Agenda - Executive Policy Committee – May 19, 2010

REPORTS

Item No. 1 Consolidation and Amendment of Various Capital Projects/Programs Funding to Distinct Capital Project Budgets
eFile PR-2

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. 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.

2. Subject to the approval of Recommendation # 1:

    a. that the budget for the Sinclair Park Community Centre Renovation and Addition project be increased from $3,609,000 to $4,609,000 to reflect the approval of $500,000 in funding through each of the Canada-Manitoba Infrastructure Program (CMIP) and the Recreation Infrastructure Canada Program (RInC);

    b. that the budget for the Pan-Am Pool Upgrades project be increased from $4,183,000 to $4,815,611 to reflect the approval of $632,611 in funding through the Recreation Infrastructure Canada Program (RInC);

    c. that the budget for the North End Recreation and Leisure Facility (NERLF) project be increased from $7,300,000 to $7,526,667 to reflect the approval of $226,667 in funding through the Recreation Infrastructure Canada Program (RInC);

    d. that the budget for the Winakwa Community Centre Redevelopment project be increased from $1,120,000 to $2,850,000 to reflect the approval of $1,600,000 in funding through the Recreation Infrastructure Canada Program (RInC) and a contribution of $130,000 from Winakwa Community Centre;

    e. that the budget for the Silver Heights / Sturgeon Creek Community Centre Amalgamation project be increased from $2,000,000 to $4,500,000 to reflect the approval of $2,200,000 in funding through the Infrastructure Stimulus Fund (ISF) and interim financing of $300,000 from the Community Centre Investment Fund (CCIF).

ADMINISTRATIVE REPORT

ISSUE: Consolidation and Amendment of Various Capital Projects/Programs Funding to Distinct Capital Project Budgets

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. McGinn	D. Joshi	M. Ruta	P. Sheegl Deputy CAO

RECOMMENDATIONS

1. 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.

2. Subject to the approval of Recommendation # 1:

    a. that the budget for the Sinclair Park Community Centre Renovation and Addition project be increased from $3,609,000 to $4,609,000 to reflect the approval of $500,000 in funding through each of the Canada-Manitoba Infrastructure Program (CMIP) and the Recreation Infrastructure Canada Program (RInC);
    b. that the budget for the Pan-Am Pool Upgrades project be increased from $4,183,000 to $4,815,611 to reflect the approval of $632,611 in funding through the Recreation Infrastructure Canada Program (RInC);
    c. that the budget for the North End Recreation and Leisure Facility (NERLF) project be increased from $7,300,000 to $7,526,667 to reflect the approval of $226,667 in funding through the Recreation Infrastructure Canada Program (RInC);
    d. that the budget for the Winakwa Community Centre Redevelopment project be increased from $1,120,000 to $2,850,000 to reflect the approval of $1,600,000 in funding through the Recreation Infrastructure Canada Program (RInC) and a contribution of $130,000 from Winakwa Community Centre;
    e. that the budget for the Silver Heights / Sturgeon Creek Community Centre Amalgamation project be increased from $2,000,000 to $4,500,000 to reflect the approval of $2,200,000 in funding through the Infrastructure Stimulus Fund (ISF) and interim financing of $300,000 from the Community Centre Investment Fund (CCIF).

REASON FOR THE REPORT

Council approval is required to amend capital budgets.

IMPLICATIONS OF THE RECOMMENDATIONS

- No additional funding is being requested as this report simply recommends the consolidation of existing Council-approved capital program budgets and increases in project budgets where incremental funding from other levels of government has been secured.
- The capital ***program*** budgets to be consolidated are being expended for the purposes for which they were approved by Council; consolidation within 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.
- Consolidation of budgets will also enable the expenditure of funding provided through provincial and federal government programs.

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 Sinclair Park Community Centre Renovation and Addition, the Pan-Am Pool Upgrades, the North End Recreation & Leisure Facility (NERLF), the Winakwa Community Centre Redevelopment, and the Silver Heights / Sturgeon Creek Community Centre Amalgamation are

all examples of building expansion projects requiring renovations to an existing building. In some instances, consistent with past practice, the Public Service has allocated funding from numerous, appropriate capital programs and/or Community Centre volunteers raised additional funds (see attached appendices) with respect to these projects. Also, incremental funding for these projects has been secured from the other two levels of government under infrastructure stimulus programs. 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:** April 20, 2010

Project Name: **First Year of Program** **2010**

Consolidation of Various Capital Programs Funding to Distinct Capital Project Budgets

	2010	2011	2012	2013	2014
Capital					
Capital Expenditures Required	$ 24,301,278	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	18,212,000	-	-	-	-
Additional Capital Budget Required	$ 6,089,278	$ -	$ -	$ -	$ -
Funding Sources:					
Grants (RInC)	2,959,278	$ -	$ -	$ -	$ -
Grants (ISF)	2,200,000	-	-	-	-
Grants (CMIP)	500,000	-	-	-	-
Land Operating Reserve Fund	300,000	-	-	-	-
Other - Com. Ctr. Contribution	130,000	-	-	-	-
Total Funding	$ 6,089,278	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 6,089,278				
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: See attached Appendix 6 for details by project.

"Original signed by"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this Report there was consultation with:

Corporate Finance Department

Community Services Department

SUBMITTED BY

Department: Planning, Property and Development
Division: Financial Services
Prepared by: Mike McGinn – Manager of Finance
Date: April 30, 2010
File No.

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APPENDIX 1

Consolidation of Budgets for Sinclair Park Community Centre Renovation and Addition

This project provides for a LEED Silver certified facility of approximately 13,800 square feet that will include a new 5,500 square foot gymnasium; a 1,200 square foot renovated multi-purpose room, additional programming spaces, offices, board rooms, storage space and a commercial grade canteen.

Funding for the project, which totals $3,609,000, is currently distributed to three different capital *program/project* budgets. In addition, $500,000 in funding from the Federal government through the RInC program and $500,000 from the Province through the Canada-Manitoba Infrastructure Program (CMIP) is to be included, pending Council approval, which would increase the project budget to $4,609,000 as shown below.

Consolidation of these budgets into a single capital *project* budget will facilitate transparency and ease of recordkeeping and reporting related to the work performed at this site.

SINCLAIR PARK COMMUNITY CENTRE RENOVATION AND ADDITION

Capital Program # / Funding Source	Description	Approved Budget / Funding	Portion Related to Sinclair Park C.C.
Approved Funding Sources to be Consolidated - subject to approval by Council:			
6399000207	Sinclair Park Community Centre - Renovation & Addition	1,000,000	1,000,000
Approved by RLIP Management Committee:			
1889000506	Community Centre Investment Fund	3,000,000	137,341
1889000307	Community Centre Investment Fund	3,000,000	2,462,659
		6,000,000	2,600,000
Approved by LS/WK Community Committee:			
6251000109	Community Incentive Grant Program	1,374,000	9,000
		8,374,000	3,609,000
Incremental Funding Sources to be Consolidated - subject to approval by Council:			
n/a	Canada-Manitoba Infrastructure Program	500,000	500,000
n/a	Recreational Infrastructure Canada (RInC) Program	500,000	500,000
		1,000,000	1,000,000
Total Funding		**9,374,000**	**4,609,000**

APPENDIX 2

Consolidation of Budgets for Pan-Am Pool Upgrades

The Pan-Am Pool Upgrades project ("the project") involves the refurbishment of the building envelope, the scope of which includes improvements to the air barrier and insulation over of the exterior of the building through a retrofit of the main pool walls: improvements to the east and west curtain walls: pre-cast panel caulking: replacement of roofing in several areas; refurbishment of the stucco soffits beneath the running track and locker room foundation wall: and other miscellaneous work. The project also involves the addition of an electric boiler and associated controls to be installed to provide dual fuel heating capabilities for the building. Incorporating an additional electric boiler and controls capitalizes on the fact that electrical facility heating is economical providing that the monthly peak electrical consumption is not reached. Since the Pan Am Pool's existing natural gas boilers generate a large amount of green house gas emissions, an added benefit of fuel switching is that it will reduce the environmental impact of the Pan Am Pool in terms of greenhouse gas emission by an estimated 893 tonnes annually. In addition to a new boiler and controls, elements of the Pool's mechanical and electrical equipment, which are at the end of their useful lives, will be replaced to avoid major equipment and/or systems failure resulting in disruption to public programs and/or closure of the facility. Finally, the project includes improvements to the lobby to accommodate the changes in use and increased patronage of the complex. Improvements to the functionality, accessibility and traffic flow will be undertaken.

Funding for the project, which totals $4,183,000, is currently distributed to nine different capital *program* budgets and one operating budget account. The City of Winnipeg submitted an application for grant funding to the Federal Government (Minister of Western Economic Diversification) under the Recreational Infrastructure Canada (RInC) Program and received approval of $632,611 toward the retrofit of the building envelope. This additional funding will, pending Council approval, result in a total budget of $4,815,611 as shown below.

Consolidation of these budgets into a single capital *project* budget will facilitate transparency and ease of recordkeeping and reporting related to the work performed at this site.

PAN-AM POOL UPGRADES

Capital Program # / Funding Source	Description	Approved Budget / Funding	Portion Related to Pan-Am Pool Upgrades
Funding Sources to be Consolidated - subject to approval by Council:			
1882000205	H.V.A.C. System Replacement	650,000	150,000
1882000306	Electrical System Upgrades at Pan-Am Pool	300,000	300,000
1882000406	Replace Boilers at Pan-Am Pool	400,000	400,000
1882000606	Upgrade to Controls at Pan-Am Pool	100,000	100,000
1882000706	H.V.A.C. Replacement at Pan-Am Pool	955,000	955,000
6250000110	Recreation Facility Safety and Accessiblity	300,000	28,000
6251000310	Recreation Facilites Replacement - various	500,000	230,000
6392000709	Building Envelope - Pan-Am Pool	1,000,000	1,000,000
6392001110	Building Envelope - Pan-Am Pool	1,000,000	1,000,000
001-524040-625102	Real Property Contracts - Construction/Maintenance	20,000	20,000
Sub-Total		5,225,000	4,183,000
Incremental Funding Sources to be Consolidated - subject to approval by Council:			
n/a	Pan-Am Pool Upgrades (funding from the Recreational Infrastructure Canada Program)	632,611	632,611
Total Budget		**5,857,611**	**4,815,611**

APPENDIX 3

Consolidation of Budgets for the North End Recreation and Leisure Facility (NERLF)

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. Both the renovations to the existing structure and the addition are in accordance with the City's universal design accessibility standards.

Since Council approval on July 22, 2009 of the consolidation of budgets totalling $7,008,000, the City of Winnipeg secured funding of $226,667 through the RInC program toward the cost of the ramp which, subject to Council approval, will allow physically challenged patrons of the facility to utilize the pool. This unforeseen funding has presented the opportunity to address the replacement of tiling both on the ramp and the pool deck, work that was not included in the original scope of the project but that is nonetheless something that will have to be done in the very near future. The total estimated cost to replace the tiling is $400,000 with the Community Services Department prepared to contribute the remaining required funding of $173,333 from the *Recreation Facility Replacement – Various* 2010 capital program budgets. Community Services has also agreed to provide a 20% contingency (i.e. $96,667) related to the tiling work from the same capital funding source. Should any portion of that contingency remain upon completion of the project, it is to be returned to the *Recreation Facility Replacement – Various* 2010 capital program budget. These additional funds will, subject to Council approval, result in a revised total budget of $7,526,667 as shown below.

Finally, certain security/building systems upgrades that would be required regardless of whether the renovation and expansion project was underway or not are to be completed using capital program funding approved by Council specifically for that purpose. Consolidation of this funding in the NERLF project budget simply provides a more transparent and complete record of costs incurred in relation to this facility.

NORTH END RECREATION AND LEISURE FACILITY (NERLF)

Capital Project # / Funding Source	Description	Approved Budget / Funding	Portion Related to NERLF
Approved by Council:			
6399010007	North End Recreation & Leisure Facility	7,008,000	7,008,000
Program Funding to be consolidated - subject to approval of Council:			
6251000310	Recreation Facilities Replacement - Various	500,000	270,000
6397000109	Security/Building Automation Systems	125,000	22,000
		7,633,000	7,300,000
Incremental Funding Sources to be Consolidated - subject to approval by Council:			
n/a	Recreational Infrastructure Canada (RInC) Program	226,667	226,667
		226,667	226,667
Total Funding		**7,859,667**	**7,526,667**

APPENDIX 4

Consolidation of Budgets for Winakwa Community Centre Redevelopment

This project provides for the expansion of the Community Centre to include a full-size gymnasium, complete with a new front entrance, change rooms, washrooms, mechanical and circulation area. It will also include renovation of the existing space.

Funding for the project, which currently totals $1,120,000, is distributed to two different capital *program/project* budgets and two reserve fund budgets. In addition, $800,000 in funding from each of the senior levels of government through the RInC program and $130,000 in contributions raised by the Community Centre is to be included, pending Council approval, bringing the total budget to $2,850,000.

Consolidation of these budgets into a single capital *project* budget will facilitate transparency and ease of recordkeeping and reporting related to the work performed at this site.

WINAKWA COMMUNITY CENTRE REDEVELOPMENT

Capital Program # / Funding Source	Description	Approved Budget / Funding	Portion Related to Winakwa C.C.
Funding Sources to be Consolidated - subject to approval by Council:			
209-584025-635070	Proceeds of Disposition of Northwest Corner of St. Mary's Road at Kenny Street	20,000	20,000
		20,000	20,000
Approved by RLIP Management Committee:			
1889000x08	Community Centre Investment Fund	2,000,000	237,341
1889000x09	Community Centre Investment Fund	2,000,000	662,659
		4,000,000	900,000
Approved by Riel Community Committee:			
210-584025-638050	Land Dedication Reserve Fund	125,000	125,000
6251000109	Community Incentive Grant Program	1,371,000	75,000
		1,496,000	200,000
		5,516,000	1,120,000
Incremental Funding Sources to be Consolidated - subject to approval by Council:			
n/a	Recreational Infrastructure Canada (RInC) Program	1,600,000	1,600,000
n/a	Contribution from Winakwa Community Centre	130,000	130,000
		1,730,000	1,730,000
Total Funding		**7,246,000**	**2,850,000**

APPENDIX 5

Consolidation of Budgets for Silver Heights / Sturgeon Creek Community Centre Amalgamation

This project provides for a new LEED Silver certified facility on the existing Sturgeon Creek Community Centre site, located 210 Rita Street. The new facility will amalgamate the existing Sturgeon Creek Community Centre and the Silver Heights Community Centre at one location. The new facility will be approximately 15,000 square feet in size and will include a regulation size gymnasium, office, canteen, a central kitchen, dressing rooms, and a skate change room with rink viewing area, gym equipment storage and garage.

Funding for the project, which totals $4,500,000, is currently distributed to two different capital *program* budgets. It should be noted that funding of $300,000 from the 2008 Community Centre Investment Fund (CCIF) is interim financing, which is to be repaid to the CCIF from the proceeds of disposition of the Silver Heights site. A July 22, 2009 Council approved report states *"That as per the City of Winnipeg Recreation, Leisure and Library Facilities Policy, net proceeds from the sale of the Silver Heights site are to be reinvested into the Community Centre Investment Fund component of the infrastructure program."*

Consolidation of these budgets into a single capital *project* budget will facilitate transparency and ease of recordkeeping and reporting related to the work performed at this site.

SILVER HEIGHTS / STURGEON CREEK COMMUNITY CENTRE AMALGAMATION

Capital Program # / Funding Source	Description	Approved Budget / Funding	Portion Related to S.H. / S. C.
Approved Funding Sources to be Consolidated - subject to approval by Council:			
Approved by RLIP Management Committee:			
1889000307	Community Centre Investment Fund	2,000,000	537,341
1889000x08	Community Centre Investment Fund	2,000,000	1,462,659
		4,000,000	2,000,000
Incremental Funding Sources to be Consolidated - subject to approval by Council:			
n/a	Infrastructure Stimulus Fund	2,200,000	2,200,000
1889000x08	Community Centre Investment Fund	-	300,000
Total Funding		**6,200,000**	**4,500,000**

APPENDIX 6

Financial Impact Statement – Additional Detail

The City table below provides a breakdown of the existing, approved capital project and/or project budgets to be consolidated subject to approval of the recommendations contained in this report. It also contains details of additional funding by project and funding source. The information presented below is to provide additional detail to the information contained in the Financial Impact Statement.

PROJECT	Consolidated Budgets 1	Incremental Budget				Total Budget
		RInC	CMIP	ISF	Other	
Sinclair Park	3,609,000	500,000	500,000			4,609,000
Pan-Am Pool	4,183,000	632,611				4,815,611
North End Rec & Leisure	7,300,000	226,667				7,526,667
Winakwa C. C.	1,120,000	1,600,000			130,000	2,850,000
Sturgeon Heights C. C.	2,000,000			2,200,000	300,000	4,500,000
Total	**18,212,000**	**2,959,278**	**500,000**	**2,200,000**	**430,000**	**24,301,278**

1 *Consists of approved project budgets + recommended consolidation of other approved capital project and/or program budgets.*