Plan for projects in the Bedford West Secondary Plan Area.

LEGISLATIVE AUTHORITY

The Halifax Regional Municipality Charter, S.N.S. 2008, c. 39 subsections 79A, and 120(4) provide:

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;

79A(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 ... (c) the amount withdrawn from a capital reserve fund under subsection 120(4).

120(4) A withdrawal from the capital reserve fund shall be authorized by the Council, by resolution, and may only be used for (a) capital expenditures for which the Municipality may borrow; ...

The Audit and Finance Standing Committee Terms of Reference, in Schedule 2 of Administrative Order 1, the Procedure of the Council Administrative Order, section 8 provides:

RECOMMENDATION ON PAGE 2

8. The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including: ... (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

The Financial Reserves Administrative Order 2014-015-ADM, section 5 provides:

5. The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

The recommended contract award complies with all the pre-requisites for awarding contracts as set out in section 26 of Administrative Order 2020-004-ADM, the *Procurement Administrative Order*.

Section 16 (2) of the *Procurement Administrative Order* states:

“For procurement opportunities that exceed thresholds set out in applicable trade agreements, Alternative Procurement may be used, provided that it is not done for the purpose of avoiding competition among suppliers or in a manner that discriminates against suppliers of any jurisdiction covered by an applicable trade agreement, in the following circumstances: ...

(b) if the Goods, Services or Construction can be supplied only by a particular supplier and no reasonable alternative or substitute Goods, Services or Construction exist for any of the following reasons: ...

(iii) due to an absence of competition for technical reasons”

Section 28 of the *Procurement Administrative Order* provides that Halifax Regional Council may approve contract awards of any amount.

RECOMMENDATION

It is recommended the Audit and Finance Committee recommend that Halifax Regional Council;

- 1) Approve an unbudgeted reserve withdrawal of \$1,350,000 from the Capital Fund Reserve – Q526;
- 2) Approve a budget increase of \$3,250,000 to capital account CTU01006 – Bedford West Oversizing, with \$1,350,000 coming from reserve Q526 and \$1,900,000 coming from Capital Cost Contributions (CCC's);
- 3) Award Alternative Procurement 22-1024 for the design and construction of a roundabout at the intersection of Larry Uteck Boulevard and Broad Street (North) through an Alternative Procurement to West Bedford Holdings Limited at a maximum value of \$3,250,000 (net HST included) as outlined in the Financial Implications section of this report.

BACKGROUND

West Bedford Holdings Limited (WBHL) is currently developing significant parcels of residential and commercial lands in the area known as Bedford West, generally bounded by Highway 102, Hammonds Plains Road, and Kearney Lake. Larry Uteck Boulevard forms the main spine through the center of the area under development.

As development has progressed in the area, new roads have been constructed by WBHL and connected to Larry Uteck Boulevard, including Brookline Drive, Belle Street, Abbington Avenue, and Broad Street. Both Broad Street and Brookline Drive connect to Larry Uteck Boulevard in two locations due to their crescent shapes. This has created two new intersections at Broad Street (North) / Brookline Drive (North)

and Broad Street (South) / Brookline Drive (South), which lie on either side of the Nova Scotia Department of Public Works (NSDPW) proposed corridor for Highway 113.

Multimodal Infrastructure Approach

The original transportation infrastructure plan for Bedford West was created in 2009 and proposed several roadway projects to increase vehicle capacity to and through the area. With the Municipality's adoption of the Integrated Mobility Plan (IMP) in 2017, the focus of transportation infrastructure development has shifted to consider all transportation modes – walking/rolling, cycling, transit, goods movement, and driving. This necessitated a review of the infrastructure projects in the original plan and resulted in the following revised list of projects along Larry Uteck Boulevard, as approved by Regional Council in June 2020:

- Larry Uteck Boulevard multi-modal transportation upgrades – multi-use pathway and sidewalks
- Intersection modifications – Larry Uteck Boulevard at Hammonds Plains Road
- Larry Uteck Boulevard at Bluewater Road – Traffic Signals
- Broad Street (North) - Roundabout
- Broad Street (South) - Roundabout

Since that time, staff have proceeded through the planning and design processes to advance and complete the following:

- In June 2021, Regional Council directed the award of the construction of a new roundabout at the intersection of Larry Uteck Boulevard and Broad Street (South). The new roundabout opened to traffic on December 23rd, 2021 with final landscaping and finishing work to follow this spring.
- Staff are currently proceeding with design work for multi-modal transportation upgrades along Larry Uteck Boulevard to connect the existing multi-use path that currently ends at Amesbury Gate to the developing areas in Bedford West.

The Intersection

The intersection of Larry Uteck Boulevard and Broad Street (North)/Brookline Drive (North) (“the intersection”) is currently operated via a stop sign on the eastern leg of the intersection, which is Broad Street (North). WBHL is currently constructing the road network to the west to create an eventual second minor approach to the intersection as the completion of Brookline Drive.

The development agreement between HRM and WBHL, dated September 23, 2016, states in Section 4.2.6 that WBHL is required to pay for the cost of applicable upgrades in one of four different scenarios dependent on the timing of construction and the intersection control type.

A review of future traffic operations in the area was performed for HRM by Griffin Transportation Group in April 2015. This review determined that a roundabout would be the preferred intersection design at both intersections of Broad Street with Larry Uteck Boulevard instead of traffic signals and turning lanes. Further discussions between HRM and Nova Scotia Department of Public Works (NSDPW) have confirmed the use of a roundabout for the intersection design at both locations.

Given the above and the fact that the roundabout is required as the construction of Brookline Drive and Broad Street (North) come to completion, the most applicable scenario is contained in Section 4.2.6 (d) of the Development Agreement, as follows:

“d) Roundabout is required in conjunction with construction of Road 7/8 (Broad Street North or Broad Street South) - The Municipality will tender the project subject to the approval of Council. The Municipality will construct the roundabout within 50 metres (164 ft) of the outside of the roundabout circle. The Developer shall cost share and contribute the value equivalent to the cost of traffic signals and turning lanes at the specific intersection. The Developer shall construct Road 7/8 to the roundabout at the Developers cost.”

The cost of constructing permanent traffic signals and turning lanes is estimated to be \$550,000. This is the value contributed to HRM by WBHL that will be deducted from the overall cost of construction.

Design Of The Intersection

A conceptual design and cost estimate for construction was completed in early 2019. This design will have to be refined through functional and detailed design processes to be ready for construction this year.

The design process will follow the principles of the Integrated Mobility Plan to consider the safety, convenience, and utility of the new intersection by all travel modes (walking/rolling, cycling, transit, goods movement, and driving). And like the roundabout at Larry Uteck and Broad Street (South), the design will assume that Larry Uteck Boulevard is one lane per direction but will ensure that adequate right-of-way is available if widening of the corridor is necessary in the future.

Capital budget for construction of the roundabout was made available through the 2022-2023 capital budgeting process using the 2019 estimate of \$3,800,000. These funds were programmed for the 2023-2024 fiscal year.

Provincial Projects

The Province of Nova Scotia is currently constructing two new schools in the northeast corner of the intersection of Larry Uteck Boulevard and Broad Street (North).

The Halifax Regional Centre for Education (HRCE) recently announced that the Pre-Primary to Grade 8 (PP-8) school is targeted to be complete for the start of the 2022-23 school year (September 2022), whereas the Grade 9 to 12 (9-12) school is targeted to be complete for the 2023-24 school year. **This is contrary to information previously released which targeted completion of the PP-8 school for the fall of 2023, and which was the reason staff had requested programming the roundabout construction for 2023.**

NSDPW continues to investigate the potential for the proposed Highway 113 that would pass over Larry Uteck Boulevard between the two Broad Street intersections. It does not appear on any current capital budgets for NSDPW and conversations with NSDPW staff indicate that it is not on any current plans for future work. If eventually built, the new highway would include an interchange with Larry Uteck Boulevard. NSDPW has indicated that the ramp terminals from this interchange would be roundabouts. Given the proximity to the two Broad Street intersections, consistency in intersection design will result in improved safety and efficiency for all road users along this corridor.

DISCUSSION

As previously mentioned, the 2022-2023 capital budgeting process currently allocates the funds to construct the roundabout in 2023-24, which would mean construction during the 2023 construction season. Given that the PP-8 school will be opening in early September 2022, there would be significant safety and transportation benefits to the completion of the intersection during the same construction season, ideally in advance of the opening of the school.

As above, the intersection design currently exists at the conceptual stage and, as such, still requires significant technical work to progress through functional and detailed design to be constructed in 2022. Given current staffing resources and typical timelines for the internal design and review process, it would not be possible for the design and construction process to proceed through HRM's typical in-house processes for construction in 2022. For this reason, staff are recommending that Regional Council proceed with an alternative procurement process identical to the one applied in the completion of the Broad Street (South) roundabout in 2021: Direct WBHL to complete the technical design exercise, tender, and manage the construction of the roundabout on HRM's behalf.

WBHL is currently performing roadwork and other development activities along a significant portion of Larry Uteck Boulevard, including upcoming work this spring at the intersection with Belle Street and Abbington Avenue to the south of this location and the development of the residential sections of Bedford West to the west of Larry Uteck Boulevard.

Having WBHL perform the design and construction will accelerate the process using subconsultants for various aspects of the design and WBHL's substantial knowledge of the area and the technical challenges related to utilities, topography, access, and the pace of development. Additionally, as WBHL's subcontractors will be active in the area, safe coordination of the construction activities and operations at adjacent intersections (Bluewater Road, Broad Street (South), and Belle Street/Abbingdon Avenue) will also be simplified. The Municipality will provide WBHL with the funds to construct the intersection from the current capital budget minus \$550,000 to reflect the value of a signalized intersection with turning lanes, according to the terms of the Development Agreement. This same approach was applied successfully in the past for the construction of the Kearney Lake Connector in 2012 and the Broad Street (South) Roundabout in 2021.

The value of tenders for construction have tended to be higher throughout the COVID-19 pandemic than original estimates due to scarcity of materials and related fluctuations in prices. There is some risk that the actual cost of construction may exceed the approved capital budget requiring supplementary approvals. For instance, initial bids through the 2021 tender process for the Broad Street (South) roundabout exceeded the available capital budget, however WBHL and HRM staff were able to work with the low bidder to revise the quantities and construction approach to reduce the value of the tender to fit within HRM's capital budget.

WBHL will perform the design revisions and tender the construction of the roundabout pursuant to a construction agreement to be negotiated with HRM, similar to the approach that was applied during the 2021 project. WBHL will also be performing various construction management and inspection activities throughout construction. The costs will be determined through WBHL obtaining competitive bids in a fair and open tendering process to ensure fair market value for the work.

Staff will be involved at every step of the project and will coordinate inspection and takeover of the infrastructure following construction. The construction agreement will include mechanisms to ensure that WBHL's construction costs reflect value for money and incorporate HRM's standard road construction terms & conditions. The Municipality will be the owner of all construction warranties on the infrastructure.

FINANCIAL IMPLICATIONS

The total cost of the project is \$3.8M. The developer (WBHL) is responsible for the cost of constructing permanent traffic signals and turning lanes which is estimated to be \$550,000. The cost of the traffic signals and turning lanes is not necessary with the installation of roundabouts therefore, WBHL will deduct that value from the overall cost of construction making the value of the award \$3.25M.

Under the original proposed budget allocation, 50% of the funding for the roundabout would have come from debt funding and 50% from the Capital Cost Contribution (CCC) for the area. To accommodate moving the funds to the 2022-2023 fiscal year, debt funding will no longer be possible. This portion of the funding will therefore come from account Q526 – Capital Fund Reserve. Finance has confirmed the availability in this account.

Budget Summary: Capital Account No. CTU01006 – Bedford West Road Oversizing

Cumulative Uncommitted Budget Available	\$ 387,366
Add: Budget increase from Reserve Q526	\$1,350,000*
Add: Budget increase from CCC's	\$1,900,000
Less: Alternative Procurement	<u>\$3,250,000</u>
Balance	\$ 387,366

Capital Fund Reserve – Q526

Beginning Balance	\$28,347,972
Less: Unbudgeted withdrawal	<u>\$ 1,350,000</u>
Remaining Balance	\$26,997,972

*HRM's net cost of the project is \$1,350,000. The actual contribution will be refined as a result of WBHL's tendering activity. This project has been ratified by Council for 2023/24, and the HRM share was intended to be funded by debt. Due to the timing change, HRM funding will come from Q526 – Capital Fund Reserve.

This project was estimated at \$3.8M in the proposed 2022/23 Capital Budget to begin in Year 2 (Fiscal 2023/24).

The balance of funds will be used for future transportation infrastructure projects in Bedford West.

RISK CONSIDERATION

Fair Market Value

There is a risk that the Municipality will not receive fair market value for the services provided. This risk will be mitigated through requirements that the developer receive multiple bids for the completion of the work. This risk is considered to be low.

Budget Exceedance

There is a risk that the bids received through the tendering process will exceed the amount available in the capital budget. The risk is considered to be high. This risk would be identical if the Municipality were to execute the tender for construction. The recommended approach mitigates this risk through efficiencies in coordinating work via the developer who will be performing other roadworks in the area.

Risk	Likelihood (1-5)	Impact (1-5)	Risk Level (L/M/H/VH)	Mitigation
Fair Market Value	2	2	L	This risk will be mitigated through requirements that the developer receive multiple bids for the completion of the work.
Budget Exceedance	3	4	H	The recommended approach mitigates this risk through efficiencies in coordinating work via the developer who will be performing other roadworks in the area.

There are no significant risks associated with the recommendation in this report. To reach this conclusion, consideration was given to financial, legal and compliance, and service delivery risks.

ENVIRONMENTAL IMPLICATIONS

This project supports the Regional Plan settlement pattern of transit friendly, multi-modal communities, and is consistent with the assumptions for GHG reduction in HalifACT.

ALTERNATIVES

Halifax Regional Council could choose not to approve the recommendation in this report and instead execute the design and construction tender through HRM's internal processes. The construction of the roundabout would therefore occur in the 2023-2024 fiscal year, as originally budgeted.

ATTACHMENTS

No attachments.

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: Adam Lanigan, P. Eng., Transportation Planning Program Engineer, 902-943-4629
