

Minutes – Standing Policy Committee on Finance – June 19, 2014

REPORTS

Minute No. 83 Polo Park Infrastructure Improvements – St. Matthews Avenue, St. James Street, Ellice Avenue – Financial Status Report No. 3 for the period ending March 31, 2014

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and received the report as information.

Minutes – Standing Policy Committee on Finance – June 19, 2014

DECISION MAKING HISTORY:

Moved by Councillor Havixbeck,

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

Carried

David M. Sanders submitted a communication dated June 19, 2014, with respect to the Polo Park Infrastructure Improvements – St. Matthews Avenue, St. James Street, Ellice Avenue – Financial Status Report No. 3 for the period ending March 31, 2014

ADMINISTRATIVE REPORT

Title: POLO PARK INFRASTRUCTURE IMPROVEMENTS – ST. MATTHEWS AVENUE, ST. JAMES STREET, ELLICE AVENUE – FINANCIAL STATUS REPORT NO. 3 FOR THE PERIOD ENDING MARCH 31, 2014

Critical Path: STANDING POLICY COMMITTEE ON FINANCE

AUTHORIZATION

Author	Department Head	CFO	CAO
L. Deane, P. Eng.	B.W. Sacher, P.Eng.	M. Ruta	D. Joshi A/CAO

RECOMMENDATIONS

That the financial status of the Polo Park Infrastructure Improvements Project, as contained in this report, be received as information.

REASON FOR THE REPORT

Administrative Standard No. FM-004 requires quarterly reporting to the Standing Policy Committee on Finance.

IMPLICATIONS OF THE RECOMMENDATIONS

The project is on schedule, exceeding the current budget. A report requesting additional budget funded by current developer agreements will be submitted to council for approval, the project is anticipated to be completed on budget contingent to approval of the requested budget increase. Property negotiations are ongoing, Detailed Design has been completed and tender documents have been issued which should identify any budget or schedule issues.

HISTORY

On January 29, 2013, Council adopted the 2013 Capital Budget which included an amount of \$30,000,000.00 for the Polo Park Infrastructure Improvement Project.

On June 20, 2013 the Chief Financial Officer approved an award of contract to Morrison Hershfield Ltd. for Professional Consulting Services for the Project Planning and Preliminary Design for the Polo Park Infrastructure Improvements Project – St. Matthews Avenue, St. James Street and Ellice Avenue.

On October 18, 2013, the Director of Public Works approved an award of contract to Dillon Consulting Ltd. for Third Party Contract Administration Services for the Polo Park Infrastructure Improvements – St. Matthews Avenue, St. James Street, and Ellice Avenue.

On December 17, 2013 the 2014 Capital Budget was adopted and included an additional \$10,000,000 in provincial funding under the Manitoba Winnipeg Infrastructure Agreement (MWIA), as announced by the Province of Manitoba on June 12, 2013, to bring the total project funding to \$40,000,000.

On February 19, 2014 the Chief Financial Officer approved an award of contract to Morrison Hershfield Ltd. for professional fees for Detailed Design, Contract Administration and Post Construction for the Polo Park Infrastructure Improvements Project – St. Matthews Avenue, St. James Street and Ellice Avenue.

On February 26, 2014, Council approved the recommendation to initiate expropriation proceedings to acquire the land interests for the properties east of St. James Street, which are required for the Polo Park Infrastructure Improvements Project.

MAJOR CAPITAL PROJECT STEERING COMMITTEE

Administrative Standard FM-004 states that projects with capital cost exceeding \$10 million require formation of Major Capital Project Steering Committee. The Committee has been appointed with the following members:

Brad Sacher, Director, Public Works Department
Barry Thorgrimson, Director, Planning, Property and Development Department
Linda Burch, Director, Corporate Support Services
Jason Ruby, Manager of Capital Projects, Corporate Finance Department
Bonnie Konzelman, Project Manager, Public Works Department

PROJECT STATUS

Detailed Design is complete and a bid opportunity for construction 210-2014 has been advertised on the Materials Management website with a closing date of April 30, 2014.

Property negotiations are ongoing, and expropriation proceedings for properties east of St. James Street have been initiated in the event that property negotiations are unsuccessful. In addition, steps are being taken to obtain approval for expropriation for the properties west of St. James Street, which are required to complete the St. Matthews Avenue extension. Negotiations for acquisitions of properties required for the St. Matthews Avenue extension between St. James Street and Madison Street (890 St. James and 914 St. James) are ongoing. There is a risk that property acquisition estimates may increase or be delayed as a result of the negotiation process. This could require an increase in project budget, revision in scope, or delay in the construction of the St. Matthews Avenue extension between St. James Street and Route 90.

A public information session was held on November 27, 2013, with a second public information session scheduled for May 8, 2014.

DESCRIPTION OF THE PROJECT

Project parameters for the Polo Park Infrastructure Improvements within this project, include the extension of St. Matthews Avenue, from St. James Street to Madison Street, improvements to St. Matthews Avenue, between Empress Street and Route 90 - including related intersection improvements along St. Matthews Avenue, improvements to St. James Street between Maroons Road and Ellice Avenue, and improvements to St. James Street/Ellice Avenue intersection. A brief description of the work includes:

- New and existing pavement/sidewalk infrastructure improvements and related works;
- Additions and improvements to the existing land drainage system;
- Watermain renewals;
- Connections to existing and future active transportation corridors;
- Relocation and/or protection of several utilities, including but not limited to fibre optic cables, gas mains, distribution poles, street lights, MTS, Shaw Cable, and hydro plant;
- Coordination of related City of Winnipeg work with other City of Winnipeg departments (ie Water & Waste, Traffic Signals, etc.)

PROJECT SCHEDULE

The Detailed Design stage is complete and a bid opportunity for construction has been advertised on the Materials Management website with an expected closing date of April 30, 2014. Construction

commencement is scheduled for late May, 2014 and will continue through the 2014 and 2015 construction seasons.

Property negotiations are ongoing. Expropriation of Lands proceedings have been initiated for the properties required for the work on St. James Street between Maroons Road and Ellice Avenue and the work on St. Matthews Avenue between St. James Street and Empress Street. An Expropriation of Lands report has been prepared by Property Planning and Development for submission to the May 13, 2014 Standing Policy Committee on Property and Development and to the May 28, 2014 Council meeting. The report includes the properties required for the work on the St. Matthews extension west of St. James Street.

Professional Consultant Service Contracts that have been awarded as of the date of this report are as follows (RST extra as applicable):

		Description	Award Date	Completion Date	Award Value
RFP No. 236-2013	Morrison Hershfield Ltd.	Professional Consulting Services – Planning and Preliminary Design	June 20, 2013	On-Going	\$549,000.00
RFP No. 236-2013	Morrison Hershfield Ltd.	Professional Consulting Services – Detail Design & Contract Administration	February 19, 2014	On-Going	\$3,091,480.00
RFP No. 599-2013	Dillon Consulting Limited	Professional Consulting Services – Third Party Contract Administrator	October 18, 2013	On-Going	\$259,800.00

No major construction contracts have been awarded as of the date of this report.

Scope adjustments, as a result of additional funding adopted in the 2014 capital budget, as well as property acquisition complications has resulted in some work being scheduled for carryover to the 2015 construction season.

Construction is expected to commence in May of 2014 with substantial completion dates as follows:

- Fall 2014 - St. James Street between Maroons Road and St. Matthews Avenue, Ellice Avenue east and west of St. James Street, and St. Matthews Avenue east of St. James Street;
- Fall 2015 – St. James Street between St. Matthews Avenue and Ellice Avenue, St. Matthews Avenue extension between St. James Street & Route 90, and Ellice Avenue/St. James Street intersection.

RISKS AND RISK MITIGATION STRATEGIES

There is a risk that property acquisition estimates may increase or be delayed as a result of the negotiation process. This could require an increase in project budget, revision in scope, or delay in the construction of the St. Matthews Avenue extension between St. James Street and Route 90 or on St. James Street, north of St. Matthews Avenue.

Morrision Hershfield Ltd. has undertaken an updated traffic study and has provided a draft report with recommendations for alternate locations/details for traffic improvements to be completed, should the St. Matthews extension be delayed beyond 2015.

The Manitoba-Winnipeg Infrastructure Agreement was signed on January 14, 2014. Details of the funding related to this project are still being negotiated, therefore terms and conditions related to funding contribution calculations may limit the amount of Provincial funding available for the project as a result of amounts deemed to be ineligible (i.e. property acquisition) by the Province.

In accordance with Administrative Standard FM-004, the design consultant is responsible for developing a Risk Management Plan identifying the risks and appropriate mitigation strategies as they relate to the successful completion of the project. The design consultant has prepared a framework for the Risk Analysis and Evaluation in accordance with the Risk Management Process Tools developed by the City of Winnipeg Audit Department and the plan will be updated on an ongoing basis.

FINANCIAL ANALYSIS

Project Funding

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

Year	Capital Program	Actual & Projected Cash-flows	Cumulative Capital Budget Remaining
2013	\$30,000,000	\$434,759	\$29,565,241
2014	10,000,000*	\$34,734,441	\$4,830,800
2015		\$10,130,800	(\$5,300,000)**
Total	\$40,000,000*	\$45,300,000	

* Details of the capital funding arrangement between the City and Province are being negotiated for this project under the Manitoba-Winnipeg Infrastructure Agreement (MWIA) which was signed on January 14, 2014. Funding calculations under the new agreement may limit the amount of provincial funding available for the project due to potential maximum contribution limitations (i.e. 50/50 cost share) combined with ineligible project costs precluded from the calculations, such as property acquisition cost.

**Additional funding of \$5.3 million in Developer obligations included in the Developer Agreement AG514/2013 will be requested in a report to council to increase the project budget to fund the additional developer obligated costs included in this forecast.

FINANCIAL ANALYSIS

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

Financial Impact Statement Date:

May 15, 2014

Project Name:

POLO PARK INFRASTRUCTURE IMPROVEMENTS – ST.
MATTHEWS AVENUE, ST. JAMES STREET, ELLICE AVENUE -
FINANCIAL STATUS REPORT NO. 3 FOR THE PERIOD ENDING
March 31, 2014

COMMENTS:

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

Details of the capital funding arrangement between the City and Province are being negotiated for this project under the Manitoba-Winnipeg Infrastructure Agreement (MWIA) which was signed on January 14, 2014. Funding calculations under the new agreement may limit the amount of provincial funding available for the project due to potential maximum contribution limitations (i.e. 50/50 cost share) combined with ineligible project costs precluded from the calculations, such as property acquisition cost.

Appendix A of this report indicates that the current forecasted expenditures on this project will exceed the capital budget by \$5.3 million. These \$5.3 million of costs are for the developer obligations of St. Matthews Avenue extension between Empress and Century, St. James Street pavement improvements, traffic signal costs and utility costs outlined in Developer Agreement AG514/2013. These costs are included in the current forecast for this project due to the developer and the city's desire to synergize these improvements by having the city construct all of the works and by having the developer pay its share of the cost to the city. The \$5.3 million of developer funding will be included in a report to Council requesting an increase to the current Polo Park Infrastructure Improvements project budget.

"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 Department

Division: Engineering

Prepared by: B. Konzelman

Processed by: J. Curti

Date: May 16, 2014

File No. 13-B-02

File Name: L:\Admin\Reports 2014\Konzelman\April\Fin Status #3 Polo Park Infrastructure Imprv-Apr23-2014.doc

Attachment: Appendix A - Polo Park Infrastructure Improvement Project

APPENDIX A
POLO PARK INFRASTRUCTURE IMPROVEMENTS PROJECT
As of March 31, 2014

Project Component	Capital Budget			Capital Expenditures Forecast				Surplus (Deficit)	Variance Last Report	Change in Variance
	Original	Council Approved Change	Revised	Actual Costs		Total		From Revised Budget		
				To Mar 31, 2014	Remainder of 2014	2015	Forecast			
A Professional Services	\$1,900,000	\$2,600,000	\$4,500,000	\$567,307	\$3,432,693	\$500,000	\$4,500,000	\$0	\$0	\$0
B Construction Work	9,800,000	5,200,000	15,000,000		9,900,000	7,550,000	17,450,000	(2,450,000)	0	(2,450,000)
C Utilities & Other	4,200,000	1,850,000	6,050,000	27,875	5,022,125	1,000,000	6,050,000	0	0	\$0
D Property	11,000,000		11,000,000	22,109	13,827,891		13,850,000	(2,850,000)	0	(2,850,000)
E Overheads	1,300,000	350,000	1,650,000	12,833	1,056,367	580,800	1,650,000	0	0	\$0
F Contingency	1,800,000		1,800,000		1,300,000	500,000	1,800,000	0	0	\$0
Total**	\$30,000,000	\$10,000,000	\$40,000,000	\$630,124	\$34,539,076	\$10,130,800	\$45,300,000	(\$5,300,000)	\$0	(\$5,300,000)

** Note: An additional \$1 million in Developer funding is available to offset related construction costs included in this expenditure forecast, contingent to approval by Standing Policy Committee on Property Planning and Development for amended Developer Agreement AG514/2013, which if approved will be included in a report to council to increase the project budget.

** Note: \$4.3 million in Developer funding is available under Developer Agreement AG514/2013 in the Property Planning and Development Future Services Account to offset expenses related to the St. Matthew's extension and new traffic signals costs, which will be included in a report to council to increase the project budget.