Agenda - Executive Policy Committee - April 19, 2006

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - April 11, 2006

Item No. 7 Award of Contract - Kenaston Underpass Project - Kenaston Boulevard Reconstruction
File SC-4

STANDING COMMITTEE RECOMMENDATION:

On April 11, 2006, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the administrative recommendation and submits the following to Council:

1. That a Contract be awarded to Nelson River Construction Inc. which firm submitted the lowest evaluated responsive bid meeting all requirements of the published Bid Opportunity, in the estimated amount of $7,406,650.00, plus G.S.T., based on the Unit Prices identified in the low bidder's bid submission for Kenaston Underpass Project - Kenaston Boulevard Reconstruction, Bid Opportunity No. 23-2006.

2. That the authorized budget for the Kenaston Underpass project be revised to reflect future alternative sources of funding and the Public Works Department be authorized to expend funds of $4,000,000.00 in excess of the currently approved project budget.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee - April 19, 2006

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - April 11, 2006

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 11, 2006, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the administrative recommendations and submitted the matter to the Executive Policy Committee and Council.

COUNCIL DECISION:

On November 24, 2004, Council concurred in the recommendation of the Standing Policy Committee on Public Works and adopted the following:

1. That the $5 million adopted in the 2004 Capital Budget for "New Strategic Transportation Initiatives" identified on page 3-100 be allocated to the "Kenaston Underpass Project".

2. That the preliminary design identified in the document "Kenaston Underpass Project - Preliminary Design including Public Communication Summary Report" be approved for implementation including the following:

    A. Sterling Lyon Parkway component:
    The construction of Sterling Lyon Parkway from the intersection of Victor Lewis Drive and Wilkes Avenue to the intersection of McCreary Road/Shaftesbury Boulevard and Wilkes Avenue as the major East-West arterial roadway in the area.

    B. Utility Relocation and Detour component:
    The relocation of existing utilities and services and the construction of a two track railway detour and a four lane roadway detour of Kenaston Boulevard around the underpass site to permit construction of the Kenaston Underpass.

    C. Underpass component:
    The construction of a two-track railway structure which Kenaston Boulevard will underpass.

    D. Kenaston Boulevard component:
    The reconstruction of Kenaston Boulevard in the underpass area and improvements to the intersections at Taylor Avenue and at Sterling Lyon Parkway.

DECISION MAKING HISTORY:

COUNCIL DECISION: (continued)

3. That the Planning, Property and Development Department be authorized to do all things necessary to acquire the lands required for the Kenaston Underpass Project.

4. That the Proper Officers of the City be authorized:

   A. To commence detailed Engineering design in respect to the approved Preliminary Design.

   B. To complete any necessary work resulting from the review of the federal Environmental Screening which has been submitted.

   C. To obtain all other Agency approvals, and do all things necessary for the successful tendering of the Detailed Design.

   D. To report as required to obtain authorization for construction following the receipt of bids expected to commence in March 2005.

RE: AWARD OF CONTRACT FOR KENASTON UNDERPASS PROJECT - KENASTON BOULEVARD RECONSTRUCTION, BID OPPORTUNITY NO. 23-2006.

FOR SUBMISSION TO: **STANDING COMMITTEE ON INFRASTRUCTURE RENEWAL AND PUBLIC WORKS**

ORIGINAL REPORT SIGNED BY: **L.S.W. Larkin, P. Eng., Director of Public Works**

REPORT DATE: **April 10, 2006**

RECOMMENDATION:

1. That a Contract be awarded to Nelson River Construction Inc. which firm submitted the lowest evaluated responsive bid meeting all requirements of the published Bid Opportunity, in the estimated amount of $7,406,650.00, plus G.S.T., based on the Unit Prices identified in the low bidder's bid submission for Kenaston Underpass Project – Kenaston Boulevard Reconstruction, Bid Opportunity No. 23-2006.
2. That the authorized budget for the Kenaston Underpass project be revised to reflect future alternative sources of funding and the Public Works Department be authorized to expend funds of $4,000,000.00 in excess of the currently approved project budget.

Report Summary

Key Issues:

- Construction on the Kenaston Underpass Project is well underway for opening in the fall of 2006. Award of this contract is required before May 2006 in order to maintain the desired project schedule.
- Overall project funding for this project anticipated a financial contribution from CN in accordance with the Canada Transportation Act. Negotiations are ongoing; however, until this agreement is in place the project does not have sufficient authorized budget to award this final contract.

Implications of the Recommendation(s):

General Implications

(x) None

() For the organization overall and/or for other departments

( ) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):

Policy Implications

( ) No

(x) Yes

Comment(s): Materials Management Policy B 8.2.3 requires Council approval when there are insufficient funds in an approved City budget

Regulatory Implications

(x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(x) No

( ) Yes

Comment(s):

Human Resources Implications

(x) No

( ) Yes

Comment(s):

Financial Implications

( ) Within approved current and/or capital budget

(x) Current and/or capital budget adjustment required

Comment(s): Council approval to award this contract is required as the authorized project budget does not include anticipated CN funding.

Report

REASON FOR THE REPORT:

As there are not sufficient funds in a budget approved by Council for the amount required to be paid by the City under this contract, only Council may approve the award of contract pursuant to B8.2.3 of the Materials Management Policy.

HISTORY:

Funds in the amount of $3,870,000 were included in the adopted 2003 Capital Budget to undertake work associated with the Preliminary Engineering Design, property acquisition and the environmental approvals associated with the Kenaston Underpass Project.

At its meeting held November 24, 2004, Council approved the Preliminary Design for the Kenaston Underpass Project, authorized the commencement of Detailed Engineering and tendering of the work. This report indicated that a future recovery from the Canadian National Railway has been included as an offset against the estimated related costs of the project.

A funding agreement under the Canadian Strategic Infrastructure Act was signed between the Government of Canada, the Province of Manitoba and the City of Winnipeg on March 31, 2005. This agreement identified a total of up to $13,000,000 from each of the other two levels of government as available funding toward eligible project costs.

Approval of the Environmental Screening Report was received from Transport Canada on April 8, 2005.

The 2003, 2004, 2005 and 2006 Capital Budgets adopted by Council include funding for Kenaston Underpass in the total amount of $44,250,000.00.

Six previous contracts relating to the Kenaston Underpass Project have already been awarded:

- The construction of Sterling Lyon Parkway (East) Road Works, LDS and Miscellaneous Underground Works – Bid Opportunity 83-2005 was previously awarded to Nelson River Construction Ltd. in the total estimated amount of $8,639,433.25 plus GST.
- The construction of Sterling Lyon Parkway West of Kenaston Boulevard – Roadworks and Land Drainage, Kenaston Boulevard Road Detour – Roadworks, CN Rivers Subdivision Rail Detour – Grade Preparation – Bid Opportunity No. 84-2005 was previously awarded to Borland Construction Inc. in the total estimated amount of $5,887,030.85 plus GST.
- The relocation of the Wilkes and Charleswood Feedermain – Bid opportunity No. 340-2005 was previously awarded to Borland Construction Inc. in the total estimated amount of $1,106,792.00 plus GST.

- The Supply and Delivery of Butterfly Valves and Manual Actuators – Bid Opportunity No. 332-2005 was previously awarded to Mueller Flow Control/Mueller Canada Ltd. in the total estimated amount of $34,640.00 plus GST.
- The construction of the Kenaston Boulevard / CN Rivers Subdivision Mile 5.18 Railway Bridge – Bid Opportunity No. 601-2005 was previously awarded to PCL Constructors Canada Inc. in the total estimated amount of $4,068,514.18 plus GST.
- The construction of the Kenaston Boulevard Pumping Station – Bid Opportunity No. 644-2005 was previously awarded to PCL Constructors Canada Inc. in the total estimated amount of $3,822,703.00 plus GST.

DISCUSSION:

Final receipt of bids was 12:00 noon on Thursday, March 30, 2006. Two bids were received as follows:

Nelson River Construction Inc.	$7,406,650.00
Borland Construction Inc.	$7,799,941.15

The Bid Opportunity recommended for acceptance is the lowest evaluated responsive bid meeting all requirements of the published Bid Opportunity Package.

The work of this contract involves the excavation beneath the railway structure and the reconstruction of Kenaston Boulevard north of Sterling Lyon Parkway to the Taylor Avenue intersection, the removal of temporary railway and roadway detours and the construction of the Kenaston Boulevard exit ramp and Lorimer Boulevard. Work is scheduled to commence immediately to allow the opening of the underpass in the fall of 2006.

Based on the bid submission by Nelson River Construction Inc., the total cost related to the above contract award, is estimated to be $7,406,650.00.

The financial status of the project is as follows:

Authorized Funding**:**	2003:	$3,870,000.00
	2004:	$5,000,000.00
	2005:	$5,148,000.00
	2006:	$4,232,000.00
Total City of Winnipeg Funding:		**$18,250,000.00**

Canadian Strategic Infrastructure Agreement:	
Government of Canada:	$13,000,000.00
Province of Manitoba:	$13,000,000.00
	$26,000,000.00
Future CN Contribution:	To be determined
Total funding available for award:	**$44,250,000.00**
Amount of this Award:	$7,406,650.00
Expected Final Cost of Previous Contract Awards:	$24,211,110.00
Amount of Future Contracts:	nil
Contingency:	$480,519.00
Engineering:	$4,700,000.00
Testing:	$150,000.00
Manitoba Hydro (Lighting):	$1,004,185.00
Manitoba Hydro (Relocation):	$1,900,000.00
Manitoba Hydro (Gas):	$216,000.00
MTS:	$101,732.00
CNR:	$1,884,399.00
CPR:	$319,685.00
CN Fibre Optic Relocation:	$101,356.00
Traffic Signals:	1,223,764.00
Traffic Services:	$200,000.00
Survey:	$105,600.00
Advertising:	$30,000.00
Wrap-up Insurance:	$150,000.00
Property:	$2,785,000.00
Finance:	$360,000.00
Administration:	$100,000.00
Applied Overhead Engineering Administration:	$670,000.00
Strategic Municipal Infrastructure Research:	$150,000.00
Estimated Total Cost of this Project:	$48,250,000.00
Excess of total estimated project costs above currently authorized budgets*	$4,000,000.00

* Expected to be offset with future alternative sources of funding

The lapse date for the award of this Contract is May 29, 2006, but it is recommended that an award be made no later that April 28, 2006 in order for the Contractor to commence work immediately as stipulated in the Bid Opportunity Package. This is the final of seven construction contracts necessary to complete the project as currently planned. A delay in

award would significantly increase the risk of not completing the project in a time for the underpass to be opened in the fall of 2006, in accordance with the council adopted plan.

Under the terms of the Canada Transportation Act, CN is required to contribute to the cost of the underpass project. The value of this contribution is historically 15% of eligible project costs. Eligible costs are based on a reduced project scope due to extent of work on Sterling Lyon Parkway. Negotiations are ongoing. The CN contribution is required as part of the overall project funding to complete the work. Even though the funding agreement with CN has not been finalized, it is essential to award this contract in advance of the agreement to maintain the current project schedule. Should an impasse in negotiations be reached, the City can appeal to the Canadian Transportation Agency for resolution. The project shortfall which has been identified is expected to be offset within the anticipated amount to be received from CN. Additional project funding may become necessary should an escalation in costs be experienced during the progress of the work or if the CN contribution is lower than expected.

The Manager of the Materials Management Branch has advised that a bid bond and an agreement to bond accompanied each of the Bid Opportunity submissions. Legal Services has certified all of the bid securities. The Departmental Controller has confirmed that, except as discussed above, the funds are approved and available. The proposed Contractor is registered in the Certificate of Recognition (COR) program with the Manitoba Heavy Construction Association (Registration Number MH 03111N).

The Engineering Consultant has reviewed the Bid Opportunity Submissions in detail. All bids were complete in every respect.

The Engineering staff of the Department and the Engineering Consultant has reviewed the work with the lowest evaluated responsive Bidder who has indicated that the firm has the necessary resources to perform all of the Work in accordance with the requirements of the published Bid Opportunity Package. The Contractor has satisfactorily carried out previous construction works of a similar nature for the City of Winnipeg.

It is, therefore, recommended that a Contract be awarded to Nelson River Construction Inc., which firm submitted the lowest evaluated responsive bid meeting all requirements of the published Bid Opportunity, in the estimated amount of $7,406,650.00, plus G.S.T., based on the Unit Prices identified in the low bidder's Bid Opportunity submission for Kenaston Underpass - Bid Opportunity No. 23-2005.

Financial Impact Statement

Date: April 7 2006

Project Name:

First Year of Program **2006**

AWARD OF CONTRACT FOR KENASTON UNDERPASS PROJECT - KENASTON BOULEVARD RECONSTRUCTION, BID OPPORTUNITY NO. 23-2006.

	2006	2007	2008	2009	2010
Capital					
Capital Expenditures Required	$ 7,406,650	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	3,406,650	-	-	-	-
Additional Capital Budget Required	$ 4,000,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal		$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - CNR	4,000,000	-	-	-	-
Total Funding	$ 4,000,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 4,000,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Project # 1805000703. Debt and finance charges are only applied on the City debt portion of funding for this project. No future debt financing charges are shown in the above current expenditures on the assumption this contract is funded by non-City sources of funding. City debt related finance costs have been reflected in the previous contract award reports.

"Original Signed by D. Stewart, CA"
Manager of Finance & Administration

Approved by Divisional Accounting Technician: ☑

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Legal Services Division, Corporate Services Department and Materials Management Branch of the Corporate Finance Department.

External Consultation With:

N/A

THIS REPORT SUBMITTED BY:

Department	Public Works Department
Division:	Engineering Division
Prepared by:	R. Fingas, P. Eng. 986-7617
Processed by:	K. Ross 986-4141
File No.:	94-G-02 & 04-A-01