

Minutes – Standing Policy Committee on Finance – April 11, 2013

REPORTS

Minute No. 27 Plessis Road Twinning and Grade Separation at CN Rail – Financial Status Report No. 2 for the Period Ending December 31, 2012

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and received as information the financial status report of the Plessis Road Twinning and Grade Separation at CN Rail.

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DECISION MAKING HISTORY:

Moved by Councillor Havixbeck,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: PLESSIS ROAD TWINNING AND GRADE SEPARATION AT CN RAIL - FINANCIAL STATUS REPORT NO. 2 FOR THE PERIOD ENDING DECEMBER 31, 2012

Critical Path: STANDING POLICY COMMITTEE ON FINANCE

AUTHORIZATION

Author	A/Department Head	CFO	CAO
L. P. Deane, P. Eng.	D. Domke	M. Ruta	D. Joshi COO

RECOMMENDATIONS

That this financial status of the Plessis Road Twinning and Grade Separation at CN Rail as contained in this report be received as information.

REASON FOR THE REPORT

Administrative Standard FM-004 requires quarterly reporting to the Standing Policy Committee on Finance.

IMPLICATIONS OF THE RECOMMENDATIONS

The project is currently within budget and on schedule. Project Planning and Preliminary Design is ongoing and will identify any issues with the budget and schedule.

HISTORY

On November 16, 2011, Council adopted a first charge of \$2 million in 2011 or prior to the adoption of the 2012 Capital Budget to allow for timely award of a Consulting Engineering Assignment to undertake the Preliminary Design Study and to initiate property acquisitions.

On December 13, 2011, Council adopted the 2012 Capital Budget which identified \$77,000,000 for the Plessis Road Twinning and Grade Separation at CN Rail, including contributions from the Building Canada Fund (Federal Government; \$25,000,000) and the Provincial Government (\$25,000,000).

On December 22, 2011, the City submitted the Plessis Road Underpass Project Application to the Government of Canada Infrastructure Funding to the Canada-Manitoba Infrastructure Secretariat.

On January 12, 2012, the City notified CN Rail of the application to the Building Canada Fund and requested that discussions commence as soon as possible. On July 16, 2012, CN Rail requested a proposal from the City demonstrating the need for a grade separation structure and substantiating that an underpass as opposed to an overpass is warranted.

On January 24, 2012, Professional Consulting Services were awarded to AECOM Canada Ltd. for a preliminary land drainage study which was completed on May 4, 2012.

On June 18, 2012, the City was advised that the Government of Canada has identified the Plessis Road Underpass Project as a priority for funding consideration under the Building Canada Fund – Major Infrastructure Component. Under the program, the Government of Canada will consider an investment of up to one-third of the project's total eligible costs, to a maximum contribution of \$25,000,000, conditional upon the completion of a federal project review, fulfilling environmental and Aboriginal consultation requirements, and signing contribution agreements, amongst others.

On July 11, 2012, Professional Consulting Services were awarded to AECOM Canada Ltd. for Project Planning and Preliminary Design. Fees for future services (Detailed Design, Contract Administration and Post Construction Services) will be negotiated at key stages. Future services cannot commence until authorization is provided by the City.

On July 17, 2012, Manitoba Conservation and Water Stewardship confirmed this project will not require environmental assessment and licensing pursuant to the Environment Act.

On July 20, 2012, the Plessis Road Underpass Project Business Case was submitted to Transport Canada for federal project review.

On October 9, 2012, the Aboriginal Consultation Form was submitted to the Province of Manitoba recommending that consultation is not required as the Project does not adversely affect an Aboriginal treaty right.

On October 9, 2012, owner controlled Professional and Pollution Liability Insurance coverage were put in place.

On October 12, 2012, the Preliminary Environmental Review form was submitted to Transport Canada who will assess federal environmental assessment requirements.

On November 15, 2012, Professional Consulting Services were awarded for Third Party Contract Administration (Advisory and Public Participation Services) to MMM Group Limited.

In December 2012, the existing sewers were cleaned and televised where required. The tapes will be reviewed to identify and address any deterioration prior to construction.

On December 19, 2012, Transport Canada advised Mayor Katz of approval-in-principle of funding for the Plessis Road Underpass Project. On December 20, 2012, Transport Canada indicated they would submit a draft contribution agreement in early 2013.

MAJOR CAPITAL PROJECT STEERING COMMITTEE

Administrative Standard for projects with capital cost exceeding \$10 million requires formation of Major Capital Project Steering Committee. The Committee has not been appointed.

PROJECT STATUS

The project is currently within budget and on schedule. Project Planning and Preliminary Design is ongoing and will identify any issues with the budget and schedule.

DESCRIPTION OF PROJECT

The existing at-grade crossing of Plessis Road at the CNR Redditt Subdivision will be replaced with an underpass grade separation structure, including earth retaining structures, to provide improvements in road safety, mobility, and sustainability. The underpass will be designed to accommodate four through lanes and auxiliary lanes where warranted. The pavement and bridge structure will support the addition of two through lanes in the future without modification to the bridge structure, retaining structures or embankment slopes.

Geometric and capacity improvements at the intersection of Plessis Road and Dugald Road are required. Plessis Road will be reconstructed between Pandora Avenue and Dugald Road. This section of Plessis Road is part of the City of Winnipeg Strategic Road Network as identified in the Winnipeg Transportation Master Plan and will be widened to four lanes.

Connections to the existing pedestrian and active transportation facilities on Pandora Avenue and Dugald Road will be provided on Plessis Road.

Provision of an underpass pumping facility is required.

Construction of the underpass will require the relocation of several utilities, including but not limited to water mains, sewers, fibre optic cables, gas mains, distribution poles, street lights and Manitoba Telecom Services plant.

Imperial Oil Limited and Shell Canada have pipelines and a valve station in the vicinity of the proposed underpass. The pipelines will need to be relocated or lowered.

A temporary rail detour will be required to direct traffic around the construction. Disruption to CN Rail operations during construction will be minimized.

PROJECT SCHEDULE

Professional Service Contracts pending and awarded as of the date of this report are as follows:

Bid Opportunity	Awarded To	Description	Award Date	Completion Date	Award Value
Direct Assign	AECOM Canada Ltd.	Preliminary Land Drainage Study	January 24, 2012	May 4, 2012	\$65,985.00
142-2012	AECOM Canada Ltd.	Professional Engineering Consulting Services	July 11, 2012	On-going	\$1,114,282.00 (Planning and Preliminary Design)
518-2012	MMM Group Limited	Third Party Contract Administration	November 15, 2012	On-going	\$469,307.00

RISKS AND RISK MITIGATION STRATEGIES

In accordance with Administrative Standard FM-004, the design consultant is responsible for developing a Risk Management Plan identifying risks and appropriate mitigation strategies as they relate to the successful completion of the project. The Risk Analysis and Evaluation Worksheet, which identifies the risks and their potential impacts, has been assembled; risk scores and mitigation strategies are being developed.

Risk impact ratings, risk likelihood ratings, risk scores and mitigation strategies will be developed in consultation with the City. Examples of risks identified include:

- Stakeholder management, including:
 - Agreements and cost sharing with CN Rail, Imperial Oil Limited, Shell Canada and other utilities
 - Timely design and plant relocation by CN Rail, Imperial Oil Limited, Shell Canada and other utilities
- Timely property acquisitions (expropriation and purchase)
- Aggressive schedule
- Public consultation

FINANCIAL ANALYSIS

Project Funding

The approved capital and projected budget surplus/deficit are as follows:

Year	Capital Program (in 000's)	Actual + Projected Cashflows	Cumulative Capital Budget Remaining
2012	\$77,000 ^{1,2,3}	\$ 957	\$76,043
2013		40,328	35,715
2014		35,715	NIL
Total	\$77,000	\$77,000	

- (1) Includes Building Canada Fund (Federal Government) funding of up to \$25,000,000
- (2) Includes Provincial Government funding of up to \$25,000,000
- (3) On November 16, 2011 Council adopted a first charge of \$2 million in 2011 or prior to the adoption of the 2012 Capital Budget to allow for timely award of a Consulting Engineering Assignment to undertake the Preliminary Design Study and to initiate property acquisitions

Financial Analysis

A summary of the budget to forecast comparison is contained in the Appendix.

FINANCIAL IMPACT

Financial Impact Statement Date: February 15, 2013

Project Name:

PLESSIS ROAD TWINNING AND GRADE SEPARATION AT
CN RAIL - FINANCIAL STATUS REPORT NO. 2 FOR THE
PERIOD ENDING DECEMBER 31, 2012

COMMENTS:

As this report is submitted for informational purposes only, there is no financial impact associated with this recommendation.

Original signed by D. Stewart, CA

D. Stewart, CA

Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with: N/A

SUBMITTED BY

Department: Public Works

Division: Engineering

Prepared by: B.S. Kibbins, P. Eng.

Processed by: K. Ross

Date: February 19, 2013

File No. 12-G-02

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Attachment: Appendix: Financial Analysis - Plessis Road Twinning and Grade Separation at CN Rail

APPENDIX
PLESSIS ROAD TWINNING AND GRADE SEPARATION AT CN RAIL
As of December 31, 2012

Project Component	Capital Budget			Capital Expenditures Forecast				Surplus (Deficit)	Variance Last Report	Change in Variance
	Original	Council Approved Change	Revised	Actual Costs			Total			
				To December 31, 2012	2013	2014	Forecast	From Revised Budget		
A Professional Services	\$10,000,000		\$10,000,000	\$547,724	\$4,602,276	\$3,600,000	\$8,750,000	\$1,250,000	\$0	\$1,250,000
B Construction Work	43,500,000		43,500,000		24,850,000	26,600,000	51,450,000	(7,950,000)	0	(7,950,000)
C Rail and Utility	15,000,000		15,000,000		7,700,000	3,850,000	11,550,000	3,450,000	0	3,450,000
D Property	5,000,000		5,000,000	758	2,384,242	265,000	2,650,000	2,350,000	0	2,350,000
E Overheads and Other	3,500,000		3,500,000	408,121	791,879	1,400,000	2,600,000	900,000	0	900,000
	\$77,000,000	\$0	\$77,000,000	\$956,603	\$40,328,397	\$35,715,000	\$77,000,000	\$0	\$0	\$0

Notes:

Project Planning and Preliminary Design is ongoing. The risk of exceeding the project budget due to the increased construction work forecast has been mitigated by identifying cost reduction opportunities in other project components.

1. Professional Services - anticipate lower consulting expenses
2. Construction Work - anticipate higher land drainage costs than originally estimated
3. Rail and Utility - anticipate less work related to utilities on Dugald Road
4. Property - anticipate less property acquisition on Dugald Road and the east side of Plessis between Pandora Avenue and Kernghan Avenue
5. Overheads and Other - anticipate lower miscellaneous and internal charges