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May 21, 2014

Chair and Members
Executive Policy Committee
The City of Winnipeg
510 Main Street
Winnipeg MB

Re: Executive Policy Committee – 9:00 a.m. Wednesday, May 21, 2014

Reports:

1. 2013 Annual Report – City of Winnipeg Records Committee

Standing Policy Committee on Property and Development – May 13, 2014:

9. Fort Rouge Yards Developer Cash Contributions – Lord Roberts Priority Setting Public Workshop – DASZ 33/2010

10. Expropriation of Lands – Polo Park Infrastructure Improvements Project – West side of St. James Street

19. Amendment to the Yards at Fort Rouge Master Plan - SPA 3/2014

Addendum – Standing Policy Committee on Infrastructure Renewal and Public Works – May 20, 2014

1. Authorization to Proceed with Professional Engineering Consulting Services for an Underpass of the CNR Redditt Subdivision at Plessis Road and Associated Works – RFP No. 142-2012

I am appearing as a private citizen to speak briefly to five matters on your agenda.

Reports:

1. 2013 Annual Report – City of Winnipeg Records Committee

EPC is just being asked to receive the 2013 Annual Report of the City's Records Committee as information today.

However, the Administrative Report states that the major water damage at 380 William Avenue in June, 2013, placed the City's archival collection in jeopardy. Will the previously planned capital project be extended to address the effects of this "disaster," and ensure that these archival resources are better protected in the future?

The members of the Records Committee and the Archives staff should be applauded for their efforts to preserve our civic records and make them available on request, throughout this difficult period.

History is made here, every day, and it is an ongoing challenge to maintain the public's records, whether hard copy, photographic, or digital, and make them easily accessible.

Standing Policy Committee on Property and Development – May 13, 2014:

9. Fort Rouge Yards Developer Cash Contributions – Lord Roberts Priority Setting Public Workshop – DASZ 33/2010

The Property and Development Committee has supported the recommendations of the City Centre Community Committee:

1. That the cash contributions submitted by the developer of the lands commonly known as Fort Rouge Yards (DASZ 33/2010) be held in an account in the Planning, Property and Development Department for capital and/or programming purposes, using the community consultation process (Attachment A) as a guide.

2. That the Director of Planning, Property and Development be granted the authority to approve expenditures of the cash contributions, including but not limited to grants to community groups/organizations, each such expenditure subject to concurrence from the Ward Councillor.

At the October 9, 2012, meeting of the City Centre Community Committee, representatives of the South Osborne Residents' Group asked: "Who will determine allocation of the promised $500,000 community development fund?
How can the community participate in that decision?"

In December, 2013, the Ward Councillor and the Lord Roberts Community Centre Board hosted a public forum to gather public input regarding the investment of the $500,000 promised by GEM Equities over five years in parks, recreation and amenities in the area. The report on the forum is found in Attachment A.

I continue to have some questions about this:

a) Phases 1, 2 and 3 of the Yards at Fort Rouge Development were to be completed by 2015. What is the status of the development today? As far as I can see, the only things which have been erected so far are a few boulevard trees.
b) Exactly when is the $500,000 to be paid to the City of Winnipeg? Has the City received any payment as yet?
c) Surely no cash is held in an account in the Planning, Property and Development Department? All cash contributions must be deposited to the account of The City of Winnipeg, and they may be accounted for in a reserve fund designated for expenditure on certain purposes, as in this case. Which special reserve fund should be designated for this purpose?
d) Why give authority to the Director of Planning, Property and Development at approve expenditures? Given the nature of the desired amenities and programs, would it not make more sense to rely on the Director of Community Services?
e) And in any event, shouldn't expenditures of up to $500,000 be approved at least by the City Centre Community Committee, as a group?
f) And what is the status of the City of Winnipeg loan guarantee of $10 million for GEM Equities Inc., which was approved by City Council on October 11, 2012?

The Consolidated Financial Statements of the City for 2013 state that the City has unconditionally guaranteed the payment of principal and interest on capital improvement loans for several organizations. The outstanding balance on these loans as at December 31, 2013 was $7.4 million (2012 - $6.6 million). Does that outstanding balance include any part of the following loans approved by the Federation of Canadian Municipalities for GEM Equities?

The Yards at Fort Rouge Winnipeg — Brownfield Component (GMF 11024)
Lead applicant: GEM Equities Inc.
Total project value: $5,934,610
GMF loan: $4,747,688

The Yards at Fort Rouge Winnipeg — Energy Component (GMF 11049)
Lead applicant: GEM Equities Inc.
Total project value: $10,158,500
GMF grant: $500,000
GMF loan: $5,000,000

The Yards at Fort Rouge Winnipeg — Transportation Component (GMF 11050)
Lead applicant: GEM Equities Inc.
Total project value: $8,470,330
GMF grant: $500,000
GMF loan: $5,000,000

10. Expropriation of Lands – Polo Park Infrastructure Improvements Project – West side of St. James Street

Yesterday the SPC Infrastructure Renewal and Public Works approved the award of a contract to Borland Construction Inc., which firm submitted the lowest responsive bid meeting all requirements of the published Bid Opportunity, in the estimated amount of $11,622,965.50 plus G.S.T. for Part 1 – Polo Park Infrastructure Improvements, based on the Unit Prices identified in the low bidder's Bid Opportunity submission for Polo Park Infrastructure Improvements – St. Matthews Avenue, St. James Street, King Edward Street East and Ellice Avenue Reconstructions, Watermain Renewals and Associated Works – Part 1.

Provided that the lands can be acquired for Part 2 of the project, extending St. Matthews west of St. James Street through to Route 90, the City plans on awarding Borland the second construction contract for $7,877,705 by July 15th, bringing the total to $19,500,670.50.

Previously, SPC Property and Development recommended the initiation of expropriation proceedings for the lands required for Part 2, and today EPC is being asked to approve that action.

In addition, recommendation #6 asks that any remnants of lands which may be acquired for the project, but are not required, be sold and the proceeds transferred to increase the Polo Park Infrastructure Improvements Project capital budget.

Apart from that recommendation, the report from Property and Development does not indicate that there will be a need for the City to make a greater financial contribution to this $40 million project.

However, Polo Park Infrastructure Improvements – St. Matthews Avenue, St. James Street, Ellice Avenue, - Financial Status Report No. 2 for the period ending December 31, 2013 was presented to SPC Finance on March 13, 2014.

The Report stated then that:

"Details for a new capital funding arrangement between the City and Province are currently being finalized under the Manitoba-Winnipeg Infrastructure Agreement (MWIA). Funding calculations under the new agreement may limit the amount of provincial funding available for the project due to potential maximum contribution limitations (i.e. 50/50 cost share) combined with ineligible project costs precluded from the calculations, such as property acquisition cost."

Since property acquisition costs were estimated at $11 million, will this mean that the Province's share will be limited to $14.5 million, leaving the City with the remaining estimated costs of $25.5 million?

The Financial Status Report No. 2 also stated that:

"Additional funding may be available under Developer obligations included in the Development Agreement 514/2013 for the Northeast corner of the old Winnipeg Stadium site."

When the sale of the Winnipeg Stadium to Cadillac Fairview/Shindico was approved by City Council on July 3, 2012, Council was told that:

"As part of the redevelopment of the existing Stadium site, and in accordance with the Development Agreement Parameters, **the parties will be responsible for their portion of required off-site related infrastructure improvements costs**. It is intended that major infrastructure works be conducted in order to manage current and future traffic movement in the immediate area."

How much will the parties who purchased the former Stadium site be contributing to the $40 million Polo Park Infrastructure Improvements project? When?

19. Amendment to the Yards at Fort Rouge Master Plan - SPA 3/2014

These proposed amendments are intended to accommodate the complementary development of the station area lands by Streetside Developments.

As I asked earlier, what is the status of the original development today?

Addendum – Standing Policy Committee on Infrastructure Renewal and Public Works – May 20, 2014

1. Authorization to Proceed with Professional Engineering Consulting Services for an Underpass of the CNR Redditt Subdivision at Plessis Road and Associated Works – RFP No. 142-2012

This recommendation deals with the $77 million Plessis Road Twinning and Grade Separation Project. Yesterday the SPC Infrastructure Renewal and Public Works authorized the Interim Acting Chief Administrative Officer to authorize AECOM Canada Ltd. to proceed with additional engineering services costing a total of $5,127,713. This award, together with previous authorizations of $4,185,925, plus the initial pre-bid direct assignment to conduct a preliminary land drainage study for $65,985, will bring AECOM's total to $9,379,623.

I note that this consulting work is coming in at less than the original $10 million budget, but it is at least $273,638 more than the December 31, 2013 forecast of $9,040,000. As of that date, the overall project was estimated to be within the $77 million budget, because of significant reductions in forecast expenditures on property and rail and utility costs.

Please note, however, that the Plessis Road Twinning and Grade Separation at CN Rail – Financial Status Report No. 5 for the period ending December 31, 2013 was presented to SPC Finance on March 13, 2014 and stated flatly that:"The project completion date identified in the draft Building Canada Fund agreement of March 31, 2015, is **not achievable**; Total Performance of construction is expected to be achieved by September 15, 2015, and a one-year extension has been requested from federal and provincial funding partners and has been approved by the latter. The project is on budget but costs that are ineligible for federal and provincial funding exceed the additional $2,000,000 the City of Winnipeg has allocated to this project. Assuming the Federal Government will approve an extension to the project completion date, **it is expected that the City will need to contribute an additional $3,266,668."**

That quarterly report indicated that $6.9 million of the $77 million budget costs are already ineligible for federal and provincial funding, and that if the federal government does not approve the requested extension of the Total Performance deadline from March 31, 2015 to the end of next year, the City of Winnipeg will be on the hook for **several millions of dollars more**. The Financial Impact Statements attached to the SPC report and the Q1 Status Report indicated that **the City of Winnipeg will have to increase its financial commitment from $27 million to at least $30.3 million, or possibly more.**

Has the Government of Canada yet agreed to an extension of its completion deadline, from March 31, 2015 to a year later? If not, why not?

I continue to object strenuously to Recommendation #2, that Council approve the City entering into funding agreements for this project with the Province of Manitoba and the Government of Canada, on whatever terms the Interim Acting Chief Administrative Officer may negotiate.

Any self-respecting City Council would expect the Interim Acting Chief Administrative Officer to bring a proposed tri-level government agreement for the funding of a $77 million project back to Council for its review and approval. If that has not been the practice in recent years, then this explains why City Council is continually surprised by cost overruns on major construction projects.

Thank you.

David M. Sanders MA LLB

River Heights-Fort Garry