



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

Item No. 15.1.7
Halifax Regional Council
August 6, 2024

APPROVED BY: Cathie O'Toole, Chief Administrative Officer
DATE: July 24, 2024
SUBJECT: Dutch Village Road – Multi-Year Account & Budget Increase

ORIGIN

The Approved 2024/25 Capital Budget project CT200003 – Major Strategic Multi Modal Corridor: Dutch Village Road.

EXECUTIVE SUMMARY

This report is recommending approval of a transfer of \$4.6 million between capital accounts to enable a budget increase for the reconstruction of Dutch Village Road. The report also recommends that Council approve the Dutch Village Road project account as a multi-year commitment and award the \$9,554,460 construction tender and the \$480,047 construction administration contract.

RECOMMENDATIONS ON PAGE 2

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 proposed changes in any operating or project budget items.
2. Approve the budget for CT200003 – Major Multi Modal Corridor: Dutch Village Road as a *multi-year budget* to enable staff to make a multi-year financial commitment.
3. Approve the transfer of funds and budget increase between accounts as outlined in the *Financial Implications* section and as follows:
 - a) Approve a transfer of \$3,100,000.00 from Project Account No. CT190003 – Downtown Dartmouth Infrastructure Renewal to CT200003 – Major Multi Modal Corridor: Dutch Village Road.
 - b) Approve a transfer of \$400,000.00 from Project Account No. CD000001 Spring Garden Road to CT200003 – Major Multi Modal Corridor: Dutch Village Road.
 - c) Approve a transfer of \$1,100,000.00 from Project Account No. CR200003 Bridges to CT200003 – Major Multi Modal Corridor: Dutch Village Road.
 - d) Approve a budget increase of \$4,600,000.00 to Project Account CT200003 – Major Multi Modal Corridor: Dutch Village Road.
4. Award Tender No. 2024-0204, Dutch Village Road Complete Streets, to the Highest scoring proponent, Dexter Construction Company Limited, at a cost of \$9,554,460.15 (net HST included) with funding from account CT200003 as outlined in the financial section of this report.
5. Award construction administration, inspection, and support services to DesignPoint Engineering & Surveying Ltd. in the amount of \$480,047.23 (net HST included) with funding from CT200003 – Major Multi Modal Corridor: Dutch Village Road as outlined in the financial section of this report.

BACKGROUND

One side of Dutch Village Road lacks basic urban street features (sidewalk, curb, gutter, etc.). Zoning changes approved in 2016 have resulted in substantial development of mixed-use, mid-rise buildings set close to the street line. Action 69 of the Integrated Mobility Plan (IMP) identified Dutch Village Road as a high priority for sidewalk improvements, with delivery targeted by 2020. On June 9, 2020, Regional Council approved a functional plan for Dutch Village Road from Joseph Howe Drive at Bayers Road to Alma Crescent. The approved plan included new sidewalks, protected bicycle lanes, parallel on-street parking, and streetscaping to support this growing pedestrian-oriented mixed-use community.

The Dutch Village Road Construction Tender 2024-0204 was issued on June 19th, 2024.

DISCUSSION

Audit & Finance Standing Committee

Under Schedule 2, section 4 of the Audit & Finance Standing Committee (AFSC) Terms of Reference (Administrative Order One, Respecting the Procedures of the Council Administrative Order), the AFSC is tasked to undertake reviews regarding matters of finance and risk management in HRM and ensure their adequacy and effectiveness.

The Dutch Village Road tender no. 2024-0204 closed on July 11th, 2024, six days before the next scheduled meeting of the AFSC. Given the time needed to prepare staff reports, and the aim to begin construction this year, Recommendation #1 of this staff report asks Council to suspend the AFSC rules of procedure to consider the remaining finance-related recommendations directly by Regional Council.

Multi-Year Accounts

On January 24, 2024, Regional Council approved a list of multi-year capital projects indicating their commitment to approve annual budgets in future fiscal years¹. While the Dutch Village Road Strategic Multi-Modal Project (CT200003) was not included on this list, the 2024/25 Capital Plan² included \$5,300,000 in this fiscal year (available and approved) and \$2,000,000 for 2025/26. This split assumed that construction would begin in 2024/25 and conclude in 2025/26. Now that the tender period has closed and it can be confirmed that this project will be delivered over multiple years, Recommendation #2 of this staff report asks Council to approve the commitment of the needed funds for future years as a *multi-year project*, as described in more detail in the Financial Implications Section of this Report.

Budget Increase

The total budget amounts described above were based on estimates of approximately \$5 million in December 2023. At that time, the overall budget of approximately \$7.3 million put forward in the 2024/25 Capital Plan included a 30% contingency. It was deemed sufficiently conservative to allow for refinements in the estimate (as the design was finalized), additional costs to support project construction (i.e., contract administration, equipment supply, incidentals), and a remaining 10% contingency.

Since that time:

- The design advanced and the construction estimate has increased, due to increases in labour and materials.
- The project was tendered, and the highest scoring proponent is Dexter Construction Company Ltd with a bid of \$9,554,460.15 (net HST included).
- An additional \$970,292 has been identified as necessary to support related costs of project delivery including but not limited to:
 - Construction administration and inspection by consultants.
 - Traffic equipment (signal poles, crosswalk beacons, streetlighting etc.)
 - Land acquisition
 - Bell telecommunications infrastructure relocation
- 10% of the total expected project cost (\$1,062,603.00) is also recommended to be available to cover incidentals and allow a contingency to address potential unknown situations that may be encountered under the ground (typical in projects of this nature).
- Cost sharing from Halifax Water has been identified.

Total project costs are now expected to be \$11,817,883.00. This leaves a funding shortfall in the multi-year budget of approximately \$4,743,883.00. Recommendation #3 asks Council to increase the budget to allow for the updated estimated cost of project delivery.

Table 1 Total Expected Project Costs

Project Element Description	Actual/ Estimated Costs
Design Fees (Design Point)	\$230,528
Construction	\$9,554,460
Construction Administration (Design Point)	\$480,047

¹ <https://cdn.halifax.ca/sites/default/files/documents/city-hall/regional-council/240124bc62.pdf>

² https://www.halifax.ca/sites/default/files/documents/city-hall/budget-finances/capitalplan_2024-25_final.pdf

Land Acquisition, Utility work, Traffic equipment and Miscellaneous	\$420,245
New Maintenance Vehicle	\$70,000
Administration and Contingency	\$1,062,603
Total Project Costs (Net HST incl.)	\$11,817,883
Hallifax Water Cost Sharing	-\$33,100
Committed ICP Funding	-\$1,900,000
Total Project Costs (with Expected Funding Contributions)	\$9,884,783

*Two small sections of land acquisition are outstanding as of the time of writing this report. One was incorrectly identified as HRM-owned in Property Online. The second piece is being acquired to align the sidewalk in a straight line and to maximize on-street parking. If the transactions are not complete prior to construction start on that section, minor realignment of the boulevard may be required.

Transfer of Funding Between Capital Projects

To address the identified shortfall, Recommendation #3 of this staff report proposes transfers from three accounts which have funds surplus to their needs for this fiscal year to the Dutch Village Road account.

- The first is a transfer of \$3,100,000 million from CT190003 – Downtown Dartmouth Infrastructure Renewal to CT200003 – Major Multi Modal Corridor: Dutch Village Road. The tender for Phase One of the Downtown Dartmouth Infrastructure Renewal project closed in May 2024 and HRM’s share of this project will be \$3.5 million (including contract administration and 10% contingency). As a result, account CT190003 will have \$4.7 million remaining, which will not be spent this fiscal year.

HRM’s share of the costs for this project (led by Halifax Water) ended up being lower than expected due to design changes that resulted in substantial cost savings (i.e., substitution of a bridge for a box culvert) and efficiencies resulting from integration with Halifax Water’s Sullivan’s Pond outlet pipe replacement project.

Transferring these funds now should not compromise the delivery of phase two of the Downtown Dartmouth Infrastructure project. The approved 2024/25 Capital Plan³ already identified an additional \$3.1 million for phase two of the Dartmouth project in 2025/26. Phase two has just entered the 60% design phase, allowing enough time to refine the design and cost estimate before the 2025/26 budget is brought forward. The \$3,100,000 transferred funding will need to be allocated to the Downtown Dartmouth Infrastructure project account in future capital budgets to complete the original work contemplated.

The second transfer of \$400,000.00 is proposed to come from CD000001 - Spring Garden Streetscaping. Phase two of this streetscaping project (the block fronting the “Mills” redevelopment site, which was under construction in 2021) was completed in 2023. The transfer of funds will leave account CD000001 with a balance of \$63,607.10. That is sufficient to complete any outstanding work for this project and no additional funding will need to be reallocated in future budgets.

- The third and final transfer of \$1,100,000 is recommended from CR200003 - Bridges. The transfer will not compromise the delivery of bridge projects able to be completed in 2024/25. Two projects are being deferred due to the readiness of our funding partners and conflicts with nearby construction work along the proposed detour, respectively. The \$1,100,000 transferred funding will need to be allocated to the bridge account in future capital budgets to complete the original work contemplated.

³ https://www.halifax.ca/sites/default/files/documents/city-hall/budget-finances/capitalplan_2024-25_final.pdf

Award of Tender 2024-0204 Dutch Village Road Complete Streets

The estimated value of the Dutch Village Road Tender was \$8,542,738.58, inclusive of Net HST. Tenders were publicly advertised on June 19, 2024, with closing on July 11, 2024. Bids were received from the following companies:

Name of Company	Bid Price (Net HST Included)
*Dexter Construction Company Ltd	\$9,554,460.15
Ocean Contractors Ltd	\$11,287,978.17

*Recommended proponent

The construction work generally consists of lowering the road grade, rebuilding the road structure, and installing sidewalks, separated bike lanes, new curb and gutter, streetscaping, intersection upgrades, and lane marking adjustments. It is anticipated that work will commence within four weeks of the tender award and take approximately 220 working days over two construction seasons (2024-25 and 2025-26) to complete.

While the Chief Administrative Officer may approve contract awards of any amount further to Administrative Order 2022-012-ADM (The Procurement Policy), staff are asking Council to award the tender directly in this case to allow the project to start as soon as possible.

Award of Alternative Procurement 2024-0442 Dutch Village Road Complete Streets – Construction Support Services

Rates for construction inspection, administration, and support services were included in the evaluation of RFP 21-302 Dutch Village Road Detailed Design but were not awarded at the time, as is standard practice. DesignPoint recently provided a quote for \$480,047.23 (net HST included) based on the current estimated construction duration and updated unit rates, and with the award of RFT 2024-0204 it is now appropriate to award these support services.

These services are being awarded directly to DesignPoint under Alternative Procurement, as it would not be reasonable to have a third-party consultant respond to contractor inquiries about DesignPoint’s design.

Acquisition of Parcels of Land

There are two small parcels of land, one on each of 3534 Dutch Village Road and one on Parcel 32, Dutch Village Road. The cost of the purchase of these two pieces of land, as well as ancillary costs such as payment of legal fees and mortgage discharge costs, are currently included in the \$420,047 line item set forth in Table 1. Where the acquisition of these two pieces of property meets the pre-requisites for the purchase of property (e.g. Council has previously approved this project under the Capital Plan, the acquisition is for a municipal purpose and will be at market value but not greater than 115% of market value) it is appropriate for the purchase of these parcels to be governed by the authorities set forth in AO 2018-004-ADM, the Real Property Transactions Policy.

FINANCIAL IMPLICATIONS

Budget Summaries

**Project Account No. CT190003 Downtown Dartmouth Infrastructure
 Renewal**

Cumulative Unspent Budget	\$ 8,722,834.76
Less: Transfer to Project No. CT200003	-\$ 3,100,000
Balance:	\$ 5,622,834.76

Project Account No. CD000001 Streetscapes - Spring Garden Road

Cumulative Unspent Budget \$	\$ 463,607.10
Less: Transfer to Project No. CT200003	-\$ 400,000.00
Balance:	\$63,607.10

Project Account No. CR200003 – Bridges

Cumulative Unspent Budget	\$4,411,399.08
Less: Transfer to Project No. CT200003	-\$1,100,000.00
Balance:	\$3,311,399.08

**Project Account No. CT200003 – Major Multi Modal Corridor Dutch
 Village Rd**

Cumulative Unspent Budget	\$ 5,032,949.23
Plus: 25/26 Capital Commitment	\$ 2,000,000.00
Plus: Transfer from CT190003	\$ 3,100,000.00
Plus: Transfer from CD000001	\$ 400,000.00
Plus: Transfer from CR200003	\$ 1,100,000.00
Less: 2024-0442	-\$480,047.23
Less: RFT 2024-0204	-\$9,554,460.15

Balance **\$1,598,441.85**

The transfers from CT190003-Downtown Dartmouth Infrastructure and CR200003-Bridges accounts are due to temporary excess capacity and will need to be reinstated in the 2025/26 capital budget, requiring a reprioritization among the other projects scheduled for that fiscal year.

Multi-year Budget Implications

Project Account #	Project Name	Total Previous Yrs' Gross Budget	2024/25 Capital Budget	2025/26 Capital Budget	2026/27 Capital Budget	2027/28 Capital Budget	2028/29 – 2033/34 Capital Budget	Grand Total
CT200003 (existing)	Strategic Multi-Modal Corridor–Dutch Village Road	1,300,000	4,000,000	2,000,000	-	-	-	7,300,000
CT200003 (proposed)	Strategic Multi-Modal Corridor–Dutch Village Road	1,300,000	8,600,000	2,000,000	-	-	-	11,900,000

External Funding

The Dutch Village Road project has been identified for up to 73% external funding from *the Investing in Canada Infrastructure Program (ICIP)*. The original project estimate at the time of the funding agreement in 2020 was a total capital cost of \$2.7M, of which ICIP would fund 73% (~\$1.9M)

Planning and design work for the project were initiated before the ICIP agreement was signed; therefore, the associated costs are ineligible for cost sharing. Property acquisition costs are ineligible for cost sharing under the ICIP program.

RISK CONSIDERATION

Unexpected issues may arise when any older street requires full reconstruction due to buried unknowns, utilities, archaeology, and more. The cost and time risk of such unknowns can be mitigated with good project management, full time inspection, professional contract administration, a budget contingency allowance, and the support of a team of consultants and staff able to provide timely solutions to unexpected challenges, all of which have been incorporated into the delivery plan for the project.

COMMUNITY ENGAGEMENT

Engagement was done during the functional planning phase of this project in 2018/19. During the detailed design phase, staff have contacted some property owners who might be directly impacted by construction. The area councilor has also been periodically updated and has shared information through newsletters. Updated project information was mailed to abutters in 2021, and in 2024 with an extended area. There is also a [project website](#).

ENVIRONMENTAL IMPLICATIONS

Completion of this project will result in better accommodation of people who walk, bike and take transit in this inner-suburban community where there is a high concentration of services, jobs, retail, and housing, but where it is currently uncomfortable for many residents to use these modes of transport. The project also includes trees planted in sufficient soil volume to be expected to grow to maturity.

SOCIAL VALUE

Bids were evaluated using a scored process including evaluation of Social Value (10%) and Cost (90%). 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. Dexter Construction Company is recommended highest bidder with a cumulative score of Social Value and Cost of 100/100.

ALTERNATIVES

Regional Council could choose not to approve the recommendations and not to proceed with the project, but this is not recommended by staff.

LEGISLATIVE AUTHORITY

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

61 (1) The Municipality may acquire and own property granted or conveyed to the Municipality either absolutely or in trust for a public or charitable purpose.

61(5) The Municipality may (a) acquire property, including property outside the Municipality, that the Municipality requires for its purposes or for the use of the public.

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.

79A (3) The Municipality may authorize expenditures from its operating budget or transfer money from the operating budget to its capital budget if the total amount of such expenditures and transfers for the fiscal year does not exceed the total amount of estimated revenue from all sources in excess of the amount estimated for those sources in the operating budget for that fiscal year.

Administrative Order Number One, the Procedures of the Council Administrative Order

4(2) Notwithstanding subsection (1), any one or more of the rules of procedures contained herein except for sections 5 and 41 and subsections 12(5) and 59(3) may be suspended by Council, Committee of the Whole, Community Council or a Standing Committee by the affirmative vote of two-thirds (2/3rds) of the Members present and voting.

Schedule 2, Audit and Finance Standing Committee, Terms of Reference

8.(d) 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; the commitment of funds where there is insufficient approved budget.

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

32. (2) (1) All contract amendments must comply with the requirements of section 79A of the Halifax Regional Municipality Charter regarding municipal expenditures. The approval and signing authority limits for cumulative contract amendments are as follows: ... Council – Any Amount

ATTACHMENTS

None.

Report Prepared by: Hanita Koblents, Principal Planner, Transportation Planning, 902-292-2680
Robyn Homans, Manager, Project Management, 902-497-7257
