



Subject: *Uniacke Business Park - Phase Three*
To: Municipal Council
Date Prepared: 18 April 2023
Related Motions:
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Approved by: Jesse Hulsman, Director of Infrastructure and Operations
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Summary

The Uniacke Business Park Phase Three design and road construction project (Capital Project # 20-035) was approved by Municipal Council as part of the Capital Budget. The approved capital budget for the project is currently \$590,000. Upon completion of the final design, the updated budget is now forecasted to be \$800,000. This would require an increase of \$210,000 in the current project budget for the construction of Phase 3. The main driver of the cost forecast increase is the market volatility in the construction industry which has impacted several capital projects over the last year. This next expansion of the Uniacke Business Park will continue to grow the Municipality's commercial tax base and local economy while providing future employment opportunities for residents.

Financial Impact Statement

The proposed increase to the Uniacke Business Park Phase 3 Capital Project (# 20-035) falls within the parameters of the Business Park financial model and will continue to provide a return on investment for East Hants. The project requires an additional \$210,000 to be funded from the Business Park Land Sales Revenue Reserves.

To enable this, and to align with the Council's current practice for funding infrastructure upgrades, Staff are also recommending at this time the funding source for the Industrial Way lift station (Elmsdale Business Park) be reallocated from the Business Park Land Sales Revenue Reserve to debt financing, with the debt servicing costs funded through the urban service area rate. With this reallocation, there are sufficient funds to cover this proposed increase from the Business Park Land Sales Revenue Reserves.

Recommendation

That Municipal Council approve a Capital Budget of \$800,000 for Capital Project #20-035 to be funded from Business Park Lot Sales Reserves and that Capital Project 20-016 funding reallocated to debt on the Urban Service Rate.

Recommended Motion

- 1. Move that Municipal Council approve a Capital Budget of \$800,000 for Capital Project #20-035, to be funded from Business Park Lot Sales Reserves.*
- 2. Move that Capital Project# 20-016 Lift Station Upgrade Industrial Way in the Elmsdale Business Park be funded through the urban service rate through debt and,*

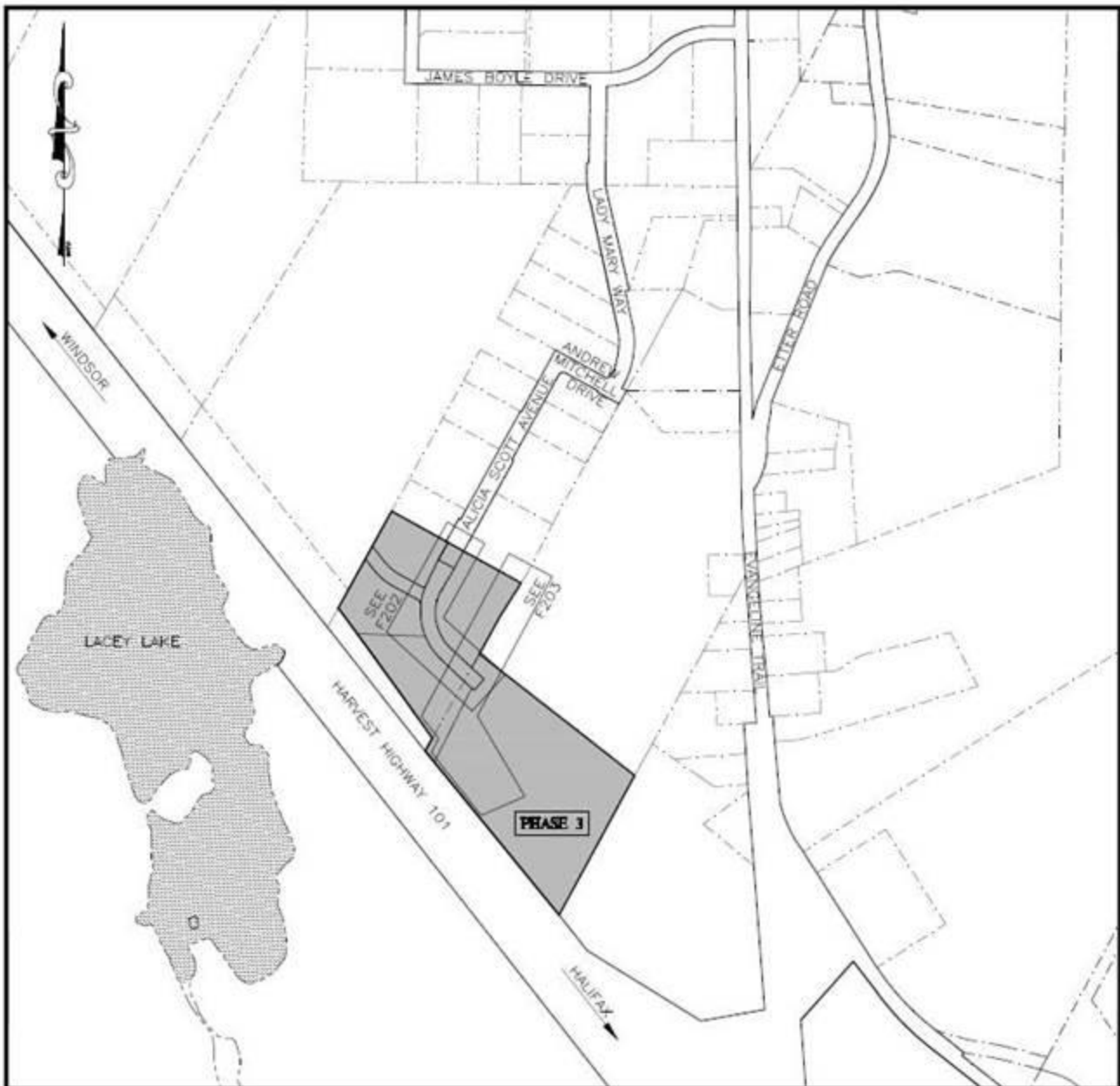
Move that Council approve the Temporary Borrowing Resolution and the Resolution for Preapproval for the financing of the Lift Station Upgrade Industrial Way capital project in the amount of \$850,000 as attached to the Council Agenda Report dated April 26, 2023 and;

That the average interest rate of the debenture not exceed the rate of 6.0% and for terms not to exceed 20 years for the financing of the Lift Station Upgrade Industrial Way.

Background

The Uniacke Business Park Phase Three design and road construction project (Figure 1.0) was approved by Municipal Council as part of the 2023-24 Capital Budget (Capital Project# 20-035) Phase Two of the Business Park Expansion included over 12 acres of land and approximately 380m of new road. Phase Three is expected to include over 10 acres of land and approximately 220m of new road.

Figure 1.0 - Uniacke Business Park Phase 3



The current Council approved budget of \$590,000 was estimated using unit price information received during tendering for Phase Two. The Consultant, Strum Consulting, recently submitted to Staff the final design and an

'Estimate of Probable Costs' for the project. Considering this new information, Staff have prepared a revised budget estimate of \$800,000 in an effort to reduce the uncertainty during the tendering process later this spring.

This new budget estimate of \$800,000 is based on the required work scope, and the 'Estimate of Probable Costs' prepared by the Consultant. A 10% contingency has also been added to the project budget to account for market volatility since the tendering of Phase Two.

Discussion

Staff have reviewed the Business Park Land Sales Revenue Reserve for funding this updated project budget. Currently, the Lift Station Upgrade Industrial Way in the Elmsdale Business Park (Capital Project #20-016) is being funded from the general tax rate out of the Business Park Land Sales Reserve. To be consistent with other projects, this infrastructure upgrade funding in the Urban Service Rate area will need to be reallocated to debt financing with the debt servicing costs accounted for from the Urban Service Area Rate. With this reallocation, there are sufficient Business Park Land Sales Revenue Reserves to fund the estimated project cost.

In addition, Staff have updated the overall Uniacke Business Park Expansion financial model with these new costs and with reasonable market estimates of Phase Three lot sale prices. Based on these new costs and estimates the Park continues to provide a return on investment for the Municipality. Lot Pricing and Required Minimum Assessed Values for Phase Three will be brought for consideration to Municipal Council in the near future through an update to the Uniacke Business Park Lot Pricing and Availability Document and in adherence with Council's Business Parks Pricing Policy.

Financial Considerations

Uniacke Business Park Expansion Proforma:

Project Phase	Project Cost	Lot Sales Revenue
Phase One	\$ 930,182	\$ 655,305
Phase Two	\$ 628,947	\$ 687,793
Phase Three (*Estimated)	\$ 800,000*	\$ 1,142,900*
Total	\$ 2,413,504	\$2,485,998

Alternatives

1. Council provides direction to Staff to delay Phase Three of the Uniacke Business Park Expansion and to include updated project estimates in the 2024-2025 Capital Budget for Council's Consideration.

Conclusion

The recommended budget increase will enable Phase Three of the project to proceed to public tender. Expansion of the Uniacke Business Park will continue to grow the Municipality's commercial tax base and local economy while providing future employment opportunities for residents.

Recommendation

Staff are recommending increasing the Capital Project #20-035 budget by \$210,000 to a total \$800,000. The additional cost will be funded from Business Park Lot Sales Reserves.