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Item No. 15.2.1
Halifax Regional Council
August 22, 2023

TO: Mayor Savage Members of Halifax Regional Council

SUBMITTED BY: - Original Signed -
Councillor Paul Russell, Chair, Audit and Finance Standing Committee

DATE: July 19, 2023

SUBJECT: **Budget Increase CD000001 Spring Garden Streetscaping and Contract Amendments for PO #2070858423**

ORIGIN

July 19, 2023 meeting of Audit and Finance Standing Committee, Item 12.2.1.

LEGISLATIVE AUTHORITY

Legislative Authority is outlined in the attached staff report dated June 15, 2023.

RECOMMENDATION

The Audit and Finance Standing Committee recommends that Halifax Regional Council:

1. Approve a transfer of \$150,000 from Project Account No. CD000002 Argyle & Grafton to CD000001 Spring Garden Road.
2. Approve a transfer of \$750,000 from Project Account No. CT190003 Downtown Dartmouth Infrastructure Renewal to CD000001 Spring Garden Road.
3. Approve a budget increase of \$900,000 to Project Account CD000001 Spring Garden Streetscape.
4. Approve an increase of \$908,386 (net HST included) to PO # 2070858423 for Brycon Construction Ltd. for changes in contracted scope of work, as outlined in the Financial Implications section of the staff recommendation report dated June 15, 2023.

BACKGROUND

The Audit and Finance Standing Committee received a staff recommendation report dated June 15, 2023 to consider a budget increase and contract amendments for the Spring Garden Road Streetscaping Project.

For further information refer to the attached staff report dated June 15, 2023.

DISCUSSION

The Audit and Finance Standing Committee considered the staff report dated June 15, 2023 and approved the recommendation to Halifax Regional Council as outlined in this report.

FINANCIAL IMPLICATIONS

Financial implications are outlined in the attached staff report dated June 15, 2023.

RISK CONSIDERATION

Risk consideration is outlined in the attached staff report dated June 15, 2023.

COMMUNITY ENGAGEMENT

Meetings of the Audit and Finance Standing Committee are open to public attendance and members of the public are invited to address the Standing Committee for up to five (5) minutes during the Public Participation portion of the meeting. Meetings are live webcast on Halifax.ca. The agenda, reports, video, and minutes of the Standing Committee are posted on Halifax.ca.

For further information on Community Engagement refer to the attached staff report dated June 15, 2023.

ENVIRONMENTAL IMPLICATIONS

Environmental implications are outlined in the staff report dated June 15, 2023.

ALTERNATIVES

Alternatives are outlined in the attached staff report dated June 15, 2023.

ATTACHMENTS

Attachment 1 – Staff recommendation report dated June 15, 2023.

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: Annie Sherry, Legislative Assistant, Municipal Clerk's Office 902.943.8741.

Item No. 12.2.1
Audit and Finance Standing Committee
July 19, 2023

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: - Original Signed -
Cathie O'Toole, Chief Administrative Officer

DATE: June 15, 2023

SUBJECT: **Budget Increase CD000001 Spring Garden Streetscaping and Contract Amendments for PO #2070858423**

ORIGIN

This report originates from a need to increase the contract beyond the currently available account amount.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S. 2008, c. 39

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.

Administrative Order One, Sch. 2, Audit and Finance Standing Committee, Terms of Reference

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:

- ... (c) proposed changes in any operating or project budget items;
- ... (d) the commitment of funds where there is insufficient approved budget;

...

Administrative Order Number 2022-012- ADM, the Procurement Policy

32. (1) All contract amendments must comply with the requirements of section 79A of the Halifax Regional Municipality Charter regarding municipal expenditures.

(2) The approval and signing authority limits for cumulative contract amendments are as follows: ... Council – Any Amount.

RECOMMENDATION

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

1. Approve a transfer of \$150,000 from Project Account No. CD000002 Argyle & Grafton to CD000001 Spring Garden Road.
2. Approve a transfer of \$750,000 from Project Account No. CT190003 Downtown Dartmouth Infrastructure Renewal to CD000001 Spring Garden Road.
3. Approve a budget increase of \$900,000 to Project Account CD000001 Spring Garden Streetscape.
4. Approve an increase of \$908,386 (net HST included) to PO # 2070858423 for Brycon Construction Ltd. for changes in contracted scope of work, as outlined in the *Financial Implications* section of this report.

BACKGROUND

Spring Garden Road is a vibrant street with high pedestrian volumes and is a major corridor for Halifax Transit. East of South Park Street, it is a diverse commercial street with destination retail as well as shops and services for a growing residential neighbourhood. It is also a direct link between regionally significant public destinations – the Halifax Central Library and the Public Gardens.

Project Scope

Further to recommendations in Halifax's 2011-16 Economic Growth Plan, Regional Council approved major streetscaping projects for Spring Garden Road and Argyle/ Grafton in 2016. After completion of Argyle/ Grafton in 2017, a great deal of public and stakeholder engagement was undertaken for Spring Garden Road. In April 2019 Regional Council approved a preferred functional plan for the portion of Spring Garden Road between Queen Street and South Park Street and staff proceeded to design and tender the construction of this project which included the following:

- Undergrounding of all overhead wiring;
- Narrower asphalt roadway and new concrete curb;
- Wider sidewalks surfaced with large block unit pavers;
- 22 planters (including bioretention on the south side to slow and treat stormwater);
- 29 trees planted within soil cells;
- New enhanced transit shelters;
- Variety of benches and seating options;
- New bicycle racks and waste containers;
- Podiums for up to six pieces of public art (estimated installation in 2024); and,
- Decorative streetlighting and feature lighting.

Construction Tender

Tender #21-209 was awarded on May 4, 2021, to the lowest bidder (Brycon Construction Ltd) for construction of the Spring Garden Road Streetscaping Project and Purchase Order (PO) # 2070858423 was issued for \$10,086,103 (plus net HST). Work in the tender was broken into three phases to allow for coordination with the redevelopment of the "Mills Block" between Queen Street and Birmingham Street on the south side of Spring Garden Road. Phases I and II have achieved substantial completion as planned, and Phase III (Mills block sidewalk surface features) remains to be completed, also as planned, in the 2023 construction season.

After the tender was awarded, the April 29, 2021, award report identified a remaining account balance of \$1,495,000. These funds were earmarked for project elements outside the main contract (i.e., public art,

some furnishings, snow equipment, etc.) which have since been procured. Remaining funds were also available as a contingency in case any identified project risks came to fruition (i.e., unknown underground conditions, supply chain disruption, etc.).

Increase to CD000001 – Streetscapes Spring Garden Road for PO# 2070858423

At present, changes orders to the unit price construction contract (PO# 2070858423) for Spring Garden Streetscaping have been approved equaling 5.75% of the original contract amount (\$579,660 plus net HST). Change orders have been primarily related to addressing previously unknown conditions under the street but have also included some design changes initiated by the project team, and change orders that constitute up to 10% of the estimated contract value are normal for this type of work. Phases I and II are now substantially complete (except bus shelters delayed due to supply chain issues), and phase III remains pending. All this remaining work is expected to be completed this year.

DISCUSSION

With change orders having been paid out, there is \$1,393.31 remaining on the PO which is insufficient to complete the remainder of the approved work. To cover the expected phase III work and the bus shelters (estimated at \$535,053 plus net HST), as well as any currently contemplated changes (\$336,000 plus net HST), the PO needs to be increased.

The change orders that are currently being contemplated (but have not yet been approved) need to be considered for the following reasons:

- to cover costs of remobilizing due to delayed bus shelter delivery - outside the contractor's control;
- to adjust some elements of the bioretention planters further to lessons learned; and
- to replace with pavers some areas of rough cobble which are near the pedestrian travel way and have received accessibility complaints.

Although this is greater than the original contingency allowance approved by Council when the contract was awarded, ***it is within the threshold of 10% which is considered normal*** for this type of work.

Transfer of Funding Between Capital Projects

At this time there is \$459,190.32 available in Account # CD000001 Streetscapes - Spring Garden Road, which will be insufficient to cover the additional funds needed and allow for some further contingency.

To address this shortfall, staff recommend a transfer of \$150,000 from CD000002 Streetscapes Argyle Grafton to CD000001 Streetscapes Spring Garden Road, as Argyle/ Grafton construction is complete and only some minor additional work has been identified as desirable (specifically to upgrade the power supply cabinet to better accommodate large events). A power upgrade is estimated to cost approximately \$35,000, leaving \$151,591 available in the account.

Staff also recommend a transfer of \$750,000 from CT190003 Downtown Dartmouth Infrastructure Renewal, which has \$6,900,133 available and is currently at the 30% design review stage. Expenditures for 2023/24 are expected to be no greater than \$1,201,000 (for design and land acquisition) which would leave \$5,699,133 available in the account this year. According to the multi-year capital plan, an additional \$2,000,000 is planned in 2024/25 and \$4,000,000 in 2025/26. These amounts can be adjusted in the multi-year capital budget process, if necessary, as the design progresses and the cost estimate is refined.

Additional Spring Garden Work and Contingency

The proposal described in the Financial Implications section would leave \$450,804 remaining in the Spring Garden project account for contingency. This will ensure that the Spring Garden project account has flexibility to address any potential additional overages in the main contract, or any other pending work.

In addition to addressing deficiencies and warranty items, remaining project work includes Mills block sidewalk reinstatement (including planters, streetlights, furnishings), addition of bus shelters, and

installation of public art. This is mostly expected to be completed this year and will include some impacts on traffic and bus service, as required.

FINANCIAL IMPLICATIONS

Budget Summary Project No. CD000001 – Streetscapes Spring Garden Road

Cumulative Unspent Budget	\$ 459,190
Plus: Approved Increase	\$ 900,000
Less: PO#2070858423 Increase	<u>\$ - 908,386</u>
Balance	\$ 450,804

Budget Summary Project No. CD000002 – Streetscapes Argyle/ Grafton

Cumulative Unspent Budget	\$ 186,591
Less: Transfer to Project CD000001	<u>\$ - 150,000</u>
Balance	\$ 36,591

Budget Summary Project No. CT190003 Downtown Dartmouth Infrastructure Renewal

Cumulative Unspent Budget	\$ 6,900,133
Less: Transfer to Project CD000001	<u>\$ - 750,000</u>
Balance:	\$ 6,150,133

RISK CONSIDERATION

Given that there is still outstanding work to be done on Spring Garden Road, there may still be unknowns associated with project completion. Cost sharing discussions with Nova Scotia Power also remain underway. As such, the risks associated with this recommendation rate medium. To determine this, consideration was given to financial, reputational, and operational matters. The recommendation further mitigates risks the project would otherwise incur due to insufficient funding to fully complete the work.

COMMUNITY ENGAGEMENT

Extensive community engagement was undertaken during the planning and design phases of this work. Staff will continue to engage with the Spring Garden Area Business Association regarding the schedule of upcoming work and any impacts to pedestrians, traffic or bus service that may be expected, and how these can be mitigated.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

Audit and Finance Committee could choose not to recommend that Regional Council approve the request to increase Brycon **PO #2070858423**. This is not recommended as the work is imminent, supplies have been purchased, and several outstanding change orders have already been approved and must be paid. The expected overage of less than 10% above the originally contracted amount is not unreasonable for a project of this size during an unprecedented period of inflation and pandemic related supply chain issues.

ATTACHMENTS

None.

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

Report Prepared by: Hanita Koblents, Principal Planner, Transportation Planning 902.292.2680