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Item No. 12.2.2
Audit & Finance Standing Committee
September 21, 2022

TO: Chair and Members of Audit & Finance Standing Committee

-Original Signed-

SUBMITTED BY: _____
Jacques Dubé, Chief Administrative Officer

DATE: September 15, 2022

SUBJECT: Budget Increase to CP210013 - Park Development - New and Award RFT 22-401

ORIGIN

The Approved 2022/23 Capital Budget, Supplementary Sheets D6 and D8.

LEGISLATIVE AUTHORITY

Administrative Order One, Schedule 2, Audit & 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;

...

g) the creation or modification of reserves and withdrawals not approved in the approved budget.

Halifax Regional Municipality Charter, S.N.S. 2008, c. 39, subsection 79A(1) provides:

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.

Section 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:

(a) the amount authorized to be transferred from the operating budget to the capital budget under subsection (3);

(b) the borrowing limits established for the Municipality under Section 109; or

(c) the amount withdrawn from a capital reserve fund under subsection 120(4).

Administrative Order 2014-015-ADM, the Financial Reserves Administrative Order

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

6. The Chief Administrative Officer may recommend to Council that Reserve funds be expended. Halifax Regional Municipality Policy on Changes to Cost Sharing for Capital Projects - Changes requiring

Council approval.

Administrative Order 2020-004-ADM, the *Procurement Policy*,

28 states that Council may award contracts for a competitive procurement in any amount.

28(1) The approval authority limits for the awarding of contracts are as follows:

Method	Manager	Director	CAO	Council
Low Value Purchase	\$10,000	\$10,000	\$10,000	\$10,000
Competitive Procurement	Per delegation of authority from Director [not to exceed \$100,000]	\$100,000	\$1,250,000	Any amount
Competitive Procurement – Street, sidewalk, & active transportation Construction projects	Per delegation of authority from Director	\$100,000	Any amount	Any amount
Competitive Procurement – Establishment of Standing Offer	\$5,000,000 (Manager of Procurement only)	\$5,000,000 (Director of Finance only)	\$5,000,000	Any Amount
Alternative Procurement	Per delegation of authority from Director	\$100,000	\$1,250,000	Any amount
Alternative Procurement – Urgent Circumstances per 16(1)(d)	Per delegation of authority from Director	\$100,000	Any amount	Any amount

RECOMMENDATION

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

1. Approve an unbudgeted withdrawal in the amount of \$100,000 (net HST included) from Capital Fund Reserve Q526.
2. Increase 2022/23 Capital Project Number CP210013 - Park Development - New, by \$100,000 (net HST included); and,
3. Award Tender No. 22-401, Unnamed Park 27 (Broad Street) Tennis Courts (Bedford) and Cole Harbour Common (Auburn Drive entrance) Parking Lot Upgrades (Cole Harbour) to the highest scoring bidder meeting the specifications, Ocean Contractors Limited, for a Total Tender Price of \$454,452.32 (net HST included) with funding from Project Account No. CP210013 – Park Development – New and Project Account No. CP200001 – Park Recapitalization, as outlined in the Financial Implications section of this report.

BACKGROUND

The Approved 2022/23 Capital Budget includes funds for two new tennis courts at Unnamed Park 27 (Broad Street), Bedford and upgrades to the gravel parking lot at the Cole Harbour Common (Auburn Drive entrance), Cole Harbour.

DISCUSSION

Tender No. 22-401, Unnamed Park 27 (Broad Street) Tennis Courts and Cole Harbour Common (Auburn Drive entrance) Parking Lot Upgrades, was publicly advertised on the Province of Nova Scotia's Procurement website on July 18, 2022 and closed on August 2, 2022. Three bids were received and evaluated based on price and social procurement:

Name of Company	Bid Price (net HST included)	Bid Score	Social Procurement	Total
Ocean Contractors Limited	\$454,452.32	90.00	10	100.00*
Dexter Construction Company Limited	\$474,125.87	86.10	10	96.10
Basin Contracting Limited	\$483,834.90	84.18	10	94.18

Social Value: Bids were evaluated using a scorecard process including evaluation of Social Value (10%) and Cost (90%).

* Recommended bidder is the highest scoring bidder.

To date, \$380,000 has been approved through the capital budget process. The bid price for the new tennis courts at Unnamed Park 27 (Broad Street) was higher than estimated due to increased unit rates (gravels, asphalt, fencing, sodding) as a result of labour shortages and rising fuel and material costs. The high volume of public and private work available to contractors is also contributing to the inflated unit rates.

The scope of work for Unnamed Park 27 (Broad Street), Bedford consists of the construction of two new tennis courts with an acrylic surface and associated reinstatement. The scope of work at the Cole Harbour Common Parking Lot (Auburn Drive entrance), Cole Harbour includes the supply and installation of new gravels and associated reinstatement.

Contingent on the approval of award, it is anticipated work will commence in October 2022 and be completed by June 2023.

Notwithstanding that the CAO has the authority to award the tender, this report includes a recommendation to have Regional Council award the tender at concurrently with the increase of funding to expedite the award process to permit construction to commence as soon as possible.

FINANCIAL IMPLICATIONS

Budget Summary:	<u>Capital Fund Reserve – Q526</u>	
	Projected Net Balance in reserve as of June 30,2022	\$11,025,248.48
	Less: Unbudgeted withdrawal per recommendation	\$ 100,000.00*
	Revised Projected Net Balance	\$10,925,258.44

<u>Project Account No. CP210013- Park Development - New</u>	
Cumulative Uncommitted Budget	\$406,809.96
Less: Tender No. 22-401	\$370,105.79**
Plus: Unbudgeted withdrawal from Capital Reserve Q526	\$100,000.00
Balance	\$136,704.17

Project Account No. CP200001- Park Recapitalization

Cumulative Uncommitted Budget	\$1,777,090.28
Less: Tender No. 22-401	\$ 84,346.53**
Balance	\$1,692,743.75

* The required funds to award Tender No. 22-401 is \$70,105.70 (net HST included), however, a \$100,000.00 unbudgeted withdrawal from Capital Reserve Q526 is being recommended to cover contingency costs associated with unforeseen construction activities. Any unused funds will be returned to Capital Reserve Q526.

** This project was estimated in the Approved 2022/23 Project Budget at \$300,000 and \$80,000 respectively.

The balance of funds will be used for implementing the remaining Park Development – New and Park Recapitalization projects as approved by Council.

RISK CONSIDERATION

Risks considered in association with the recommendation in the report rate low.

ENVIRONMENTAL IMPLICATIONS

Environmental implications not identified.

SOCIAL VALUE

Bids 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 Audit & Finance Standing Committee may choose to recommend that Regional Council:

1. Not approve the increase to the 2022/23 Capital Project Number CP210013 - Park Development – New. This will result in Tender No. 22-401 being cancelled and a capital budget increase would be requested as part of the 2023/24 Capital Budget.
2. Construct one tennis court versus two at Unnamed Park 27 (Broad Street), Bedford and re-tender the project.

ATTACHMENTS

None.

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