Agenda - Executive Policy Committee – July 15, 2011

Report - Standing Policy Committee on Property and Development – July 15, 2011

Item No. 2 Consolidation of Various Capital Projects/Programs and Operating Funding to Distinct Capital Project Budgets – Valour Community Centre Redevelopment – Winnipeg Fire Paramedic Service Alternate Emergency Centre

STANDING COMMITTEE RECOMMENDATION:

On July 15, 2011, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service, and submits the following to Council:

1. That the consolidation of various capital project and/or program and operating budgets and the budgets of each project to be amended as set out in the Winnipeg Public Service report be approved.

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

Agenda - Executive Policy Committee – July 15, 2011

Report - Standing Policy Committee on Property and Development – July 15, 2011

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On July 15, 2011, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Consolidation of Various Capital Projects/Programs and Operating Funding to Distinct Capital Project Budgets

Critical Path: Standing Policy Committee on Property and Development - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. McGinn	D. Joshi	M Ruta CFO	Alex Robinson Deputy CAO

RECOMMENDATIONS

That Council approves the consolidation of various capital project and/or program and operating budgets and the budgets of each project to be amended as set out in this report.

REASON FOR THE REPORT

Council approval is required to amend capital and operating budgets.

IMPLICATIONS OF THE RECOMMENDATIONS

- No additional funding is being requested as this report simply recommends the consolidation of existing Council-approved capital program/project and operating budgets and increases in project budgets where incremental funding from other levels of government and/or private contributions have been secured.
- The capital *program* and operating 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 as well as contributions from community centres.

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 and/or renovation of an existing facility. It is 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 type of 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, capital project budgets now include an adequate contingency (in accordance with guidelines provided by the Manager of Capital Projects) and capital program budgets are allocated to the specific locations described in the capital budget detail sheets as approved by Council.

The Valour Community Centre Gymnasium Addition and Renovation is an example of a project requiring renovations to an existing building or site. In some instances, consistent with past practice, the Public Service has allocated funding from numerous, appropriate capital programs to these projects. It is recommended that these funds be consolidated in the individual capital project budgets for the purposes of transparency and completeness of costs.

The Winnipeg Fire Paramedic Service Alternate Emergency Centre project is to be funded from the operating budget of the Municipal Accommodations Division of PP&D and one capital program budget. These funds are to be expended for purposes for which the related budgets were approved by Council. Pursuant to Administrative Standard FM-004 - Capital Project Administration,"*all transfers between funds require Council approval."*

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 4, 2011

Project Name: **First Year of Program** **2011**

Consolidation of Various Capital Projects/Programs and Operating Funding to Distinct Capital Project Budgets

	2011	2012	2013	2014	2015
Capital					
Capital Expenditures Required	$ 2,738,021	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	2,323,021	-	-	-	-
Additional Capital Budget Required	$ 415,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Transfer from Operating	400,000	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Contributions from C.C.'s	15,000	-	-	-	-
Total Funding	$ 415,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 415,000				
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: The recommendation is that the Valour C.C. budget be increased by $15,000, the related funding being contributions from the C.C., and that the WFPS capital program budget be increased by $400,00, the funding to be a transfer from the Municipal Accommodations Division's (PPD) operating budget, the amounts to be consolidated into a distinct capital project budget. The total funding involved is $2,738,021. See attached Appendix 3 for details by project.

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

CONSULTATION

In preparing this report there was consultation with:

Corporate Finance

Winnipeg Fire Paramedic Service

SUBMITTED BY

Department: Planning, Property and Development
Division: Financial Services
Prepared by: Mike McGinn – Manager of Finance
Date: July 4, 2011
File No.

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APPENDIX 1

Consolidation of Budgets for Valour Community Centre

The Valour Community Centre Gymnasium Addition and Renovation Project ("the project") involves the renovation of the existing community centre facility including a new reception lobby, kitchen, washroom facilities, storage areas and expanded office facilities. Also incorporated in the project is the new 5,200 sq. ft. steel framed, masonry clad gymnasium including minor site work.

The additional $15,000 contribution from the Valour Community Centre was used to fund the gymnasium addition sport flooring and interior renovations works.

VALOUR ROAD COMMUNITY CENTRE REDEVELOPMENT

Capital Project #	Description	Council-Approved Budget	Portion Related to Valour Road C.C.
Approved by SPC on Finance - June 2, 2009:			
6399000510	Valour Road Community Centre	2,257,021	2,257,021
Additional Funding Sources to be Consolidated:			
n/a	Contribution from Valour Road C. C.	15,000	15,000
Total Funding		**2,272,021**	**2,272,021**

APPENDIX 2

Consolidation of Budgets for Winnipeg Fire Paramedic Service Alternate Emergency Centre

The Winnipeg Fire Paramedic Service Alternate Emergency Centre project ("the project") involves interior building renovations to approx. 2,200 square feet of existing vacant main floor space at 185 King Street to be utilized as backup Alternate Emergency Centre for the present Communication Centre at 700 Assiniboine Park Drive.

Funding for the project, which totals $466,000, is currently included in one capital *program* budget and one operating fund budget. Consolidation of these funds into a single capital *project* budget will facilitate transparency and ease of recordkeeping and reporting related to the work performed at this site.

WINNIPEG FIRE PARAMEDIC SERVICE ALTERNATE EMERGENCY CENTRE

Capital Project # / Current Budget Account	Description	Council-Approved Budget	Portion Related to Alt. Emerg. Centre
Funding Sources to be Consolidated:			
2100000106	Facilities Replacement	1,702,365	66,000
554-524040-634202-271	Municipal Accommodations - Real Property Contracts - Construction/Maintenance	4,020,655	400,000
Total Funding		**5,723,020**	**466,000**

APPENDIX 3

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 recommendation contained in this report. The information presented below is to provide additional detail to the information contained in the Financial Impact Statement.

PROJECT	Consolidated Budget
Valour Road Community Centre	2,272,021
Winnipeg Fire Paramedic Service Alternate Emergency Centre	466,000
Total	**2,738,021**