Agenda – Executive Policy Committee – January 23, 2013

2013 BUDGET REVIEW

Item No. 1 Waverley West Arterial Roads Project

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 5, 2012, the Executive Policy Committee referred the recommendation of the Standing Policy Committee on Finance that an amount of $15,000,000 be included in the 2013 Capital Budget and the 2014 – 2018 Five Year Capital Budget Forecast for the Waverley West Arterial Roads Project to the 2013 Capital Budget process.

DECISION MAKING HISTORY:

COUNCIL DECISION:

On December 12, 2012, Council concurred in the December 5, 2012, recommendation of the Executive Policy Committee and adopted the following:

1. That the Waverley West Arterial Roads Project be referred to the City of Winnipeg Audit Department to be given priority for an Audit of the entire project thus far by the City Auditor.

2. That the Province of Manitoba be requested to fund the additional $5 million in the Kenaston and PTH100 intersection upgrades as the Perimeter Highway is the 100% responsibility of the provincial government.

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

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 5, 2012, the Executive Policy Committee concurred in recommendations 1 and 3 of the Standing Policy Committee on Finance and submitted the matter to Council.

Further on December 5, 2012, the Executive Policy Committee referred recommendation 2 of the Standing Policy Committee on Finance to the 2013 Capital Budget process.

STANDING COMMITTEE RECOMMENDATION:

On December 3, 2012, the Standing Policy Committee on Finance passed the following motion:

WHEREAS the City of Winnipeg, the Government of Canada, and the Province of Manitoba announced the Waverley West Arterial Roads Project in 2009 under the Building Canada Fund — Major Infrastructure component, and part of Canada's Economic Action Plan;

AND WHEREAS Council adopted the 2010, 2011, and 2012 Capital Budgets which identified $54.7 million for the Waverley West Arterial Roads Project with contributions from the Federal and Provincial Governments;

AND WHEREAS the Waverley West Arterial Roads Project provides vital transportation links to a growing residential subdivision;

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

AND WHEREAS delays in federal project sign off for the tri-partite program directly impacted the project both in terms of construction cost inflation and in the hiring of the engineering consultants required to determine preliminary cost estimates for the partial grade separation;

AND WHEREAS the Department of Public Works has now specifically estimated a budget shortfall of up to $20,000,000, which is comprised of the following:

- $10 million additional funding required for the partial grade separation at Kenaston and Bishop Grandin; and,
- $ 5 million additional construction cost inflation caused by a late construction start date due to a longer than anticipated federal approval process; and,
- $ 5 million additional funding due to the possibility the Province of Manitoba may insist on higher than normal intersection upgrades at the new Kenaston and PTH 100 intersection.

THEREFORE BE IT RESOLVED:

1. That the Waverley West Arterial Roads Project be referred to the City of Winnipeg Audit Department to be given priority for an Audit of the entire project thus far by the City Auditor.

2. That an amount of $15,000,000 be included in the 2013 Capital Budget and the 2014 – 2018 Five Year Capital Budget Forecast for the Waverley West Arterial Roads Project.

3. That the Province of Manitoba be requested to fund the additional $5 million in the Kenaston and PTH100 intersection upgrades as the Perimeter Highway is the 100% responsibility of the provincial government,

and forwarded to the Executive Policy Committee.

STANDING COMMITTEE DECISION:

On December 3, 2012, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and received as information the financial Status of the Waverley West Arterial Roads Project.

ADMINISTRATIVE REPORT

Title: WAVERLEY WEST ARTERIAL ROADS PROJECT – FINANCIAL STATUS REPORT No. 1 FOR THE PERIOD ENDING SEPTEMBER 30, 2012

Critical Path: STANDING POLICY COMMITTEE ON FINANCE

AUTHORIZATION

Author	Department Head	CFO	CAO
L.P. Deane, P.Eng.	B.W. Sacher, P.Eng.	M. Ruta, CFO	D. Joshi, COO

RECOMMENDATIONS

That the financial Status of the Waverley West Arterial Roads Project, as contained in this report, be received as information.

REASON FOR THE REPORT

Administrative Standard No. FM-004 requires quarterly reporting to Standing Policy Committee on Finance

IMPLICATIONS OF THE RECOMMENDATIONS

The project is currently on schedule, however recent project estimate projections, based on updated design and actual costs of project elements already undertaken, indicate a budget shortfall of up to $20 million, compared to the originally provided budget.

HISTORY

On September 13, 2009, the Federal and Provincial Governments announced that the Waverley West Arterial Roads project would be considered a priority for funding assistance under the Building Canada Fund.

On December 15, 2009 and February 22, 2011, Council adopted the 2010 and 2011 Capital Budgets, which identified $51,300,000 and $3,400,000 respectively for the Waverley West Arterial Roads Project. Identified funding included contributions from the Building Canada Fund (Federal Government; $18,233,000), the Provincial Government ($15,000,000).

On December 29, 2010, the Acting Chief Administrative Officer (CAO) approved the negotiations for a single-source assignment to Stantec Consulting Ltd, for Contract Administration only for the Kenaston Boulevard roadway extension (Part I) previously designed by Stantec Consulting Ltd while engaged by Manitoba Housing and Renewal Corporation as part of Development Agreement AG 1/06. The assignment includes contract administration for a culvert extension on Kenaston Boulevard in advance of intersection realignment works and the roadworks for the intersection realignment and Kenaston

Boulevard extension northbound from Bishop Grandin Boulevard to North Town Road (spring/summer 2011).

On December 29, 2010, the Acting Chief Administrative Officer (CAO) approved the negotiations for a single-source assignment to Wardrop Engineering Inc dba Tetra Tech for Part II (a) Contract Administration only for roadway twinning previously designed by Wardrop Engineering Inc (now Wardrop Engineering Inc. dba Tetra Tech) while engaged by Ladco Company Limited as part of their Development Agreement AG 22/07. Part II (b) Preliminary Design, Detailed Design and Contract Administration for roadway twinning project to run concurrently with the developer's roadway extension project.

On May 25, 2011, Council adopted the recommendation that the Chief Administrative Officer be delegated the authority to award construction contracts exceeding $10,000,000, including multi-year contracts not exceeding 5 years, associated with the Waverley West Arterial Roads Project, within the Council approved budget.

On June 28, 2011, Transport Canada provided written determination that the Project was not likely to cause significant adverse environmental effects.

On June 30, 2011, the Project received written Approval-In-Principle, from the Government of Canada that the project was approved under the Building Canada Fund, subject to the execution of the final agreement.

On July 6, 2011, the Executive Policy Committee approved the negotiations for a single-source assignment to Morrison Hershfield Limited to provide design-review, coordination between all contracts (consulting and construction), and review of monthly project reports and progress estimates and payments (Non-Resident/Third-Party Contract Administration) for the Waverley West Arterial Roads Project.

On June 6, 2012, an agreement for the Project was executed under the Building Canada Fund.

On July 23, 2012, the Chief Financial Officer approved the award of contract for the provision of Professional Consulting Services for *Waverley West Arterial Roads Project – Part III – Kenaston Bv Extension – PTH 100 to Bishop Grandin Bv – Road Works and Bridge Structure* to Dillon Consulting Limited, based on the requirements of RFP 182-2012.

MAJOR CAPITAL PROJECT STEERING COMMITTEE

Administrative Standard for projects with capital cost exceeding $10 million requires formation of Major Capital Project Steering Committee. The Committee has not been formed.

PROJECT STATUS

Recent project estimate projections, based on updated design and actual costs of project elements already undertaken, indicate a budget shortfall of up to $20 million, compared to the originally provided budget.

The project is ongoing and on schedule.

DESCRIPTION OF PROJECT

The Project extends Kenaston Boulevard, connecting it to the Provincial Trunk Highway (PTH) 100 and involves the construction of two interchanges, road widening, the realignment of existing roadways and various upgrade and rehabilitation work along Waverley Street and Kenaston Boulevard in Winnipeg, Manitoba. Specific elements of the Project include:

- First phase of a future grade-separated intersection where southbound Kenaston Boulevard traffic will be separated from other movements by a fly-over structure. Eastbound Bishop Grandin Boulevard traffic will have a separate by-pass of the south and northbound turning movements;
- A four-lane arterial roadway, the southbound extension of Kenaston Boulevard, linking the partial grade-separation of Kenaston Boulevard/Bishop Grandin Boulevard with PTH 100, the south leg of Winnipeg's Perimeter Highway;
- A new at-grade intersection at the planned Kenaston Boulevard Extension and PTH 100;
- A new four-lane section of Waverley Street that creates a realignment of the existing street in a westerly direction to the proposed new Kenaston Boulevard;
- The addition of two new lanes on the existing Waverley Street between Bison Drive and the Waverley realignment, and the rehabilitation of the two existing lanes to connect with the recently completed four lane arterial roadway to the north;
- A new at-grade intersection at the new Kenaston Boulevard and the realigned Waverley Street; and
- The decommissioning of the existing at-grade signalized intersection of Waverley Street and PTH 100.

Project Schedule

To complete in 2012:

- Waverley Street twinning from Bison Drive to 260m north of Sandusky Drive;
- Construction of the embankments for the fly-over structure, completed August 2012;
- First phase of the Kenaston Boulevard extension – two-lanes from Bishop Grandin Boulevard to North Town Road
    - *Post-report note:* lanes opened (both directions) October 29, 2012;
- Reconfiguration of the Kenaston Boulevard and Bishop Grandin Boulevard at-grade intersection
    - *Post-report note:* opened end of October 2012.
- Construction of Waverley extension from Tim Sale Drive (east leg) to the future Kenaston Boulevard extension (will not be open to Kenaston until Kenaston is complete to Waverley).

2013:

- Complete construction of four-lanes of Kenaston Boulevard from Bishop Grandin Boulevard to South Town Road;

2013/2014:

Detailed schedule is in planning. Generally:

- Begin construction of four-lanes of Kenaston Boulevard from South Town Road to Waverley;
- Complete construction of the fly-over structure for southbound Kenaston Boulevard to eastbound Bishop Grandin Boulevard traffic;
- Completion of the connection of Kenaston Boulevard to PTH 100;
- Completion of decommissioning of Waverley Street and PTH 100.

Professional Services Contracts awarded to September 30, 2012 are as follows:

Bid Opportunity	Awarded To	Description	Award Date	Completion Date	Award Value
Direct Assigned	Morrison Hershfield Limited	Third Party Contract Administration and Advisory services	Nov 28, 2011	On-going	$549,000.00
Direct Assigned	Stantec Consulting Ltd	Environmental Advice, Assessment and Monitoring for WWARP	Mar 31, 2010	On-going	$40,150.00
Direct Assigned	Stantec Consulting Ltd	Contract Administration services for WWARP Part I (Kenaston Boulevard, North Town Rd to Bishop Grandin Boulevard)	Nov 29, 2011	On-going	$1,450,000.00
Direct Assigned	Tetra Tech WEI Inc	Contract Administration services for WWARP Part II(A) (Waverley Street twinning, Sandusky Drive to Bison Drive)	Oct 3, 2011	On-going	$300,000.00
Direct Assigned	Tetra Tech WEI Inc	Professional Consulting Engineering services for WWARP Part II(B) (Waverley Street extension, Tim Sale Drive to future Kenaston Boulevard)	Feb 22, 2012	On-going	$316,526.00[(1)]
182-2012	Dillon Consulting Limited	Professional Consulting Engineering services for WWARP Part III (Kenaston Boulevard extension, PTH100 to Bishop Grandin Boulevard – Road Works and Bridge Structure)	Jul 23, 2012	On-going	$4,100,000.00[(2)]

[(1)] includes administration of contract work for the interceptor sewer funded by the Water & Waste Department.
[(2)] includes administration of contract work for developer-funded intersections (not yet contracted).

Major Construction Contracts awarded to September 30, 2012 are as follows:

Bid Opportunity	Awarded To	Description	Award Date	Completion Date	Award Value
405-2011	Borland Construction Inc	Construction Contract for WWARP Part II(A) (Waverley Street twinning, Sandusky Drive to Bison Drive)	Jul 11, 2011	Jul, 2012	$3,692,270.00
604-2011	Bayview Construction Ltd	Construction Contract for WWARP Part I (Kenaston Boulevard, North Town Rd to Bishop Grandin Boulevard)	Aug 12, 2011	Oct 26, 2012	$12,775,370.96
429-2012	Taillieu Construction Ltd	Construction Contract for WWARP Part II(B) (Waverley Street extension, Tim Sale Drive to future Kenaston Boulevard)	Aug 8, 2012	On-going	$1,715,320.00[(1)]

[(1)] includes a $444,175.00 bid amount for interceptor sewer funded by the Water & Waste Department.

RISKS AND RISK MITIGATION STRATEGIES

In accordance with Administrative Standard FM-004, the design consultant is responsible for developing a Risk Management Plan identifying risks and appropriate mitigation strategies as they relate to the successful completion of the project. The Risk Analysis and Evaluation Worksheet, which identifies the risks and their potential impacts, risk scores and mitigation strategies are being developed.

- Budget – Recent project estimate projections, based on updated design and actual costs of project elements already undertaken, indicate a budget shortfall of up to $20 million compared to the originally provided budget. Budget adjustment discussions are underway.

- The configuration of Kenaston Boulevard's connection to PTH100 (the Perimeter Highway) is subject to direction and final approval of Manitoba Infrastructure and Transportation (MIT). MIT has commissioned Stantec Consulting Limited to study the configuration options, with the intent of providing the City with this direction early in 2013. Design and preparation of the contracted works of this intersection cannot proceed prior to an agreement on the location and configuration of the connection.

    - Initial assumptions related to the cost of the Kenaston / PTH100 intersection assumed a "T" intersection with a single left turn lane from eastbound PTH100 to northbound Kenaston. If the study commissioned by MIT indicates a higher level intersection treatment is required, including the possible need for an additional eastbound left turn lane, it could result in an additional cost of approximately $5 million.
    - If the direction from MIT is to construct the Kenaston/PTH100 connection within the Kenaston right-of-way projection to PTH100 (see site plan in Appendix B), the property directly adjacent to the Perimeter will require acquisition, or partial acquisition.
    - Property acquisition is not eligible for claim under the Building Canada Fund agreement.

- Funding agreement with Province of Manitoba/MHRC – discussions are on-going with the Province of Manitoba's Infrastructure Secretariat and Manitoba Housing and Renewal Corporation. The City cannot make a claim for reimbursement of funds until this agreement is in place. The agreement is expected to be finalized by January of 2013.

- Construction of the eastern embankment and roadway approach to the fly-over structure encroach on the Manitoba Hydro utility corridor. The City has obtained construction right-of-entry for initial construction of the embankment, but must secure the land from Manitoba Hydro for construction and long-term location of the embankment and roadway. Discussions with Manitoba Hydro are underway.

- Current estimates for the cost of the partial grade separation at Kenaston / Bishop Grandin are estimated to be an additional $10 million.

- Costs associated with a late construction start, due to a longer than anticipated environmental approval process, are estimated to have cost the overall project an additional $5 million.

- The longer than anticipated approval process and the resulting progress impacts resulted in information required for more accurate cost estimates not being available until recently. As a result, possible capital budget impacts could not be addressed earlier.

FINANCIAL ANALYSIS

Project Funding

The approved capital and projected budget surplus/deficit are as follows:

Year	Capital Program	Actual & Projected Cash-flows	Cumulative Capital Budget Remaining / (Shortfall)
2010[4]	$51,300,000[1],[2]	$6,355	$51,293,645
2011[5]	3,400,000	5,904,417	48,789,228
2012	-	14,535,000[3]	34,254,228
2013	-	27,850,000	6,404,228
2014	-	25,904,228	(19,500,000)
2015	-	500,000	(20,000,000)
Total	**$54,700,000**	**$74,700,000**	**($20,000,000)**[6]

(1) Includes funding committed through the Building Canada Fund of up to $18,233,333.00.
(2) Includes funding committed by the Province of Manitoba of up to $15,000,000.00.
(3) Expected expenditures for 2012, based on actuals to September 30, 2012.
(4) Capital Budget adopted by Council on December 15, 2009.
(5) Capital Budget adopted by Council on February 22, 2011.
(6) Recent project estimate projections, based on updated design and actual costs of project elements already undertaken, indicate a budget shortfall of up to $20 million, compared to the originally provided budget.

Financial Analysis

A summary of the budget to forecast comparison is contained in Appendix A.

FINANCIAL IMPACT

Financial Impact Statement Date: November 21, 2012

Project Name:

WAVERLEY WEST ARTERIAL ROADS PROJECT - FINANCIAL STATUS REPORT NO. 1 FOR THE PERIOD ENDING SEPTEMBER 30, 2012

COMMENTS:

As this report is submitted for informational purposes only, there is no financial impact associated with this recommendation.

"Original Signed by D. Stewart, CA:"
D. Stewart, CA
Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

N/A

SUBMITTED BY

Department:	Public Works
Division:	Engineering
Prepared by:	M.N. Harms, P.Eng.
Processed by:	KAR
Date:	November 28, 2012
File No.:	10-A-01
Filename:	L:\Admin\Reports 2012\M Harms\November\Financial Streetatus Report-WWARP-No1 Revised Nov 7 12.docx

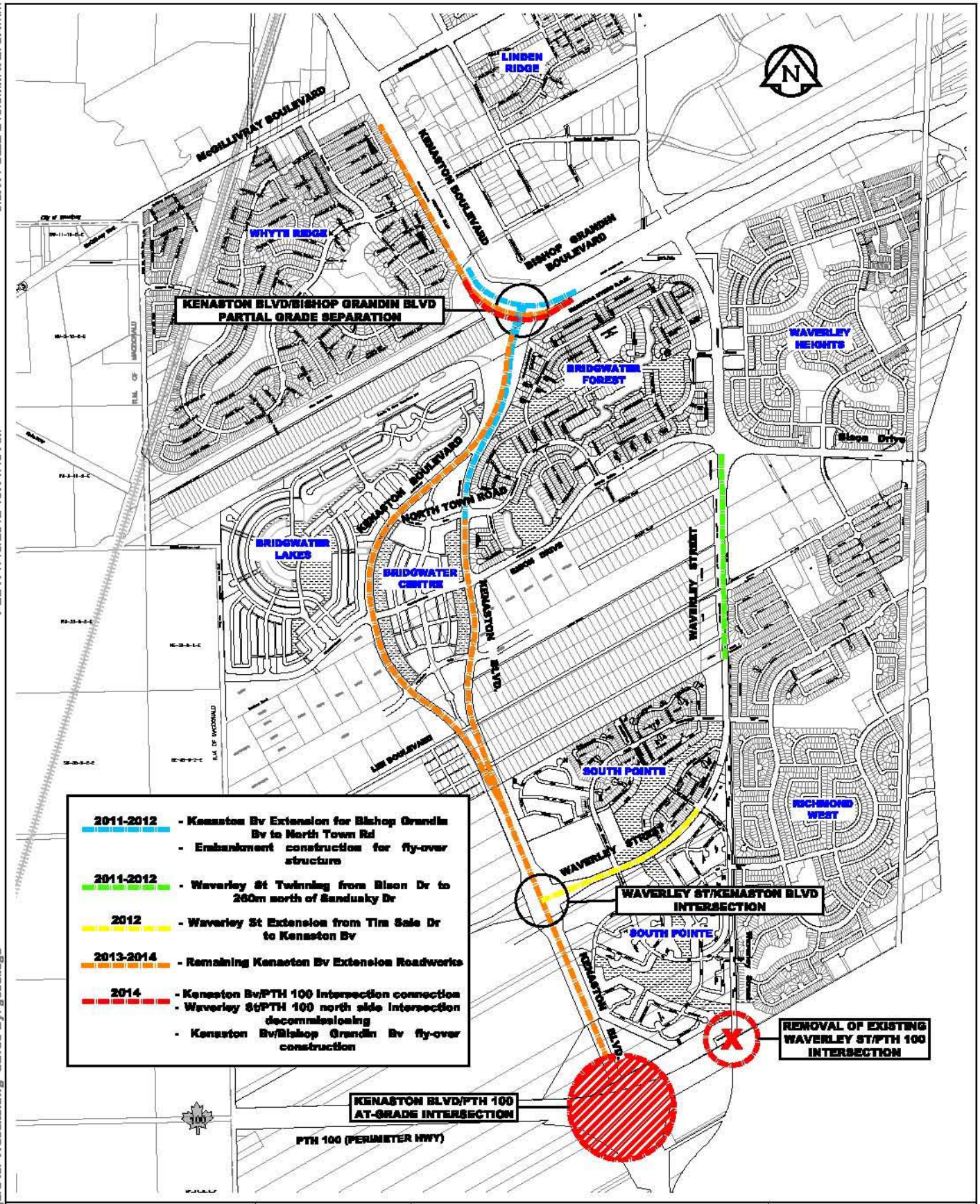
Attachments

Appendix A: Financial Analysis – Waverley West Arterial Roads Project

Appendix B: Site Plan of Waverley West Arterial Roads Project



Figures for Website-timeline.pdf



MORRISON HERSHFIELD	Winnipeg	**WAVERLEY WEST ARTERIAL ROADS PROJECT TIMELINE**	SCALE N.T.S. DATE 12/04/10 FIGURE NO.

8.5X11 SIZE 215.9mm x 279.4mm
PLOT: 7/10/2012 10:14:40 AM
FILE NAME: Time line Figure for Website.dwg Saved By: gcoolidge

APPENDIX A: Financial Analysis – Waverley West Arterial Roads Project

WAVERLEY WEST ARTERIAL ROADS PROJECT
As of September 30, 2012

	Project Component	Capital Budget			Capital Expenditures Forecast						Surplus (Deficit)	Variance Last Report	Change in Variance
					Actual Costs	Projected Costs				Total			
		Original	Council Approved Change	Revised	To September 30, 2012	Remainder of 2012	2013	2014	2015	Forecast	From Revised Budget		
A	Professional Services	$5,700,000		$5,700,000	$1,403,458	$800,001	$2,000,000	$1,390,000	$400,000	$5,993,459	($293,459)		($293,459)
B	Construction Work	$44,000,000		$44,000,000	$12,009,169	$3,400,000	$22,830,000	$22,159,228	$0	$60,398,397	($16,398,397)		($16,398,397)
C	Utilities	$2,000,000		$2,000,000	$999,039	$857,180	$2,191,000	$1,500,000	$100,000	$5,647,219	($3,647,219)		($3,647,219)
D	Property	$0		$0	$2,830	$1,200	$5,000	$5,000	$0	$14,030	($14,030)		($14,030)
E	Overheads and Other	$3,000,000		$3,000,000	$712,895	$260,000	$824,000	$850,000	$0	$2,646,895	$353,105		$353,105
		$54,700,000	$0	$54,700,000	$15,127,391	$5,318,381	$27,850,000	$25,904,228	$500,000	$74,700,000	($20,000,000)	$0	($20,000,000)

Notes:

1. Original Budget included $47M for construction work, including overheads.
2. Property costs are construction easements for Manitoba Hydro corridor
3. Recent project estimates based on updated design and actual costs of project elements already undertaken, indicate a budget shortfall of up to $20 million, compared to the originally provided budget.

APPENDIX B: Site Plan of Waverley West Arterial Roads Project

