

Minutes – Standing Policy Committee on Finance – September 11, 2014

REPORTS

Minute No. 123 Polo Park Infrastructure Improvements – St. Matthews Avenue, St. James Street, Ellice Avenue – Financial Status Report No. 4 for the Period Ending June 30, 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 – September 11, 2014

DECISION MAKING HISTORY:

Moved by Councillor Havixbeck,

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

Carried

David Sanders submitted a communication with respect to the matter.

ADMINISTRATIVE REPORT

Title: POLO PARK INFRASTRUCTURE IMPROVEMENTS – ST. MATTHEWS AVENUE, ST. JAMES STREET, ELLICE AVENUE – FINANCIAL STATUS REPORT NO. 4 FOR THE PERIOD ENDING JUNE 30, 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 CFO	M. Jack 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 is completed. Utility relocations are ongoing. Construction contracts have been awarded and construction started the week of May 26, 2014 and is currently ongoing.

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.

On May 20, 2014, Standing Policy Committee on Infrastructure Renewal and Public Works approved the award of contract for construction for Part 1 Work to Borland Construction Inc., in the amount of \$11,622,965.50.

On May 27, 2014, Council approved the recommendation to initiate expropriation proceedings to acquire properties west of St. James Street.

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.

Bid Opportunity 210-2014 was advertised on the Materials Management website with a closing date of April 30, 2014. Borland Construction Inc. was the successful contractor and construction was started the week of May 26, 2014 for Part 1 Work. Construction is to be carried out over the 2014 and 2015 construction seasons.

Property negotiations are ongoing, and expropriation proceedings for required properties east and west of St. James Street have been initiated in the event that property negotiations are unsuccessful. There is a risk that property acquisition estimates may increase or be delayed as a result of the expropriation and 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.

Construction costs and property acquisition costs are expected to exceed the current budget by \$3.55 million and \$1.75 million respectively, due to developer obligations included in the budget forecast. A report requesting additional budget funded by 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.

Two Public information Sessions were held, one on November 27, 2013, and the other on 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. The contract for construction for Part 1 Work has been awarded to Borland Construction Inc. with the award of contract for Part 2 Work pending approval of Council. Construction commenced the week of May 26, 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 and for the work on the St. Matthews extension west of St. James Street.

Professional Consultant Service Contracts pending and awarded as of the date of this report are as follows (RST extra as applicable):

Bid Opportunity	Awarded To	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 29, 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

Major construction contracts awarded as of the date of this report are as follows:

Bid Opportunity	Awarded To	Description	Award Date	Completion Date	Award Value
Bid Opportunity 210-2014	Borland Construction Inc.	Part 1 Work – 2014 Construction Season	May 20, 2014	On-Going	\$11,622,965.50
		Part 2 Work – 2015 Construction Season	Pending		\$7,877,705.00

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 commenced the week of May 26, 2014 with critical stages and completion dates as follows:

- November 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;
- October 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.

The Manitoba-Winnipeg Infrastructure Agreement (MWIA) was signed on January 14, 2014. Provincial funding available for the project is equal to 50% of project costs up to the maximum \$20 million Provincial contribution (assumes eligible costs are at least 50% of the total project costs) based on claims from the City of Winnipeg for eligible costs. The City's share covers the remaining project costs, including all property acquisition costs and others deemed ineligible by the Province.

Morrison 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.

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	

* An additional \$5,300,000 may be added to the project budget to include funding for developer obligations to be completed within the project construction works, pending Council approval.

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

FINANCIAL IMPACT

Financial Impact Statement**Date:** August 25, 2014

Project Name:**POLO PARK INFRASTRUCTURE IMPROVEMENTS - ST. MATTHEWS AVENUE,
ST. JAMES STREET, ELLICE AVENUE - FINANCIAL STATUS REPORT NO. 4
FOR THE PERIOD ENDING JUNE 30, 2014****COMMENTS:**

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

Appendix A of this report indicates that the current forecasted expenditures on this project will exceed the capital budget by \$5.3 million. These 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. \$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 H. Schoenfeld, CA)

H. Schoenfeld CA

Acting 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: August 1, 2014

File No. 13-B-02

Attachment: Appendix A - Polo Park Infrastructure Improvement Project

APPENDIX A

POLO PARK INFRASTRUCTURE IMPROVEMENTS PROJECT

As of June 30, 2014

Project Component	Capital Budget			Capital Expenditures Forecast				Surplus (Deficit)	Variance Last Report	Change in Variance	
	Original	Council Approved Change	Revised	Actual Costs		2015	Total Forecast	From Revised Budget			
				To June 30, 2014	Remainder of 2014						
A	Professional Services	\$1,900,000	\$2,600,000	\$4,500,000	\$1,282,560	\$2,717,440	\$500,000	\$4,500,000	\$0	\$0	\$0
B	Construction Work	9,800,000	5,200,000	15,000,000		11,000,000	7,550,000	18,550,000	(3,550,000)	0	3,550,000
C	Utilities & Other	4,200,000	1,850,000	6,050,000	85,287	4,964,713	1,000,000	6,050,000	0	0	0
D	Property	11,000,000		11,000,000	24,060	12,725,940		12,750,000	(1,750,000)	0	1,750,000
E	Overheads	1,300,000	350,000	1,650,000	28,800	1,040,400	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	\$1,420,707	\$33,748,493	\$10,130,800	\$45,300,000	(\$5,300,000)	\$0	\$5,300,000

** Note: Additional \$5,300,000 in developer funded obligations is available to offset related construction costs included in expenditure forecast

Additional \$1,100,000 Water & Waste Watermain Renewal funding is available to offset watermain renewal costs included in expenditure forecast