Minute No. 560
Report of the Standing Policy Committee on Infrastructure Renewal and Public Works dated September 26, 2007

Item No. 1 Additional Capital Funding – Brady Landfill Site
File WT-3

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructural Renewal and Public Works and submits the following to Council:

1. That an increase to the 2007 Capital Budget be approved for the Brady Landfill Site - New Entrance and Scale Facility in the amount of $1,000,000.00 and the funding be provided from retained earnings in the Solid Waste Disposal Utility.

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

DECISION MAKING HISTORY:

Moved by Councillor Clement,

That the recommendation of the Standing Policy Committee on Infrastructural Renewal and Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On September 26, 2007, the Standing Policy Committee on Infrastructural Renewal and Public Works be concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

RE: APPROVAL FOR ADDITIONAL CAPITAL FUNDING FOR THE BRADY LANDFILL

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

ORIGINAL REPORT SIGNED BY: The Director of the Water and Waste Department

REPORT DATE: August 31, 2007

RECOMMENDATION(S):

That Council approve an increase to the 2007 Capital Budget for the Brady Landfill Site – New Entrance and Scale Facility in the amount of $1,000,000.00 and that the funding be provided from retained earnings in the Solid Waste Disposal Utility.

REPORT SUMMARY

KEY ISSUES:

Authorization of additional capital funding from surplus retained earnings is required to complete the planned work for the Brady Landfill Site – New Entrance and Scale Facility.

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 of Winnipeg
- [ ] Involves a multi-year contract

Comment(s):

Policy Implications

- [X] No
- [ ] Yes - Comment(s) :

Regulatory Implications

- [X] None
- [ ] Eliminates or reduces regulatory impact
- [ ] Proposes regulatory impact

Comment(s):

Environmental Implications

- [X] None
- [ ] Yes - Comment(s):

Human Resources Implications

X	No
	Yes - Comment(s):

Financial Implications

	Within proposed current and/or capital budget
X	Current and/or capital budget adjustment required

Comment(s): Funds for this project are available from the 2007 Retained Earnings.

REPORT

REASON FOR THE REPORT:

Council approval is required to amend the 2007 Capital Budget.

HISTORY:

Funds in the amount of $2,000,000.00 are included in the 2005-2007 Capital Budget for Brady Landfill – New Scales/Entranceway, Account Distribution 445 181000 200753 20620001yy Contractex.

On August 14, 2007 Bid Opportunity 357-2007 closed with the low bid received in the amount of $2,444,350.00

DISCUSSION:

The project consists of the supply, construction and installation of a new entrance and scale facility for the Brady Road Landfill site.

The Bid Opportunity closed on August 14, 2007, with bids being received as follows:

Maple Leaf Construction Ltd	$2,444,350.00
Bituminex Limited	$2,466,000.00
Borland Construction Inc.	$2,582,000.00

The major items of work in this Bid Opportunity are new roadways, weigh scales, a small scale building, and demolition of the existing scale facility and associated works.

The low bid received in the amount of $2,444,350.00 is 24% higher than the pre-bid estimate of $1,971,200.00. Three bids were received with a price variance from lowest to highest of 5.6%, which indicates the bidding was reasonable and competitive.

The reasons for the higher bid are as follows

- Anticipated and uncertainty of increases in labor and fuel prices for that portion of the work that is to be completed in 2008.
- High demand for skilled labor in the construction trades.
- The high workload experienced by the local construction community.

This offer is open for acceptance until October 13, 2007. The completion date for this project is October 31, 2008. The award of this bid opportunity will be done under a separate report.

Including Bid Opportunity 357-2007, the total cost of the project is estimated to be $3,000,000.

The financial status of the Brady Landfill – New Scales/Entranceway Project is as follows:

Authorized Capital		$ 2,000,000.00
Amount of Expenditures	$ 70,000.00	
Bid Opportunity 357-2007	$ 2,444,350.00	
Scale Software/Hardware	$ 28,000.00	
Estimated Construction Contingency	$ 144,320.00	
Estimated Engineering Costs	$ 240,000.00	
Estimated Interim Financing Costs	$ 48,887.00	
Estimated Administration Costs	$ 24,443.00	
Total Estimated Cost	$ 3,000,000.00	$ 3,000,000.00
Estimated Shortfall		$ 1,000,000.00

The financial status of the Solid Waste Disposal Fund Retained Earnings is as follows:

Balance as of August 22, 2007		$ 7,052,358.00
Retained Earnings Appropriated for approved Capital Budgets	$ 2,609,451.00	
Amount of this recommendation	$ 1,000,000.00	
Total	$ 3,609,451.00	$ 3,609,451.00
Balance of Unappropriated Funds		$ 3,442,907.00

Council approval for an amendment to the 2007 Capital Budget is required at this time in order to procure a contract for the construction of the Brady Landfill Site – New Entrance and Scale Facility and ensure timely completion of the project.

The benefits of this project include;

- reduced line-ups at the scale
- increased customer satisfaction
- increased commercial tipping

The Brady Road Landfill generates over $9,000,000 per year in revenue for the Solid Waste Disposal Utility. The Solid Waste Disposal Utility funds the operation of the Brady Road Landfill and also our waste diversion programs, environmental monitoring of the 34 closed landfills and a contribution to Take Pride Winnipeg. The competition for commercial tonnage in the Capital Region is strong and this project will enhance the value of Brady Road Landfill and will help ensure Brady Road is competitive with the other landfills.

The current entranceway has been in operation since 1974 and is inadequate to handle the amount of traffic that now comes to Brady. The number of customers has increased significantly since that time the number of City landfills in operation has decreased from 3 to 1. All the residential garbage only goes to the Brady Road Landfill. The combination of these residential garbage trucks (26,800 loads per year), the 40,000 other loads and the 94,000 small residential customers results in long line-ups and wait times in excess of 20 minutes. Customers have expressed their dissatisfaction with the wait times on numerous occasions.

The cost of doing this project will be paid back through increased commercial tipping and lower garbage collection contract costs. It is estimated to have a 15 year payback. The improvements in service may allow the City to increase small load and commercial tipping fees in the future without losing market share. This would shorten the payback period.

The alternative to approving these additional funds is to cancel this bid opportunity, scale back the work required and issue a new bid opportunity. This is not recommended as redesign costs would eliminate any savings in construction costs. It is not anticipated that delaying this project would result in any cost savings.

FINANCIAL IMPACT:

The following financial impact statement for this project has been prepared in accordance with the recommendation adopted by Council on December 13, 2000.

Financial Impact Statement

Date: August 28, 2007

Project Name: APPROVAL FOR ADDITIONAL CAPITAL FUNDING FOR THE BRADY LANDFILL

First Year of Program **2007**

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ 408,250	$ 2,521,750	$ -	$ -	$ -
Less: Existing Budgeted Costs	408,250	1,521,750	-	-	-
Additional Capital Budget Required	$ -	$ 1,000,000	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	$ 1,000,000	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ 1,000,000	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 1,000,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 8,250	$ 65,081	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	8,250	65,081	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funds recommended for approval are available from retained earnings.

" Original signed by Moira L. Geer"
Moira L. Geer C.A.
Manager of Finance & Administration

je
16-Aug-07

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
n/a

External Consultation With:
n/a

THIS REPORT SUBMITTED BY:

Water and Waste Department
Solid Waste Services Division
Prepared by: J. Dan McInnis
File No. 011-15-06-04-03