



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

Item No. 2
Audit & Finance Standing Committee
May 15, 2024

TO: Chair and Members of Audit & Finance Standing Committee

-ORIGINAL SIGNED-

SUBMITTED BY: _____
Cathie O'Toole, Chief Administrative Officer

DATE: April 29, 2024

SUBJECT: **CAO Contract Amendment Report**

INFORMATION REPORT

ORIGIN

This report originates from the ratification of a new Procurement policy 2022-012-ADM in November 2022. The Policy states the CAO may approve and sign contract amendments that exceed the thresholds detailed below, provided that the CAO must submit a report including the details of such contract amendments at the next scheduled meeting of the Audit & Finance Standing Committee.

LEGISLATIVE AUTHORITY

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

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.
CAO (with reporting to Audit & Finance)	The CAO may approve and sign contract amendments that exceed the thresholds above, provided that the CAO must submit a report including the details of such contract amendments at the next scheduled meeting of the Audit & Finance Standing Committee.

BACKGROUND

The purpose of this report is to provide a listing of all CAO approved contract amendment reports.

2022-012-ADM allows for the CAO to approve and sign amendments that exceed the threshold of 20% or \$20,000, provided that the CAO must submit a report including the details of such contract amendments at the next scheduled meeting of the Audit and Finance Standing Committee.

DISCUSSION

All CAO contract amendment reports recorded in Attachment 1 are available for viewing from the Procurement Department. This excludes reports that are marked Private & Confidential.

FINANCIAL IMPLICATIONS

The financial implications, including budget details and account details are outlined in the Financial Implications section of the individual reports which are on file in the Procurement Department.

COMMUNITY ENGAGEMENT

No community engagement was required.

ATTACHMENTS

Attachment 1 – List of approved CAO Contract Amendments.

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: Jane Pryor/Director, Procurement/Finance and Asset Management 902.292.3128

ATTACHMENT 1

Approved CAO Contract Amendment Reports – March / April 2024

Name	Original PO Awarded Amount	Value of Amendment	Updated Value of PO	% of Increase	Reason for Increase
CAO Contract Amendment Telus Elements to Enghouse Solution Migration	\$1,154,466	\$762,719	\$1,917,185	66%	An IT team worked closely with Telus over multiple months to confirm a new solution option. The proposed solution involves an upgrade and migration to a cloud-based version of the current Elements solution used today, however will be hosted by the manufacturer (Enghouse) and provided to HRM by Telus. The implementation of this upgrade has a tight timeline with a targeted end date of May 2024 as required by Telus.
CAO Contract Amendment 23-191 HRFE Headquarters and Station 1	\$310,027	\$461,085	\$771,112	149%	The above noted increase on August 14, 2023, was for Design Phase and Tender Phase work only. This additional amount is required because the project is a much longer construction duration than originally anticipated.



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

CAO Contract Amendment Report

APPROVED BY: Original Signed

Cathie O'Toole, Chief Administrative Officer

APPROVAL DATE: April 5, 2024

SUBJECT: Telus Elements to Enghouse Solution Migration – Contract Amendment

ORIGIN

Migration to Enghouse Contact Center Telephony Service based on termination of Telus Elements Contact Center Telephony Services.

LEGISLATIVE AUTHORITY

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

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

Position	Approval Authority
DCAO or Executive Director (or their delegate)	(a) \$15,000; or (b) a 15% increase to the originally approved contract amount, whichever is greater.
CAO	(a) \$20,000 or (b) a 20% increase to the originally approved contract amount, whichever is greater.
CAO (with reporting to Audit & Finance)	The CAO may approve and sign contract amendments that exceed the thresholds above, provided that the CAO must submit a report including the details of such contract amendments at the next scheduled meeting of the Audit & Finance Standing Committee.
Council	Any amount

RECOMMENDATION

1. It is recommended that the Chief Administrative Officer authorize the attached contract with TELUS Services to support the migration from the Telus Elements Contact Center solution to the Enghouse Contact Center Telephony solution, provided by Telus and extend the current term by one year.
2. It is recommended that the Chief Administrative Officer approves an increase of \$271,500 to accommodate the extension of the Telus Services contract by one year to support the migration from the Telus Elements Contact Center solution to the Enghouse Contact Center Telephony solution, with funding from A732 – 6399 as outlined in the Financial Implications section of this report.

BACKGROUND

In 2015, the telephony technology leveraged to support the Municipality's 311 Citizen Contact Centre was considered to be "end of life" and did not allow for the modern capabilities of delivering services that citizens had come to expect. The replacement of this technology with a new, modern capable Contact Management System (CMS) was approved via the budget process. In July of 2016, Regional Council awarded RFP 15-372 to Telus Communications Inc. over a five-year term. The CAO was directed to execute a contract with Telus (on behalf of the Municipality), subject to the "negotiation of terms acceptance to the CAO" and approval to form and authority by Legal Services. In April of 2017, Regional Council approved funding to implement the same telephony solution for the IT Service Desk. HRM determined the most efficient and economical option was to leverage the relationship and investment made in the telephony technology solution currently in use at the 311 Contact Centre. Subsequent implementations were completed for Human Resources and Elections Office.

In November of 2021, the contract was amended to commit to an additional 3-year term, plus two annual option years for the potential of 5 years.

In December 2022, TELUS notified HRM that the Elements product used by 311, Human Resources, IT Service Desk and Elections would be discontinued in 2023 and that all customers were required to move to another solution. It stated that there would be no change in monthly operating costs for IT as a result of the new solution and that the transition would be supported by Telus team members at no cost to HRM.

DISCUSSION

An IT team including the business and technical resources have worked closely with Telus over multiple months to confirm a new solution option. The proposed solution involves an upgrade and migration to a cloud-based version of the current Elements solution used today, however will be hosted by the manufacturer (Enghouse) and provided to HRM by Telus. The implementation of this upgrade has a tight timeline with a targeted end date of May 2024 as required by Telus.

The attached Amendment has been reviewed with Procurement and Legal Services, which has been approved as to form and authority. As noted in the Amendment there is an increase to the current Telus contract term from 3 to 4 years, with the new expiry date being January 2026, which requires Chief Administrative Officer review and approval. It is recommended that the Chief Administrative Officer approve the Amendment to the TELUS contract allowing the upgrade and migration work to advance.

In accordance with section 32(7) of the Procurement Policy, notice of this contract amendment will be reported to the next scheduled meeting of the Audit & Finance Standing Committee.

FINANCIAL IMPLICATIONS

The estimated annual operating cost of \$271,500 (net HST included) for this solution is incorporated in account A732-6399 (business application management – contract services) annual budget for the 2024/25 fiscal reporting period.

The total amount of changes (approved and pending) is \$762,719 (net HST included), which represents a cumulative increase of 66% to the original award, including previous extensions and to add the additional one year.

Original Award Value:	\$1,154,466
Previously approved increase:	\$ 491,219
New extension:	<u>\$ 271,500</u>
Total Contract Value:	\$1,917,185

RISK & MITIGATION CONSIDERATIONS

The risk of not approving this request is as follows:

Risk	Likelihood (1-5)	Impact (1-5)	Risk Level (L/M/H/VH)	Mitigation
Customer Contact Center, HR, IT Service Desk and Elections Office are unable to receive any calls or emails.	5	5	VH	Go back to market and initiate a public solicitation and implementation project estimated at 2-3 years of duration.

ENVIRONMENTAL IMPLICATIONS

N/A

SOCIAL VALUE

Social Value considerations/criteria were not included in the original RFP requirements.

ALTERNATIVES

The alternative is to not sign this amendment, resulting in the requirement to go back to market to procure a replacement solution. This is not recommended since the current Telus Contact Center Telephony solution will be turned off late May 2024 which would not allow sufficient time to execute the procurement of a new solution.

ATTACHMENTS

N/A

A copy of this report and information on its status can be obtained by contacting the Procurement Office at 902.490.4170, or Fax 902.490.6425.

Report Prepared by: Corinne MacCormack, Director Service Management & Operations, 902.293.0734



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

CAO Award Report

APPROVED BY: Original Signed

Cathie O’Toole, Chief Administrative Officer

APPROVAL DATE: April 4, 2024

SUBJECT: **CAO Award – Tender #23-191 HRFE Headquarters and Station 1**

ORIGIN

The approved 2023/24 Capital Budget, Buildings Page B42 (CB200014 - Halifax Regional Fire & Emergency Headquarters and Station 1).

LEGISLATIVE AUTHORITY

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

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 2022-012-ADM, The Procurement Policy

Section 28(1) of the Procurement Policy provides that the Chief Administrative Officer may approve contract awards of any amount. The recommended contract award does not fall under any of the exceptions listed in section 28(2) that would require Regional Council approval.

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

Position	Approval Authority
DCAO or Executive Director (or their delegate)	(a) \$15,000; or (b) a 15% increase to the originally approved contract amount, whichever is greater.
CAO	(a) \$20,000 or (b) a 20% increase to the originally approved contract amount, whichever is greater.

Position	Approval Authority
CAO (with reporting to Audit & Finance)	The CAO may approve and sign contract amendments that exceed the thresholds above, provided that the CAO must submit a report including the details of such contract amendments at the next scheduled meeting of the Audit & Finance Standing Committee.
Council	Any amount

RECOMMENDATION

It is recommended that the Chief Administrative Officer:

1. Award Tender 23-191 HRFE Headquarters and Station 1 to the highest scoring proponent meeting the specifications, Lindsay Construction Limited, for a total tender price of \$36,520,957 (net HST included) with funding from Capital Account No. CB200014 - Halifax Regional Fire & Emergency Headquarters and Station 1 as outlined in the Financial Implications section of this report.
2. Award Contract Administration Services resulting from RFP 20-151- Services for Halifax Regional Fire Headquarters & New Fire Station #8 to Architecture49 Inc. in the amount of \$310,027 (net HST included) with funding from Capital Account No. CB200014 - Halifax Regional Fire & Emergency Headquarters and Station 1 as outlined in the Financial Implications section of this report.
3. Approve an increase in the amount of \$461,085 (net HST Included) for Construction Administration Services to Architecture49 Inc. resulting from RFP 20-151- Services for Halifax Regional Fire Headquarters & New Fire Station #8 with funding from Capital Account No. CB200014 - Halifax Regional Fire & Emergency Headquarters and Station 1 as outlined in the Financial Implications section of this report.

BACKGROUND

Halifax Regional Fire & Emergency (HRFE) identified a requirement to supplement Fire Station No. 8 to more effectively serve the growing area of west Bedford with improved response times. Through an extensive investigation, the property at 10 Science Park Drive was identified as a viable location for the new Fire Station No. 8 which would also allow the HRFE headquarters to be located on the same property.

The redevelopment of the new HRFE HQ directly ties into the Corporate Accommodations strategy of delivering a multi-year plan to reduce the footprint of HRM's administrative offices, while gaining operational efficiencies for departments through co-location and creating more collaborative spaces.

Relocating the Administration, Fire Prevention and Logistics divisions to 10 Science Park Drive will reduce HRM's current leased footprint by 8,000 sf and result in a rent plus operating cost savings of \$111,312/year. Co-location of the three divisions will best serve the operation requirements of HRFE.

In 2022, HRFE determined that Fire Station No. 8 should remain, and an additional fire station was required to supplement the existing Fire Station No. 8. to service the area. The addition of this fire station within the Bedford/ Larry Uteck response district will not only improve HRFE emergency response capabilities in this area, but also in fire stations #9 and #10 in the Sackville area as well as areas of fire station #50 (Hammonds Plains) and fire station #7 (Knightsridge) with a new crew at this new West Bedford Station and Fire Headquarters Campus facility. This service enhancement will help HRFE move towards meeting the Council approved Emergency Response Time Targets (ERTT) and Effective Firefighting Force (EFF) for the Bedford and Sackville areas, as well as the Hammonds Plains and Knightsridge areas where the

municipality continues to see more growth.

DISCUSSION

Award Tender No 23-191 HRFE HQ & Station 1:

Tender No. 23-191 HRFE HQ & Station 1 was publicly posted to the Province of Nova Scotia's Procurement website on December 20, 2023, and closed on February 23, 2024. Bids were received from the following qualified bidders:

Name of Company	Bid Price (net HST included)	Social Value Score	Cost Score	Total Score
*Lindsay Construction Ltd.	\$36,520,957	10	90.00	100
PCL Constructors Canada Inc.	\$38,205,176	10	86.03	96.03
Iron Maple Constructors	\$37,788,032	8	86.98	94.98
RCS Construction Inc.	\$37,589,889	6	87.44	93.44
Avondale Construction Ltd.	\$39,561,928	10	83.08	93.08
Marco Maritimes Limited	\$40,080,238	10	82.01	92.01
Pomerleau Inc.	\$40,252,367	10	81.66	91.66

***Recommended Bidder**

Scope of Work and Schedule:

The scope of work includes:

- Demolition of existing buildings.
- Construction of a 60,825 square foot building to include a new administrative headquarters for Halifax Fire & Emergency Services, a logistics warehouse and a new 4-bay fire station.
- Siteworks and landscaping.
- Commissioning of new building.

Contingent on award approval, it is anticipated the contractor will begin on site three weeks following award and be substantially complete within 24 months.

Award Contract Administration Services:

On March 4, 2020, RFP 20-151 Design Consultant Services for Halifax Regional Fire Headquarters & New Fire Station #8 (now called HRFE Headquarters and Station 1) was awarded to the highest scoring proponent, Architecture49 Inc. (A49), in the amount of \$751,886 (net HST included) under Purchase Order No. 2070837342 for Design Phase Services.

An increase in the amount of \$4,615 (net HST included) to PO 2070837342 was approved in May 2020 to cover a feasibility study to review the option of the HRFE HQ and Fire Station #8 being constructed as a single connected facility as requested by HRFE.

On September 27, 2022, Regional Council approved an increase of \$184,295 (net HST included) to PO

2070837342 to cover changes in the design criteria related to creating a single connected facility. The planned construction of the facility was then delayed as part of capital budget prioritization work.

On August 14, 2023, when the project was remobilized, the CAO approved an increase of \$327,519 (net NST included) for the following:

- 1) A thorough revisit of specifications included in the project, including an update to all equipment and products as needed;
- 2) Update to documents with requested changes including more electric vehicle charging stations, addition of decontamination station and other various additions)
- 3) Final reviews with project stakeholders prior to tender;
- 4) Tender phase costs, which were not previously approved;
- 5) Rick Hansen Foundation Accessibility Certification (design costs); and
- 6) Updated Class A Cost Estimate.

The above noted increase on August 14, 2023 was for Design Phase and Tender Phase work only. Staff has recommended awarding Construction Administration (CA) Phase services as outlined in RFP 20-151 Design Consultant Services to A49 in the amount of \$310,027 (net HST included) and award a Change Order in the amount of \$461,085 (net HST Included) for a total of \$771,112 (net HST included). This additional amount required because the project is a much longer construction duration than originally anticipated.

A summary of the Construction Administration changes are as follows:

Budget Summary: PO Award (net HST included)	\$ 310,027
Request for Increase (net HST included)	\$ 461,085
New Contract Value (net HST included)	\$ 771,112

The total amount of changes (approved and pending) for Construction Administration services is \$461,085 (net HST Included), which represents a cumulative increase of 149%.

FINANCIAL IMPLICATIONS

Budget Summary:	<u>Project Account No. CB200014 - Halifax Regional Fire & Emergency Headquarters and Station 1</u>	
	Cumulative Uncommitted Budget	\$39,823,984
	Less: Tender No. 23-191	\$36,520,957
	Less: CA Phase to A49	\$ 771,112
	Balance	\$ 2,531,915

The balance of funds will be used for other project costs such as FFE, testing, and utility connections.

This project was estimated in the Approved 2023/2024 Capital Budget at \$40,000,000.

The pre-tender construction estimate was \$38,000,000.

RISK CONSIDERATION

- Safety: Mitigated by ensuring safe work practices through a contractor's safety plan and site-specific hazard assessment.
- Unforeseen site conditions: Mitigated through a bidder's meeting and site/building investigations by HRM and project team.

- Site Erosion Control: Mitigated with the requirement for the Contractor to apply for and receive an approved erosion and sediment control plan by HRM Planning and Development prior to starting the work.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

SOCIAL VALUE

Bids for the original tender were evaluated using a scored process including evaluation of Social Value (10%) and Cost (90%). The recommended bidder is the highest scoring bidder.

The Social Value considerations include workforce development, diverse supply chains, and climate change initiatives. Expected outcomes include a more inclusive, diverse workforce and industry, as well as reductions in energy use, carbon emissions and the environmental impact of the work.

ALTERNATIVES

The CAO could choose not to approve the recommendations.

ATTACHMENTS

None

A copy of this report and information on its status can be obtained by contacting the Procurement Office at 902.490.4170, or Fax 902.490.6425.

Report Prepared by: Sheena Moore, Project Manager, Facility Design & Construction, Property, Fleet & Environment 902-497-4843
