

Minutes – Standing Policy Committee on Finance – April 7, 2016

REPORTS

Item No. 5 Polo Park Infrastructure Improvements – St. Matthews Avenue, St. James Street, Ellice Avenue – Project No. 1803000213 – Financial Status Report No. 10 for the Period ending December 31, 2015

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 of the Polo Park Infrastructure Improvements Project, as contained in the report.

Minutes – Standing Policy Committee on Finance – April 7, 2016

DECISION MAKING HISTORY:

Moved by Councillor Gillingham,

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

Carried

ADMINISTRATIVE REPORT

Title: Polo Park Infrastructure Improvements – St. Matthews Avenue, St. James Street, Ellice Avenue – Project # 1803000213 – Financial Status Report No. 10 For The Period Ending December 31, 2015

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Neirinck, P. Eng.	L.P. Deane, P.Eng.	M. Ruta	D. McNeil 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.

EXECUTIVE SUMMARY

The overall project is currently within the revised adopted budget and on schedule. Substantial completion was achieved on November 23, 2015. Delay in access to some properties has resulted in some work being carried into the 2016 construction season, such as sidewalk and median work on the St. Matthews extension, west of St. James. Construction and property acquisitions/settlements are ongoing.

IMPLICATIONS OF THE RECOMMENDATIONS

None

HISTORY / DISCUSSION

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.

On July 16, 2014, Council approved an increase in the capital budget in the amount of \$4,300,000.00 plus an additional \$1,000,000.00, to include Developer funded obligations, to bring the total project funding to \$45,300,000.

On July 16, 2014, Council approved the award of contract for construction for Part 2 Work to Borland Construction Inc., in the amount of \$7,877,705.00.

On September 24, 2014, Council confirmed the expropriation of lands required for the Project, east of St. James Street.

On March 25, 2015, Council confirmed the expropriation of lands required for the Project, west of St. James Street.

MAJOR CAPITAL PROJECT STEERING COMMITTEE

Administrative Standard FM-004 states that the projects with capital cost exceeding \$20 million require the formation of a Major Capital Project Steering Committee. This threshold was approved by Council on October 28, 2015. Any project reporting to SPC Finance under the previous \$10 million threshold will continue to report. The Committee has been appointed with the following members:

Lester Deane, Director, Public Works Department
John Kiernan, 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

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. Substantial Completion of Construction work was achieved on November 23, 2015. Delay in access to some properties has resulted in some work being carried into the 2016 construction season, such as sidewalk and median work on the St. Matthews extension, west of St. James.

Expropriation proceedings for required properties have been completed and property settlement negotiations are ongoing, with settlements reached on three of fourteen properties. Three properties, under the ownership of Manitoba Hydro, cannot be expropriated. Title has transferred to the City for two of the three Hydro properties. Negotiations are proceeding for acquisition and settlement for the third Hydro property.

Construction costs and property acquisition costs are expected to be within the adopted capital budget for the project. Although property acquisition costs are expected to be within budget, there is a risk that these costs may increase as a result of the expropriation and negotiation process.

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 (i.e. Water & Waste, Traffic Signals, etc.).

PROJECT SCHEDULE

Construction commenced the week of May 26, 2014, and continued through the 2014 and 2015 construction seasons with Borland Construction Inc., as the general contractor. The St. Matthews Avenue extension was open to vehicular traffic in November 2015. Some sidewalk, median and landscape work will be completed early in the 2016 construction season, mainly on the St. Matthews Avenue extension, as well as any outstanding landscape and paving stone deficiencies on St. James Street and Ellice Avenue. Utility relocation completion work is ongoing, with the majority of the works completed. Final utility construction works are expected to be completed early in the 2016 construction season.

Property settlement negotiations are ongoing. Expropriation of Lands proceedings have been completed for the properties required for the work and the City has possession of all expropriated lands, except for Hydro properties (which cannot be expropriated). Agreements have been executed with Manitoba Hydro for construction on those lands and negotiations for the settlement of the last Hydro property are still in progress.

Major 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 21, 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 21, 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	Revised Contract
Bid Opportunity 210-2014	Borland Construction Inc.	Part 1 Work – 2014 Construction Season	May 20, 2014	On-Going	\$11,622,965.50	\$12,148,238.41
		Part 2 Work – 2015 Construction Season	July 22, 2014	On-Going	\$7,877,705.00	\$8,009,648.38

Major utility contracts pending and authorized as of the date of this report are as follows (taxes extra as applicable):

Shaw Communications – 2014 Works	\$ 663,664.00
Manitoba Hydro – 2014/2015 Works	\$3,500,000.00
MTS Inc. – 2014 Works	\$ 166,285.00
Shaw Communications – 2015 Works	\$ 209,215.92
MTS Inc. – 2015 Works	\$ 265,158.85

RISKS AND RISK MITIGATION STRATEGIES

The majority of risks, which are associated with property acquisition, have been minimized with the procurement of all properties required. Three major properties required for the St. Matthews extension have reached a settlement, and settlement details of other expropriated properties are still outstanding.

There is a low risk that property acquisition costs may increase as a result of the expropriation and settlement negotiation process. This could require an increase in project budget, should settlements exceed expected amounts.

The 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. It is anticipated that the total \$20 million Provincial contribution will be recovered for the eligible costs, based on total projected expenditures of \$40 million (not including developer funded obligations of \$5.3 million), and was submitted, as claimed, on December 31, 2015 to the Province of Manitoba.

In accordance with Administrative Standard FM-004, the design consultant was 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 City's Risk Management Process Tools and the major identified risks relate to property acquisition timing and uncertainty of their costs. With the majority of construction substantially completed, the risk associated with construction cost uncertainties has been eliminated.

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	15,300,000	\$14,388,548	\$30,476,693
2015		\$18,421,904	\$12,054,789
2016		\$12,054,789	\$0
Total	\$45,300,000	\$45,300,000	

The 2014 Capital Program shows a total of \$10,000,000. In addition, \$5,300,000 has been approved by Council as a capital budget increase of funding of developer obligations to be completed within the project construction works. Of the capital budget increase, \$1,000,000.00 was associated with Developer obligations specific to 1465 Maroons Road Servicing Agreement AG514/2013. These works were completed within the project construction works and were funded by the City under existing construction and consulting contracts.

The Developer obligations, as required by the service agreement AG514/2013 include all costs associated with specific works on St. James St and St. Matthews Av adjacent to 1465 Maroons Rd, new traffic signals, and 23.86% of all costs associated with the extension of St. Matthews Av from Empress St to Century St. Initial cost projections are indicating that there may be a reduction in the required contribution from the Developer. Since all costs have not been finalized (i.e. utilities and outstanding work on the St. Matthews extension), the final amount for developer-required funding has not been completed. As these funds are identified in the budget as a funding source, unexpended funds would be unavailable for reallocation.

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

FINANCIAL IMPACT

Financial Impact Statement

Date: **March 16, 2016**

Project Name:

POLO PARK INFRASTRUCTURE IMPROVEMENTS - ST. MATTHEWS AVENUE,
ST. JAMES STREET, ELLICE AVENUE - PROJECT#1803000213 - FINANCIAL
STATUS REPORT NO.10 FOR THE PERIOD ENDING DECEMBER 31, 2015

COMMENTS:

There is no financial impact associated with the recommendation of this report.

"Original signed by D. Stewart, CA"
Darcy Stewart, CA
Manager of Finance and Administration

CONSULTATION

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

OURWINNIPEG POLICY ALIGNMENT

N/A

SUBMITTED BY

Department: Public Works
Division: Engineering
Prepared by: M. Stainton, P. Eng., Streets Project Engineer
Date: March 17, 2016

ATTACHMENTS:

Appendix A: Polo Park Infrastructure Improvements Project as at December 31, 2015

APPENDIX A

POLO PARK INFRASTRUCTURE IMPROVEMENTS PROJECT

Peoplesoft Project ID 1803000213

As of December 31, 2015

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 December 31, 2015	2016	Forecast				
A	Professional Services	\$1,900,000	\$2,600,000	\$4,500,000	\$3,087,742	\$1,412,258	\$4,500,000	\$0	\$0	\$0
B	Construction Work	9,800,000	8,750,000	18,550,000	18,681,762	\$618,238	\$19,300,000	(\$750,000)	(\$750,000)	\$0
C	Utilities & Other	4,200,000	1,850,000	6,050,000	4,940,768	\$1,109,232	\$6,050,000	\$0	\$0	\$0
D	Property	11,000,000	1,750,000	12,750,000	5,680,638	\$7,069,362	\$12,750,000	\$0	\$0	\$0
E	Overheads	1,300,000	350,000	1,650,000	854,301	\$795,699	\$1,650,000	\$0	\$0	\$0
F	Contingency	1,800,000		1,800,000		\$1,050,000	\$1,050,000	\$750,000	\$750,000	\$0
	Total**	\$30,000,000	\$15,300,000	\$45,300,000	\$33,245,211	\$12,054,789	\$45,300,000	\$0	\$0	\$0
** Note: Includes \$5,300,000 in developer funded obligations										
* Additional \$1,100,000 Water & Waste Watermain Renewal funding is available to offset watermain renewal costs not included in expenditure forecast										
* Construction Work Variance is a result of additional pavement reconstruction, underground works, and other incidental scope changes.										