Agenda - Council – September 28, 2011

Report - Standing Policy Committee on Property and Development – September 13, 2011

Item No. 13 First Call on the 2012 Capital Budget - Emergency Repair / Replacement of the Cooling Plant - 510 Main Street

STANDING COMMITTEE RECOMMENDATION:

On September 21, 2011, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submits the following to Council:

1. That a new 2012 capital project entitled Emergency Repair / Replacement of the Cooling Plant - 510 Main Street in an amount of $1.8 million be approved for inclusion in the 2012 Capital Budget and that the related financing requirements be referred to the 2012 Capital Budget Process.

2. That expenditures in 2011, or prior to the adoption of the 2012 Capital Budget, of up to $1,800,000 as a first charge against the 2012 Capital Budget be approved in accordance with Subsection 288(2) of The City of Winnipeg Charter in order that the project be completed prior to the 2012 cooling season.

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

Report - Standing Policy Committee on Property and Development – September 13, 2011

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 21, 2011, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On September 13, 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: First Call on the 2012 Capital Budget - Emergency Repair / Replacement of the Cooling Plant - 510 Main Street

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Evenson	B. Thorgrimson	M Ruta Chief Financial Officer	D Joshi Chief Operating Officer

RECOMMENDATIONS

1. That Council approve a new 2012 capital project entitled Emergency Repair / Replacement of the Cooling Plant - 510 Main Street in an amount of $1.8 million for inclusion in the 2012 Capital Budget and that the related financing requirements be referred to the 2012 Capital Budget Process.

2. Subject to approval of Recommendation # 1, that Council authorize expenditures in 2011, or prior to the adoption of the 2012 Capital Budget, of up to $1,800,000 as a first charge against the 2012 Capital Budget in accordance with Subsection 288(2) of the City of Winnipeg Charter in order that the project be completed prior to the 2012 cooling season.

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

REASON FOR THE REPORT

- Council approval is required for a first charge for an expenditure of capital funds prior to the adoption of the 2012 capital budget.
- Award of a construction contract as laid out in this report, must be made prior to Council adoption of the 2012 Annual Capital Budget and 2013 to 2017 Five-Year Capital Forecast in order to complete the work prior to, and provide cooling at the 510 Main Street Complex during, the 2012 cooling season.

IMPLICATIONS OF THE RECOMMENDATIONS

The authorization requires a first charge on the 2012 Emergency Repair / Replacement of the Cooling Plant - 510 Main Street to allow the award of a contract prior to adoption of the 2012 Capital Budget, to

replace the cooling system at the 510 Main Street Complex prior to June 1, 2012 as the existing system is not expected to be capable of cooling the Complex.

A loss of mechanical cooling would have an adverse impact on elected officials, members of the public and the Public Service.

HISTORY

The Planning, Property and Development Department's 2012 Capital Budget submission (for Municipal Accommodations) identifies $1,800,000 for the replacement of the cooling plant at the 510 Main Street Complex. This item was not included in the 2011 Adopted Capital Budget & 2012 to 2016 Five-Year Forecast approved by Council on February 22, 2011.

The cooling plant serving 510 Main Street Complex was replaced in 2003. In the spring of 2010, one of the two water cooled chiller units suffered a catastrophic failure and has remained out of service since that time. The remaining chiller unit has continued cooling the building albeit in an unreliable manner.

A significant amount of time, money and energy were expended in 2010, and to date in 2011, to keep the remaining chiller operational. Extensive servicing continues to be required to keep the remaining chiller operational reflecting its deteriorating condition.

It is unlikely that the remaining chiller will be capable of providing cooling for the 2012 cooling season, Both the Administration and Council Buildings in the 510 Main Complex may be without cooling.

AECOM Canada Ltd. completed a failure investigation and determined that the replacement of both the existing chillers is necessary due to one failed chiller, and the expected failure of the second.

On July 15, 2011, the Executive Policy Committee "authorized single source negotiations with AECOM Canada Inc. for Professional Consulting Services for Emergency Repair / Replacement of the Cooling Plant – 510 Main Street – Project No. 2011-026 in an amount not to exceed $263,000.00 plus GST and MRST, pursuant to the Materials Management Policy B4.1 (f) the compatibility of supply with existing services is the paramount consideration."

Project funding must be in place by October 28, 2011 in order to issue a Bid Opportunity and award a contract in November 2011 for the construction of a new cooling plant. The November date is critical as the delivery and installation of the new cooling plant has to be completed by June 1, 2012 in order to provide cooling to the 510 Main Street Complex during the 2012 cooling season.

FINANCIAL IMPACT

Financial Impact Statement

Date: September 1, 2011

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

First Call on the 2012 Capital Budget - Emergency Repair / Replacement of the Cooling Plant - 510 Main Street

	2011	2012	2013	2014	2015
Capital					
Capital Expenditures Required	$ 1,800,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ 1,800,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ 1,800,000	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ 1,800,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 1,800,000				
Total Additional Debt Required	$ 1,800,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts		-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures (i.e. authorization) in 2011 consist of contractor costs of $1,747,573 + short-term financing charges and corporate admin fees of $52,427; the latter amount being offset by recoveries in the current budget of the Corporate Finance Department. The Municipal Accommodations current (expenditure) budget will be increased by $1.8 million (i.e. the amount of the required Transfer to the General Capital Fund).

"Original Signed By"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

n/a

SUBMITTED BY

Department:	Planning, Property and Development
Division:	Municipal Accommodations
Prepared by:	Kristine Corbett
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