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Item No. 12.2.4
Audit & Finance Standing Committee
April 20, 2022

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: - Original Signed -

Caroline Blair-Smith, Acting Chief Administrative Officer

DATE: March 1, 2022

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

ORIGIN

The approved 2021/22 Capital Budget, Supplemental Report Page B70 (Woodside Ferry Terminal Upgrade 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

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

1. Approve a transfer of \$350,000 (net HST included) from the Capital Fund Reserve Account Q526; and
2. Approve an increase in multi-year funding for Project No. CB000042 Woodside Ferry Terminal Upgrade by \$350,000 (net HST included), in fiscal year 2022/23, 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 (pre-pandemic), 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 on April 29, 2022. Phase 2 includes:

- New exterior cladding, glazing and roofing systems.
- New interior finishes, new passenger doors at ferry ramp, 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.

To date, \$9,980,000 has been approved through the capital budgeting process. In 2021, Regional Council approved an account increase of \$200,000 to cover CN flagging services and unknown site conditions. This resulted in an approved budget of \$10,180,000 prior to this report.

DISCUSSION

Additional work was identified during the Phase 2 construction which includes work to address unknown site conditions due to concrete slab deterioration at the waterside exterior balcony slab, floor slab issues at the mid-level landing and the connection with the new escalators and stair construction. Additional site work was also identified for hardware, security, fire watch, additional work and equipment to coordinate new with existing conditions.

These increases were planned to be funded through the existing project contingency budget; however, these unforeseen site conditions and additional site works have had a larger impact than expected on the project budget.

Bird Construction has submitted a claim for additional resources based on staffing and equipment costs associated with their efforts to complete the construction phase. Bird's claim for additional resources is going through the dispute resolution process as outlined in the contract, and has not yet been resolved, but may result in an additional, unknown increase. Therefore, that portion of the claim is not included in this report.

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

- Additional change orders to address unknown site conditions.
- Additional change orders to address new equipment coordination with existing conditions.
- Additional CN Rail Permit Fees and Flagging Services costs.
- Additional security staff costs for fire watch to support an extended construction schedule.
- Additional change order for additional contractor’s resources to complete the work.

The approved multi-year funding in Account CB000042 – Woodside Ferry Terminal Upgrade is a total of \$10,330,000 (net HST included) including \$2,450,000 (net HST included) in the 2021/22 approved budget and an increase of \$200,000 (net HST included), from an existing capital account reservation, in September 2021.

A summary of the changes are as follows:

Soft Costs committed to date	\$ 1,334,660
Construction costs committed to date	\$ 8,802,987
Remaining Construction Contingency	\$ 42,353
Request for increase for unknown site conditions & security costs	\$ 250,000
Request for increase for additional resources claim by Bird Construction	\$ 100,000
New Project Account CB000042 Value (net HST included)	\$10,530,000

FINANCIAL IMPLICATIONS

To finish the Woodside Ferry Terminal Recapitalization Phase 2 construction phase, staff is requesting a transfer of funds from the Capital Fund Reserve Account Q526.

The Bird Construction claim for additional resources includes work that has been denied or that continues to be under consideration but has not yet been fully clarified and resolved, and, if found valid, may require further funding.

The budget availability has been confirmed by Finance.

Budget Summary: Capital Fund Reserve Account Q526

Cumulative Unspent Budget 22/23	\$ 3,271,722
Less: Unbudgeted withdrawals	<u>\$ 350,000</u>
Balance	\$2,921,722

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

Cumulative Unspent Budget	\$ 41,917
Plus: Approved Increase	<u>\$ 350,000</u>
Balance	\$ 391,917

The overall project including construction and consulting is expected to be \$10,530,000 (net HST included).

RISK CONSIDERATION

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

COMMUNITY ENGAGEMENT

No community engagement was required.

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 funding supports continuity of the current construction phase and completion of the project.

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.

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