

**Minutes – Standing Policy Committee on Finance – June 24, 2016**

**REPORTS**

**Item No. 8                    Waverley Street at CN Mainline (Rivers) Grade Separation – Project  
# 1805001413 - Financial Status Report No. 1 for the Period Ending  
March 31 2016**

**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 Waverley Street at CN Mainline (Rivers) Grade Separation, as contained in the report.

**Minutes – Standing Policy Committee on Finance – June 24, 2016**

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

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

Carried

## ADMINISTRATIVE REPORT

**Title:** Waverley Street at CN Mainline (Rivers) Grade Separation – Project # 1805001413 - Financial Status Report No. 01 for the Period Ending March 31 2016

**Critical Path:** Standing Policy Committee on Finance

### AUTHORIZATION

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

### RECOMMENDATIONS

That the financial status of the Waverley Street at CN Mainline (Rivers) Grade Separation 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.

### EXECUTIVE SUMMARY

The project is forecast to be on time and on budget.

This is the first quarterly report to SPC on Finance on this project. Council approved this project on February 24, 2016. This report has been submitted within 180 days of approval, as required by Administrative Standard FM-004.

The project is currently at a Class 3 Estimate with an expected level of precision of -20% to + 30%. Expenditures to date total \$1,059,723.27. Dillon Consulting Limited has been engaged for design and contract administration and is continuing work on the design. Construction is anticipated to begin in January 2017.

Funding has been announced and commitment letters have been received from Infrastructure Canada and the Province of Manitoba. The Public Service is working with the other levels of government to finalize the funding agreements.

The main risks to the project at this time relate to schedule. Land related to the road and rail detour must be acquired by May 2017 to avoid a project delay.

In order to maintain traffic flow during the project, the City will construct a temporary roadway to the west of the current roadway. An adjacent property owner has advised that they are contemplating a construction project on their property at the same time as the Waverley Underpass Construction. Discussions with the land owner are on-going.

The draft Federal Funding Agreement has stipulated that the City must have a crossing agreement in place with CN prior to any Federal monies flowing to the project. The City is currently negotiating a crossing agreement and associated cost apportionment settlement with CN. A timely settlement with CN is critical in order to maintain the project schedule.

## **IMPLICATIONS OF THE RECOMMENDATIONS**

No implications to receiving this report as information.

## **HISTORY / DISCUSSION**

Project updates are detailed in the following sections below.

### **Key Project Events**

Key project events that have occurred are as follows:

- On January 29, 2013 Council approved the 2013 Capital Budget that included an amount of \$1.2 million to undertake the preliminary engineering study for the Project.
- On April 20, 2014 Dillon Consulting Limited was awarded the consulting services for a preliminary engineering study under RFP 66-2014.
- On June 25, 2014 Council concurred with the Executive Policy Committee (EPC) that Waverley Underpass be identified as one of the City's top six highest priority major capital projects.
- On December 9, 2014 a public open house was held as part of the ongoing public engagement during the preliminary engineering study phase of the project.
- On March 24, 2015 EPC established Waverley Underpass as the City's highest ranking project of four significant capital projects.
- On March 25, 2015 Council approved the prioritization established by EPC.
- On May 19, 2015 the Administration submitted an application for infrastructure funding to the New Building Canada Fund.
- On January 15, 2016 the Province of Manitoba provided approval-in-principle for their portion of funding to a maximum amount of \$45.9 million under the New Building Canada Fund.
- On January 20, 2016 the Federal Government provided approval-in-principle for their portion of the funding to a maximum amount of \$45.882 million under the New Building Canada Fund.
- On February 24, 2016 Council approved the addition of the Waverley Underpass project in the 2016 Capital Budget in the amount of \$155.082 million including the Provincial and Federal funding.
- On February 29, 2016 Dillon Consulting Limited was awarded consulting services for detailed design, contract administration, and post-construction services for the Project.
- On March 22, 2016 Council approves the 2016 Capital Budget which includes the Waverley Street at CN Mainline (Rivers) Grade Separation project as noted above.

## **Major Capital Project Steering Committee**

The Administrative Standard for projects with a capital cost exceeding \$20 million requires the formation of a Major Capital Project Steering Committee. The Committee members include:

Lester Deane, Director of Public Works  
Jason Ruby, Manager of Capital Projects  
John Zabudney, Manager of Real Estate Division  
Tim Shanks, Manager of Water Services  
Darcy Stewart, Manager of Finance & Administration  
Brad Neirinck, Manager of Engineering

## **Construction**

The project is being delivered using the Design, Bid, Build (DBB) approach, which is the normal project delivery method for the City. The project is currently in the design phase of the project. Dillon Consulting has been engaged as the City's Professional Consulting Service Provider and will be designing the facility as well as acting as the City's Contract Administrator during the project.

Project Scope includes the following:

- Underpass bridge structure, land drainage including pump station, roadways, active transportation pathways, and landscaping;
- Temporary roadway and railway detours to facilitate underpass construction;
- Twinning of Taylor Avenue from Waverley Street to Lindsay Street, and twinning of Hurst Way from Waverley Street to approximately 45 Hurst Way;
- Improvements to Waverley Street from Wilkes Avenue to Grant Avenue, including intersection improvements;
- Professional services for detailed design, contract administration, and post-construction services;
- Land acquisition; and
- Utility relocations.

It is currently envisioned that the project will be divided into two construction contracts with construction scheduled to begin in January 2017.

## **Risk**

A Class 3 Estimate was in place when Council approved the project on February 24, 2016. The Class 3 Estimate has an expected level of accuracy of -20% to +30. To mitigate the financial risk of the project, the project is carrying risk-specific contingencies which total approximately 38% of total project costs.

The primary risks to the project at this time relate to schedule. Land related to the road and rail detour must be acquired by May 2017 to avoid a project delay. To mitigate this risk, expropriation by-laws are being prepared for Council approval and are expected to go before Council in June 2016. It is the City's preference to come to a negotiated settlement with impacted property owners, and the Expropriation By-law is used as a "fall back" to ensure

schedule is not adversely impacted should the City and land owner not come to a negotiated settlement on a timely basis. The City has also requested that the Province under the Expropriation Act waive the requirement for a public inquiry. The justification for this request is the significant property owner consultation that has taken place.

In order to maintain traffic flow during the project, the City will construct a temporary roadway to the west of the current roadway. An adjacent property owner has advised that they are contemplating a construction project on their property at the same time as the Waverley Underpass Construction. Discussions with the land owner are on-going.

The draft Federal Funding Agreement has stipulated that the City must have a crossing agreement in place with CN prior to any Federal monies flowing to the project. The City is currently negotiating a crossing agreement and associated cost apportionment settlement with CN. A timely settlement with CN is critical in order to maintain the project schedule.

The major project risks are identified in Table 1 below.

**Table 1 - Project Risks and Mitigation Strategies**

<b>Risks</b>	
<b>Risk Statement and Explanation</b>	<b>Mitigation Strategy</b>
Failure to assemble the required property may delay the project.	Prioritize land acquisition processes.
Failure to reach crossing agreement and settlement with CN could delay the project.	Prioritize negotiations with CN. Submit to Canadian Transportation Agency by end of May 2016 if agreement cannot be reached.
Failure to relocate critical utilities may delay the project.	Early engagement with third party utilities to coordinate relocation work.
Proposed development at the current site of the Reh-Fit Centre may affect the project.	Early engagement with this stakeholder to determine project impacts.
Maintaining the project schedule.	Develop a schedule to include contingency, regular review of project schedule by the project management team.
Change in project scope increases costs and/or delays the project.	Regular monitoring and verification of the scope by the project management team.

\*Risks are arranged vertically from higher to lower assessed risk

## **Financial**

The project is currently being forecast to be within budget. The financial forecast is disclosed in Appendix A. Expenditures to date total \$1,059,723.27 and primarily relate to costs incurred for the preliminary engineering study.

The total project budget of \$156.282 million includes \$1.2 million for the preliminary engineering study approved by Council as a first charge on the 2013 Capital Budget on December 12, 2012, as well as \$155.082 million for detailed design and construction, approved by Council on March 22, 2016.

During the reporting period, a contract for consulting services for detailed design, contract administration, and post construction services was awarded to Dillon Consulting Limited in the amount of \$11.4 million.

Major contract awarded to date are identified in Table 2 below.

**Table 2 - Major Contracts Table**

<b>Request for Proposal or Bid Opportunity</b>	<b>Description</b>	<b>Current Status</b>	<b>Original Contract Award Value (GST &amp; MRST extra as applicable)</b>	<b>Total Approved Over-Expenditures (Over-Expenditure amount only)</b>
RFP 66-2014	Consulting Services for Preliminary Engineering Study	Awarded to Dillon Consulting Limited	\$ 1,011,904	\$ 50,000.00
RFP 150-2016 *	Consulting Services for Detailed Design, Contract Administration, and Post-Construction Services	Awarded to Dillon Consulting Limited	\$ 11,368,000	\$ -
		<b>Total</b>	\$ 12,379,904	\$ 50,000

\*Authority delegated to the CAO to award Single Source Consulting Engineering Services approved by Council, February 24, 2016, Recommendation #7

### **Funding**

The project is being funded by the three levels of government with the City's share being budgeted at 41% of total project costs factoring in ineligible cost not covered by the other levels of Government. It should be noted that funding for the project has been budgeted without reliance on contributions from the railway. Contributions from the railway are to be negotiated with CN and will be reflected in the funding forecasts when determined at a later date.

The majority of the City's share of project cost is to be funded by debt. No debt has been issued to date on the project. Contribution agreements are currently under negotiation with Infrastructure Canada and the Province of Manitoba. Cost apportionment discussions have been initiated with CN and are currently underway.

In the event that the City and CN are unable to come to a mutually agreed upon cost apportionment, the amount would be decided by the Canadian Transportation Agency who has jurisdiction over these matters. However, going this route is a lengthy time-consuming process and may require extension of the project schedule.

## **Property**

Approximately 22 properties will be impacted by the project. The impacts include partial takings, temporary easements, and permanent easements. Meetings were held with individual property owners during the preliminary engineering study, and ongoing meetings are occurring as the land acquisition process progresses.

## **Schedule**

The project is currently forecast to be on schedule. Construction is anticipated to start in January of 2017. Risks relating to schedule have been previously discussed in the Risks section of this report.

Council approval of expropriations in June of 2016 is critical to ensuring that there are no project delays due to land acquisitions. Further, finalizing the crossing agreement and associated project funding with CN have the potential to delay the project up to 12 months.

## **Communications**

A project website ([www.winnipeg.ca/WaverleyUnderpass](http://www.winnipeg.ca/WaverleyUnderpass)) was released on April 21, 2016. An Open House is planned for the Fall of 2016.

<b>FINANCIAL IMPACT</b>
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**Financial Impact Statement**

**Date:** June 7, 2016

## **Project Name:**

**WAVERLEY STREET AT CN MAINLINE (RIVERS) GRADE SEPARATION – PROJECT # 1805001413 - FINANCIAL STATUS REPORT NO. 01 FOR THE PERIOD ENDING MARCH 31 2016**

## **COMMENTS:**

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

"Original signed by D. Stewart, CA"

D. Stewart, CA

Manager of Finance & Administration



## **CONSULTATION**

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

## **OUR WINNIPEG POLICY ALIGNMENT**

01-3 Prosperity Direction 1: Provide efficient and focused civic administration and governance.

This report supports demonstration of accountability through service performance measurement and reporting.

## **SUBMITTED BY**

Department: Public Works

Division: Engineering

Prepared by: C.D. Ward, P. Eng., Bridge Projects Engineer

Date: June 15, 2016

## **Appendices**

Appendix A – Financial Forecast

**Appendix A – Financial Forecast (in thousands)**

**Waverley Street at CN Mainline (Rivers) Grade Separation Financial Forecast  
Peoplesoft Project ID 1805001413  
As at March 31, 2016**

Project Component	Budget (in thousands)			Expenditure Forecast (in thousands)							Surplus (Deficit) From Revised Budget	Variance Last Report	Change in Variance
	Original	Adjustment	Revised	Actual Costs To March 31, 2016	2016	2017	2018	2019	2020	Total Forecast			
Professional Services	13,389	\$ -	\$ 13,389	\$ 1,051	\$ 4,411	\$ 2,126	\$ 3,988	\$ 1,675	\$ 138	\$ 13,389	\$ -	\$ -	\$ -
Construction	\$ 108,304	\$ -	\$ 108,304	\$ -	\$ 4,753	\$ 18,605	\$ 58,950	\$ 24,807	\$ 1,189	\$ 108,304	\$ -	\$ -	\$ -
External Utilities	\$ 17,063	\$ -	\$ 17,063	\$ 8	\$ 1,525	\$ 14,011	\$ 70	\$ 1,449	\$ -	\$ 17,063	\$ -	\$ -	\$ -
Subtotal	\$ 125,367	\$ -	\$ 125,367	\$ 8	\$ 6,278	\$ 32,616	\$ 59,020	\$ 26,256	\$ 1,189	\$ 125,367	\$ -	\$ -	\$ -
Land Acquisition	\$ 7,344	\$ -	\$ 7,344	\$ -	\$ 7,344	\$ -	\$ -	\$ -	\$ -	\$ 7,344	\$ -	\$ -	\$ -
Overheads and Financing	\$ 10,182	\$ -	\$ 10,182	\$ 1	\$ 1,050	\$ 1,600	\$ 2,840	\$ 3,780	\$ 911	\$ 10,182	\$ -	\$ -	\$ -
	\$ 156,282	\$ -	\$ 156,282	\$ 1,060	\$ 19,083	\$ 36,342	\$ 65,848	\$ 31,711	\$ 2,238	\$ 156,282	\$ -	\$ -	\$ -