Agenda – Executive Policy Committee – July 22, 2009

REPORTS

Item No. 1 Reallocation of Various Capital Programs Funding to Community Centre Renovation and/or Expansion Capital Projects (Daniel McIntyre and Point Douglas Wards) eFile PR-2

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Council approves the realignment of $437,800.00 of surplus Manitoba–Winnipeg Recreation and Leisure Infrastructure Program (RLIP) funds to the Cindy Klassen Recreation Complex Project ($137,800.00) and to the North Centennial Recreation and Leisure Facility Project ($300,000.00) and that the budgets of each project to be amended as set out in this report.

2. That Council approves the reallocation of various capital programs funding to Community Centre renovation and/or expansion capital projects and the budgets of each project to be amended as set out in this report.

3. That should any budget remain upon completion of any project detailed in this report, said budget be credited firstly to the appropriate Community Incentive Grant Program Account and secondly to the appropriate Community Committee account in the Land Dedication Reserve Fund to the maximum contribution therefrom, and any other remaining surplus funds be credited to the appropriate Non-Specified Capital Account.

ADMINISTRATIVE REPORT

ISSUE: Reallocation of Various Capital Programs Funding to Community Centre Renovation and/or Expansion Capital Projects

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. McGinn	C. Wightman D. Joshi	M. Ruta	M. Ruta Acting CAO

RECOMMENDATIONS

1. That Council approves the realignment of $437,800 of surplus Manitoba–Winnipeg Recreation and Leisure Infrastructure Program (RLIP) funds to the Cindy Klassen Recreation Complex Project ($137,800) and to the North Centennial Recreation and Leisure Facility Project ($300,000) and that the budgets of each project to be amended as set out in this report.

2. That Council approves the reallocation of various capital programs funding to Community Centre renovation and/or expansion capital projects and the budgets of each project to be amended as set out in this report.

3. That should any budget remain upon completion of any project detailed in this report, said budget be credited firstly to the appropriate Community Incentive Grant Program Account and secondly to the appropriate Community Committee account in the Land Dedication Reserve Fund to the maximum contribution therefrom, and any other remaining surplus funds be credited to the appropriate Non-Specified Capital Account.

IMPLICATIONS OF THE RECOMMENDATIONS

- No additional funding is being requested as this report simply recommends the realignment of surplus RLIP funding and the reallocation and consolidation of existing Council-approved capital program budgets.
- The capital ***program*** budgets to be reallocated and consolidated are being expended for the purposes for which they were approved by Council; consolidation with capital ***project***

budgets simply makes accounting for and reporting on the financial status of the projects less complex and more transparent.

- Consolidation of budgets (and actual amounts spent to-date) will enable the Public Service to more effectively and efficiently track progress on and the final cost of the projects.

HISTORY

Capital projects involving the renovation and expansion of an existing facility provide unique challenges in terms of both budgeting and design. While it is relatively complex to establish the budget for the construction of a new facility, the complexity is compounded when the "new" facility is an expansion of an existing facility. It is very difficult to predict with reasonable certainty the condition of an existing facility until it is "opened up". This in turn makes it very difficult to prepare a budget for this portion of a renovation / expansion project.

To compensate for the unknown condition of an existing facility, an adequate budget contingency is required (in the range of 10% to 25% dependent on the specific circumstances of the facility involved). Historically, adequate contingencies and funding to match the projects scope have not always been included in *project* budgets. Rather, capital *program* funds were used to address these expenditures. It is important to note that all such capital program expenditures were made for the purpose for which the related budget was approved by Council.

This practice had the effect of understating the final cost of a given capital project as only those costs charged against the capital project budget (i.e. the budget explicitly approved by Council for the project) would be included. Costs charged against capital program budgets would not be captured in the final total. To address this situation on a go forward basis, capital project budgets will include an adequate contingency and capital program budgets will be allocated to the specific locations described in the capital budget detail sheets as approved by Council. The Public Service has already begun to implement these measures.

The Cindy Klassen Recreation Complex (CKRC), the North End Recreation & Leisure Facility (NERLF), the Norberry-Glenlee Community Centre Expansion (Norberry) and the Bronx Park Community Centre – Home of Good Neighbours Active Living Centre (Bronx Park) are all examples of building expansion projects requiring renovations to the existing building. Unforeseen expenditures were incurred related to the existing facilities at each site. Consistent with past practice, the Public Service allocated funding from numerous, appropriate capital programs to offset these costs and/or Community Centre volunteers raised additional funds (see attached appendices). It is recommended that these funds be consolidated in the individual capital project budgets for the purposes of transparency and completeness of costs.

Consolidation of the multiple funding sources will enable the Winnipeg Public Service, once the projects are complete, to better answer the question "What were the total costs of each project?" The answer to this seemingly simple question can be convoluted when the funding sources are widely distributed. Consolidation would also facilitate improved project management and administration as Project Manager(s) would be accountable for one project budget rather than numerous different ones and this will simplify the tracking of costs-to-date versus available budget.

FINANCIAL IMPACT

Financial Impact Statement **Date:** July 17, 2009

Project Name: **First Year of Program** 2009

Realignment of $437,800 surplus Manitoba – Winnipeg Recreation and Leisure Infrastructure Program Funds and Reallocation of Various Capital Programs Funding to Community Centre Renovation and/or Expansion Capital Projects

	2009	2010	2011	2012	2013
Capital					
Capital Expenditures Required	$ 15,556,349				
Less: Existing Budgeted Costs	15,118,549				
Additional Project Budget Required	$ 437,800	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants					
Reserves, Equity, Surplus					
Other - Manitoba-Winnipeg Recreation and Leisure Infrastructure Program	437,800				
Total Funding	$ 437,800	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
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: Realignment of $437,800 Manitoba–Winnipeg Recreation and Leisure Infrastructure Program surplus to Cindy Klassen Recreation Complex ($137,800) and to the North Centennial Recreation and Lesiure Centre ($300,000). Refer to table in Appendix 1 for the funding summary of each project. There is no financial impact associated with the budget consolidations as set out in Appendices 2 to 4.

"Original Signed By"
Cindy Fernandes, CMA - Controller, Community Services
Mike McGinn, CA - Manager of Finance, PP&D

CONSULTATION

In preparing this Report there was consultation with:

Community Services Department

Corporate Finance Department

SUBMITTED BY

Department:	Community Services / Planning, Property and Development
Division:	Community Development & Recreation Services / Financial Services, Building Services
Prepared by:	Mike McGinn – Manager of Finance, Planning, Property and Development Department
Date:	July 17, 2009
File No.	

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APPENDIX 1

Reallocation of $437,800 surplus Manitoba – Winnipeg Recreation and Leisure Infrastructure Program funds

The realignment of unexpended funds in the Canada Manitoba Infrastructure Program related specifically to the Artificial Turf Replacement at Canad Inns Stadium (CMIP Project #364) to the Cindy Klassen Recreation Complex Project (CMIP Project #567) has resulted in $437,800 of surplus Manitoba-Winnipeg Recreation and Leisure Infrastructure Program (RLIP) funding. This additional $437,800 in RLIP funds were made available for additional project scope issues on approved RLIP projects.

On October 21, 2008 the RLIP Management Committee, which includes representatives of all three levels of government, approved the realignment of the $437,800 surplus RLIP funds from the Cindy Klassen Recreation Complex project as outlined above.

The North Centennial Recreation and Leisure Facility is being designed and built to meet a LEED Silver designation. Included in this project is a green roof. By including these requirements, the City demonstrates its commitment to implementing the City's *Climate Change Action Plan*. The project demonstrates the City's environmental leadership through building a more sustainable building, contributing to reducing energy consumption and improving air quality in the surrounding area.

A summary of the budgets for both projects is as follows:

	Existing Budget	Reallocation of CMIP "Turf" Funding	Allocation of "surplus" RLIP	Revised Budget
Cindy Klassen Recreation Complex				
CMIP	$1,910,000	$437,800		$2,347,800
RLIP	$2,700,000	($437,800)	$137,800	$2,400,000
City of Winnipeg	$4,208,549			$4,208,549
Total	$8,818,549	$0	$137,800	$8,956,349
North Centennial Recreation & Leisure Facility				
RLIP	$6,000,000		$ 300,000	$6,300,000
City of Winnipeg	$ 300,000			$ 300,000
Total	$6,300,000	$0	$ 300,000	$6,600,000
Total - Both Projects	**$15,118,549**	**$0**	**$437,800**	**$15,556,349**

The Cindy Klassen Recreation Complex is essentially complete and was officially opened on February 20, 2009. In 2005, $2.7 million in funding for the enhancement of what was then known as the Sargent Park Recreation Centre was allocated from $43 million Recreation and Leisure Facilities program. An additional $1.91 million in Canada-Manitoba Infrastructure Program funding was allotted in 2007. Also in 2007, Council approved a $1.3 million first call

against the 2008 capital budget bringing the total Council-approved funding to $5.91 million. The remaining $2.91 million is comprised of allocations by the Public Service of multiple CMS / PPD capital *programs* funding, for the purposes approved by Council, to the CKRC project. Total cost of the project is in $8.8 million range and the additional RLIP money will fund the cost of the additional code items as well as augment the project's contingency for change orders and proposed change notices.

The North Centennial Recreation and Leisure Centre Project contract has been awarded as a design/build delivery and is currently in the design/permit stage, targeting a spring construction start. The project budget was initially set at $7 million (Council Minute No. 497 – June 29, 2005) with $1 million subsequently reallocated to another project (Council Minute No. 658 – July 26, 2006). The additional RLIP funding will offset the costs of the LEED Silver certification process and the inclusion of a "Green" roof as well as bolster the project's budget contingency.

APPENDIX 2

Reallocation of $137,800 surplus Manitoba – Winnipeg Recreation and Leisure Infrastructure Program Funds to Cindy Klassen Recreation Complex (CKRC) and Consolidation of Budgets

The Cindy Klassen Recreation Complex project ("the project") involves both the renovation and enhancement of the existing recreation centre and the relocation of the West End Library.

During the course of the project, some work undertaken at the site was not specifically related to the construction and renovation of the Recreation Complex. For example, pool heater upgrades work that took place represented a normal, ongoing capital replacement program and would have been completed regardless of the project. In fact, the bid opportunity for this work was issued a number of months prior to the bid opportunity related to the renovation and expansion project. The funding associated with this work should not be included in the final cost of the Cindy Klassen Recreation Complex project and, as such, it is recommended that the $155,000 be "unconsolidated".

Certain other ongoing, capital replacement program expenditures were made at the site specifically because it made operational and financial sense to do so while the construction and renovation was taking place. These expenditures should be included in the final cost of the project. Examples of these expenditures include upgrading of the Building Security- Pegasus, Interior Building Card Access Control and HVAC Metasys Controls systems. These systems are now fully integrated with the new addition to the building to provide an integrated building security, interior control and Mechanical HVAC system control for the entire Complex.

It is recommended that a total of $165,000 in capital program expenditures be consolidated in the CKRC project budget. This, net of the $155,000 in pool heater upgrades to be "unconsolidated", will result in an increase to the project budget of $10,000. Combined with the reallocation of $137,800 in surplus RLIP funds as described in Appendix 1, the total budget for the Cindy Klassen Recreation Complex project will be $8,956,349 (see table below for details).

CINDY KLASSEN RECREATION COMPLEX (CKRC)

Capital Project # / Funding Source	Description	Approved Budget / Funding	Portion Related to CKRC	
Funding Explicitly Approved by Council for CKRC:				
1882000905	City Contribution to CMIP - Sargent Park Pool Project	300,000	300,000	
1882000806	City Contribution to CMIP - Sargent Park Pool Project	100,000	100,000	
18XXXXXXXX	Various Programs - City's Remaining CMIP Contribution	471,000	236,667	
1889000406	Sargent Park Recreation Complex	2,700,000	2,700,000	
1889000807	Fed/Prov Contribution to CMIP - Cindy Klassen Recreation Centre Enhancement	1,273,333	1,273,333	
6214000108	1st Call on 2008 Capital Budget for Relocation of the West End Library	1,250,000	200,000	
6392000108	1st Call on 2008 Capital Budget for Redevelopment of the Cindy Klassen Recreation Complex	2,450,000	1,100,000	
		8,544,333	5,910,000	(a)
Funding Sources Consolidated - Approved by SPC on Finance:				
1882000404	Fire Alarm System Upgrades	300,000	4,332	
6213000105	Library Replacement - Various	300,000	300,000	
1882000905	Flooring Replacement - Pools	200,000	55,217	
1882000906	Sargent Park Pool - Parking Lot Improvements	145,000	145,000	
6213000106	Library Replacement - Various	611,000	611,000	
1887000106	Security/Building Automation	125,000	30,365	
1882000506	Pool Heater Upgrades	450,000	155,000	
6213000107	Library Replacement - Various	360,000	360,000	
6211000507	Library Shelving & Furniture Replacement	329,000	196,000	
1887000107	Security/Building Automation	125,000	69,635	
1882001307	Fire Safety Exit Ramps / Fire Rated Interior Doors	100,000	25,000	
1882000707	HVAC Refurbishment / Air Balancing Program	500,000	125,000	
1882000407	Parking Lot Replacement Program	100,000	100,000	
1882000307	Mechanical Systems Upgrades	500,000	500,000	
1882000207	Emergency Lighting / Fire Alarm Upgrades	250,000	250,000	
1855000208	Community Park Amenities	1,500,000	113,000	
18XXXXXXXX	Related to Tennis Courts and Parking Lot Relocation	(141,000)	(141,000)	
		5,754,000	2,898,549	(b)
6399000208	CKRC Budget per PeopleSoft - July 9, 2009		8,808,549	
Additional Funding Sources to be (un)Consolidated - subject to approval by Council:				
1882000506	Pool Heater Upgrades	(450,000)	(155,000)	
6211000507	Library Shelving & Furniture Replacement Program	329,000	10,000	
1882001307	Fire Safety Exit Ramp/Fire Rated Interior Doors	75,000	35,000	
1887000107	Security/Building Automation	125,000	24,900	
6397000108	Security/Building Automation	125,000	35,100	
6392000408	HVAC Mechanical - Exhaust Systems	100,000	60,000	
		304,000	10,000	(c)
Total Consolidated Capital Program Funding - subject to approval by Council			2,908,549	(d=b+c)
Reallocated Recreation and Leisure Infrastructure Program Funds - subject to approval by Council			137,800	(e)
Total			**8,956,349**	(=a+d+e

APPENDIX 3

Reallocation of $300,000 surplus Manitoba – Winnipeg Recreation and Leisure Infrastructure Program Funds to the North End Recreation and Leisure Facility (NERLF) and Consolidation of Budgets

The North End Recreation & Leisure Facility project ("the project") involves both the renovation of and addition to the existing North Centennial Pool at 90 Sinclair Street. The project funding sources consist of multiple Council-approved capital projects and programs within the capital budgets of the Planning, Property and Development and Community Services Departments (see table below). The number of funding sources involved makes accounting for and reporting on the project more cumbersome and complex than it needs to be.

In 2005, Council approved the $43.0 million Recreation and Leisure Facilities (RALF) program of which $7.0 million was earmarked for the North End Recreation & Leisure Facility (NERLF) project. In 2006, $700,000 for the project was included in the capital budget. However, later that year, Council reduced the amount of RALF program funding designated for the project by $1.0 million, which was transferred to the Sinclair Park Community Centre project. The remaining $5.3 million in budget for the NERLF project was included in the adopted 2008 capital budget.

At the time of award of the construction contract, based on the low responsive bid received, it was apparent that a total budget of $6.3 million would be required for the proposed scope of this project. . Consistent with past practices, the Public Service identified appropriate available Council-approved capital program budgets that could be used to fund this project. Specifically, Recreation Facility Safety & Accessibility Improvements 2007 ($50,000), 2008 ($250,000) and 2009 ($200,000) and City-Wide Accessibility Program 2007 ($42,500), 2008 ($150,000) and 2009 ($15,500) budgets have been allocated to this project in order to meet the City's universal design accessibility standards, which includes expenditure requirements in both the existing facility as well as the new addition. While these capital program budgets are being used for the purposes for which they were approved by Council, Council did not specifically approve these budgets as part of the North End Recreation & Leisure Facility.

NORTH END RECREATION AND LEISURE FACILITY (NERLF)

Capital Project # / Funding Source	Description	Approved Budget / Funding	Portion Related to NERLF
Approved by Council:			
1889000206	North End Recreation & Leisure Facility	700,000	700,000
6399010007	North End Recreation & Leisure Facility	5,300,000	5,300,000
		6,000,000	6,000,000
Additional Funding Sources to be Consolidated - subject to approval by Council:			
6250000107	Recreation Facility Safety & Accessibility Improvements	200,000	50,000
6250000108	Recreation Facility Safety & Accessibility Improvements	400,000	250,000
6250000109	Recreation Facility Safety & Accessibility Improvements	600,000	200,000
1814000107	City-Wide Accessibility Program	309,950	42,500
1814000108	City-Wide Accessibility Program	425,481	150,000
1814000109	City-Wide Accessibility Program	350,000	15,500
Reallocated Recreation and Leisure Infrastructure Program Funds - subject to approval by Council:			300,000
Total Funding		**8,285,431**	**7,008,000**

APPENDIX 4

Reallocation of Capital Project and/or Program Budgets to the Bronx Park Community Centre - Home of Good Neighbours Active Living Centre Project

The new Bronx Park Community Centre – Home of Good Neighbours Active Living Centre ("the project") will house not only the community centre and related functions but also incorporate the Good Neighbours Active Living Association being relocated from 755 Henderson Highway. The construction of the Bronx Park Community Centre – Home of Good Neighbours Active Living Centre is a new unique facility within The City. This complex will become a multi-use multi-generational facility that will be shared by all stakeholders. The project funding sources consist of multiple, Council-approved capital projects and programs within the capital budgets of the Planning, Property and Development and Community Services Departments (see Appendix 1).

In 2005, Council approved the $43.0 million Recreation and Leisure Facilities (RALF) program of which $3.9 million was earmarked for the Bronx Park project. In 2006, the $3.9 million for the project was included in the capital budget. Definition of project scope and design took place through 2006-2007 in consultation with the Community Centre and General Council of Winnipeg Community Centres (GCWCC). This led to a request for $1.937 million in additional funding approved by Council in April 2007 in order to meet the required scope. Further refinement of project scope has resulted in the addition of $250,000 in funding approved by East Kildonan – Transcona Community Committee (EKT CC) as well as transfers totaling $60,000 from the non-specified capital accounts of the Community Services and Planning, Property and Development Departments bringing the current project budget to $6.147 million.

At the time of award of the construction contract, based on the low responsive bid received, it was apparent that an additional $350,000 would be required for the proposed scope of this project. Class A estimates prepared by the project consultant in December 2007 were less than the lowest bid. Consistent with past practices, the Public Service identified appropriate available Council-approved capital program budgets that could be used to fund this project. Specifically, 2008 UFF – Hockey Pen Light Standard Replacement ($50,000) and 2003 Community Centres – Refurbishment and Improvements ($300,000) budgets were allocated to the project. While these capital program budgets were to be used for the purposes for which they were approved by Council, Council did not specifically approve these budgets as part of the new Bronx Park Community Centre – Home of Good Neighbours Active Living Centre.

The project funding sources consist of multiple capital projects and programs approved by Council or EKT CC within the capital budgets of the Planning, Property and Development, Corporate Finance and Community Services Departments (see table below).

BRONX PARK COMMUNITY CENTRE - HOME OF GOOD NEIGHBOURS ACTIVE LIVING CENTRE

Capital Project # / Funding Source	Description	Approved Budget / Funding	Related to Bronx Park
Approved by Council:			
6251000110	1st Call on 2010 Capital Budget for Community Incentive Grant Program	50,000	50,000
6251000109	Community Incentive Grant Program	50,000	50,000
6251000108	Community Incentive Grant Program	1,421,000	50,000
1200000607	Innovative Capital	2,976,000	910,000
6251000107	Community Incentive Grant Program	1,393,000	50,000
1889000506	Community Centre Investment Fund	3,000,000	277,000
1889000306	Recreation and Leisure Infrastructure Program	3,900,000	3,900,000
1889000306	Winnipeg Foundation Grant	50,000	50,000
1889000306	Net proceeds from disposition of 755 Henderson Highway - transfer from Land Operating Reserve	500,000	500,000
		13,340,000	5,837,000
Approved by Community Committee			
6251000106	Community Incentive Grant Program	1,393,000	200,000
1889000306	Land Dedication Reserve Fund	50,000	50,000
		1,443,000	250,000
Transfers from NSCA - Director Approval			
62970000NS	Non-Specified Capital Account - Community Services	28,000	28,000
63970000NS	Non-Specified Capital Account - PP&D	32,000	32,000
		60,000	60,000
Funding in Existing Approved Capital Budgets		**14,843,000**	**6,147,000**
Additional Funding Sources to be Consolidated - subject to approval by Council:			
6390002008	UFF - Hockey Pen Light Standard Replacement	100,000	50,000
1880000103	Community Centres - Refurbishing and Improvements	816,000	300,000
		916,000	350,000
Total Funding		**15,759,000**	**6,497,000**

APPENDIX 5

Reallocation of Capital Project and/or Program Budgets to the Norberry-Glenlee Community Centre Expansion Project

The Norberry-Glenlee Community Centre Expansion Project ("the project") involves the construction of an 864 sq. m. (9,298 sq. ft.) addition including a new 18 m. x 25 m. gymnasium, multi-purpose room, manager's office, canteen, barrier-free washrooms, a new barrier-free building entrance and a connecting glazed corridor to the existing building. The project also includes all emergency lighting, fire detection and alarm and life safety system upgrades to the entire building now comprising 1,797 sq. m. (19,342 sq. ft.).

On June 2, 2009, Standing Policy Committee on Finance approved the recommendation that various budgets related to the project be consolidated in the amount of $2,385,677. Since the time the related report was prepared, the Community Centre has succeeded in securing additional funding of $50,000; $10,000 of it raised by the Community Centre and an additional contribution of $40,000 from the City of Winnipeg. Also, $25,000 in Community Incentive Grant Program funding approved by Riel Community Committee on October 20, 2008, which was inadvertently excluded from the report approved by SPC on Finance on June 2, is included bringing the total additional budget to be consolidated to $65,000.

The additional project funding is to be used for additional millwork expenditures, some enhancements to the gymnasium floor, and changes to all doors to meet the City's universal design accessibility standards as well as to augment the project's contingency.

NORBERRY - GLENLEE COMMUNITY CENTRE EXPANSION PROJECT

Capital Project # / Funding Source	Description	Approved Budget / Funding	Portion Related to Norberry-Glenlee C.C.
Approved by Council:			
1889000506	Community Centre Investment Fund	3,000,000	1,390,000
6351260703	Norberry-Glenlee Community Centre Expansion (Building Communities Initiative) - *Note 1*	2,150,000	745,677
		5,150,000	2,135,677
Approved by Community Committee:			
6399019407	Transfer from Land Dedication Reserve Fund (Riel Community Committee) to Norberry-Glenlee Community Centre Expansion Project	50,000	50,000
6251000106	Community Incentive Grant Program	1,393,000	50,000
		1,443,000	100,000
Additional Funding Sources to be Consolidated - Approved by Community Committee:			
6399019407	Transfer from Land Dedication Reserve Fund Approved by Riel Community Committee - May 4, 2009	40,000	40,000
6251000109	Community Incentive Grant Program Approved by Riel Community Committee - Oct. 20, 2008	1,421,000	25,000
		1,461,000	65,000
Additional Contribution:			
6399019407	Contribution from Norberry-Glenlee Community Centre to the Community Centre Expansion Project	160,000	160,000
		160,000	160,000
Total Funding		**8,214,000**	**2,460,677**

Note 1 - Council delegated authority to approve projects to the Building Communities Initiative Management Committee, which approved the total allocation of $745,677.