Agenda – Executive Policy Committee – October 16, 2013

REPORTS

Item No. 4 "No Award" for the Request for Expressions of Interest and Proposals – James Avenue Parkade (Point Douglas Ward)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That there be no award of contract pursuant to EOI&P No. 272-2011 for the Investment Structure, Design, Construction and Financing of the James Avenue Parkade and that the EOI&P No. 272-2011 process be terminated and the proponents be so notified.

ADMINISTRATIVE REPORT

Title: **"NO AWARD" FOR THE REQUEST FOR EXPRESSIONS OF INTEREST AND PROPOSALS FOR THE INVESTMENT STRUCTURE, DESIGN, CONSTRUCTION AND FINANCING OF THE JAMES AVENUE PARKADE EOI&P No. 272-2011**

Critical Path: **Executive Policy Committee**

AUTHORIZATION

Author	Department Head	CFO	CAO
A.Williams	Randy Topolniski	n/a	D. Joshi COO

RECOMMENDATIONS

1. That there be no award of contract pursuant to EOI&P No. 272-2011 for the Investment Structure, Design, Construction and Financing of the James Avenue Parkade and that the EOI&P No. 272-2011 process be terminated and the proponents be so notified.

REASON FOR THE REPORT

At its meeting on March 23, 2011 Council considered a report titled "Winnipeg Parking Authority - Projects for Immediate Action (Parkade Development)" and adopted a number of recommendations including the following:

3. That all net proceeds of disposition from the sale of the Winnipeg Square Parkade ($23.6 million) be allocated in the following manner:

    A. That a maximum of $5.0 million be allocated to take an equity partnership in the James Avenue Parkade Project in 2011;

4. That the Winnipeg Public Service be authorized to begin the procurement of a Joint Venture Partner that could bring private sector experience to the design, construction, and finance of the James Avenue Parkade project (Recommendation 3A) and the North Portage Corridor Parkade project (Recommendation 3B) and that the Chief Administrative Officer be authorized to issue a request for Expressions of Interest/Request for Proposals and report back to the Executive Policy Committee with Recommendations.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no financial implications to not awarding a contract.

HISTORY

In 2011, the Winnipeg Parking Authority led an EOI process to solicit proponents to construct a parkade in the Cultural District that was supported by a background study/ business case analysis that was provided by MMM Group with third-party due-diligence from Price Waterhouse Coopers.

Request for Expressions of Interest and Proposals for the Investment Structure, Design, Construction and Financing of the James Avenue Parkade **No. 272-2011** was posted May 5, 2011 with a Submission Deadline of June 10, 2011.

Following the release of the EOI&P the following key events transpired:

- There were two responses received and evaluated by a team comprised of members of the Public Service and one external professional (non-City staff). Phase 1 of the evaluation was conducted in accordance with 7.1 to 7.6 of the EOI&P, using the criteria identified in Schedule D of the EOI&P, which is appended to this report.

- The City proceeded to Phase 2 of the evaluation (negotiations) with the proponent receiving the highest score in Phase 1 evaluation. A number of discussions/negotiations took place in the ensuing months regarding the pro forma based projections and returns required to make the project economically viable based on a $5M equity partnership or a possible $5M repayable loan.

- On October 12, 2012, the proponent met with representatives of the Planning, Property and Development Department to convey that based on their additional due diligence, they would not be proceeding with the proposed project.

- Since January of 2013, the WPA, in cooperation with PP&D, have been assessing other options for consideration for the parkade development, and working towards issuing a new process. The intent was that one report would be submitted to address both the “No Award” of EOI&P 272-2011, as well as recommendations relating to issuing a new EOI&P. However, since the WPA and PP&D are still in the process of investigating other options for the parkade development, it was recently determined that this “No Award” report be submitted to formally terminate the original EOI&P and that a separate report will follow with respect to next steps.

Accordingly it is recommended that there be no award of contract pursuant to EOI&P No. 272-2011 for the Investment Structure, Design, Construction and Financing of the James Avenue Parkade, that EOI&P No. 272-2011 be terminated and that the Proponents be so notified.

FINANCIAL IMPACT

Financial Impact Statement **Date:** October 7, 2013

Project Name:

"NO AWARD" FOR THE REQUEST FOR EXPRESSIONS OF INTEREST AND PROPOSALS FOR THE INVESTMENT STRUCTURE, DESIGN, CONSTRUCTION AND FINANCING OF THE JAMES AVENUE PARKADE EOI&P No. 272-2011

COMMENTS:

There are no financial implications associated with this report's recommendation.

Karen Ayotte
Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

- **Materials Management Division**
- **Legal Services Department (as to legal issues for procurement only)**
- **Property Planning and Development**

SUBMITTED BY

Department: Winnipeg Parking Authority
Division
Prepared by: A. Williams
Date: October 7, 2013
File No.

SCHEDULE D - PROPOSAL EVALUATION CRITERIA

The following criteria will be considered in evaluating Proposals:

1. Proponent Credentials (weighted 10%)

1.1. Experience and record of achievement of the Proponent in designing, engineering and constructing parking facilities of similar size and complexities under similar climatic conditions on scope, on time and within budget, as well as operating and maintaining such facilities and providing stable project financing.

1.2. Similar experience and record of achievement of the Proponent in designing, engineering and constructing residential and/or commercial structures as they relate to the submission.

2. Project Resourcing (weighted 15%)

2.1. Skills and advanced competencies of the Proponent's team and their role that will be assigned major project responsibilities for the delivery of business processes.

2.2. The extent to which the Proponent's team has successfully worked together in delivering comparable projects.

2.3. The extent to which the Proponent has executed similar financing arrangements for comparable projects.

2.4. The extent to which the legal entity that will carry out the development on behalf of the Proponent has other business interests.

2.5. Any other key strength that the Proponent brings to the Project.

3. Parkade Technical Requirements (weighted 15%)

3.1. The assessed completeness and suitability of the conceptual design.

3.2. The extent to which the design complies with functional programming requirements, standards legislation, codes and guidelines.

3.3. The innovation demonstrated in the conceptual design to enhance functionality and site aesthetics that is consistent with, but not limited to, consistency with adjacent buildings, modern design practices and the interests of the district.

3.4. The assessed impact of the design, materials and construction on the operational life of the Project.

4. Time Schedule (weighted 5%)

4.1. The proposal meets the required time schedule of the City.

4.2. The acceptability and assessed reasonableness and credibility of the proposed timeline for delivering the Parkade.

4.3. The innovation demonstrated and savings available through phased implementation.

5. Operating and Maintenance Program (weighted 10%)

5.1. The suitability of the operating and maintenance program as outlined to preserve and enhance the value of the City's investment over the fifty-year life of the Facility and the acceptability of reserve arrangements.

5.2. The suitability of the proposed Operating and Maintenance Agreement.

5.3. The suitability of the operating and maintenance obligations as they relate to CSA Standard S413, all equipment manufacturers recommendations and the Building Owners and Managers Association Building Environmental Standards (BOMA BESt).

6. Value Added Quality/Complementary Opportunities (weighted 30%, with 15% financial benefit to the City and 15% non-financial benefit to the City)

6.1. The assessed benefit accruing to the City through alternate ownership, financing or maintenance arrangements proposed.

6.2. The assessed impact of creative measures proposed to reduce capital and operating costs while maintaining quality standards as well as the acceptability and financial benefit of proposed Parkade management arrangements. Consideration for creative measures for the design will consider access, safety, security, adaptability, reparability and maintainability.
6.3. The assessed suitability of proposed complementary business opportunities.
6.4. The extent to which net proceeds arising from complementary business opportunities will be beneficial to the City.

7. Pricing and Financial Framework (weighted 15%)

7.1. The Proponent's financial capability, experience, capital, and organization relative to carrying out the Project based on the audited financial statements and reviewing in particular:
7.1.1 a robust capital structure and Financing Plan to ensure that there is sufficient risk capital is in place to accommodate a reasonable range of downside risk in the context of the RFP response without triggering default or step-in. Factors which will be considered include: cash flows above the debt covenants; the annual debt service coverage ratios;
7.1.2 the long term commitment of equity investment in the Project. Factors which will be considered include: the identity and financial strength of the equity investor; the independence of equity returns from other returns from the Project such as construction profit margins; certainty and level of commitment;
7.1.3. the availability of long term debt financing for the Project. Factors which will be considered include: identity, financial strength and experience of debt providers or arrangers; certainty and level of commitment; whether interest rates are fixed; qualifications to any commitment and conditions precedent to drawdown; status of the development of financing documentation; maturities of the debt facilities and amortization profiles, including any refinancing risk; and
7.1.4. appropriate security for the performance of the Proponent's obligations. Factors which will be considered include: the strength of any corporate covenants, guarantees, letters of credit, bonding or other performance securities.
7.2. The reasonableness, completeness and cost competitiveness of the preliminary price estimate for design, construction and maintenance for the term of the Operating and Maintenance Agreement and projected maintenance costs thereafter.
7.3. The reasonability and completeness of projecting revenues from monthly and casual parking as well as any revenue stream related to the Project.
7.4. The acceptability of the proposed arrangements to finance the Project and the flexibility which the arrangements afford.
7.5. The assessed ability of the Proponent to secure necessary financing at attractive rates.

Addendum 6 of the EOI&P made the following revisions to the Evaluation Criteria:

Delete Clause 2. in its entirety

Revise 4.1 to read:

4.1 The ***extent to which the*** Proposal meets the required time schedule of the City.

Revise 5.1 to read:

5.1 The suitability of the operating and maintenance program as outlined to preserve and enhance the value of the City's investment over ***the period of the City's ownership*** of the Facility and the acceptability of reserve arrangements.

Revise 7. to read:

7. Pricing, Financial Framework *and Resources* (weighted *30%*)

Add 7.6 to 7.11 as follows:

7.6 The extent to which the Proposal is consistent with the objectives indicated in 3.3 and 3.4 of the EOI&P.

7.7 Skills and advanced competencies of the Proponent's team and their role that will be assigned major project responsibilities for the delivery of business processes.

7.8 The extent to which the Proponent's team has successfully worked together in delivering comparable projects.

7.9 The extent to which the Proponent has executed similar financing arrangements for comparable projects.

7.10 The extent to which the legal entity that will carry out the development on behalf of the Proponent has other business interests

7.11 Any other key strength that the Proponent brings to the Project.