**Agenda – Executive Policy Committee – September 10, 2014**

## REPORTS

**Item No. 13 Single Source Negotiation and Award of Contract - Flood Damage Repairs to the Assiniboine Riverwalk**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the Executive Policy Committee approve a single source negotiation with Kontzamanis Graumann Smith MacMillan Inc. dba KGS Group Consulting Engineers & Project Managers (KGS) in the estimated amount not to exceed $97,000.00, plus G.S.T and M.R.S.T, for Final Investigation, Design, and Contract Administration for Flood Damage repairs to Assiniboine Riverwalk.

2. That subject to the approval under recommendation 1., the Director of Planning, Property and Development approve the award of contract to Kontzamanis Graumann Smith MacMillan Inc. dba KGS Group Consulting Engineers & Project Managers (KGS), in the estimated amount of $97,000.00, plus GST and M.R.S.T.

# ADMINISTRATIVE REPORT

**Title:** Single Source Negotiation and Award of Contract For Flood Damage Repairs to the Assiniboine Riverwalk – Final Investigation, Design And Contract Administration

**Critical Path:** Executive Policy Committee

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| J. Kiernan | B. Thorgrimson | G. Chartier<br>A/CFO | M. Jack<br>A/CAO |

## RECOMMENDATIONS

1. That the Executive Policy Committee approve a single source negotiation with Kontzamanis Graumann Smith MacMillan Inc. dba KGS Group Consulting Engineers & Project Managers (KGS) in the estimated amount not to exceed $97,000.00, plus G.S.T and M.R.S.T, for Final Investigation, Design, and Contract Administration for Flood Damage repairs to Assiniboine Riverwalk.

2. That subject to the approval under recommendation 1., the Director of Planning, Property and Development approve the award of contract to Kontzamanis Graumann Smith MacMillan Inc. dba KGS Group Consulting Engineers & Project Managers (KGS), in the estimated amount of $97,000.00, plus GST and M.R.S.T.

## REASON FOR THE REPORT

- In accordance with B1.1 of the Administrative Standard No. FM-002, the approval of the Executive Policy Committee is required for any single source negotiation for consultant services where the estimated value relating to other than capital projects exceeds $35,000 in total, including all phases of any given project, prior to submission to the Award Authority.

- Following single source negotiation approval by the Executive Policy Committee, as the Contract amount does not exceed Two Million Dollars ($2,000,000.00), and there are sufficient funds in an approved budget, the Director of Planning, Property and Development may award the contract in accordance with the authority delegated to him pursuant to Administrative Standard FM-002.

## IMPLICATIONS OF THE RECOMMENDATIONS

There are no regulatory, environmental, human resources or other implications of the report. There is no mill rate support implications associated with this consultant assignment.

## HISTORY

Funds in the amount of $400,000 were approved in the 2012 Planning, Property and Development Department Capital Budget, Riverbank Greenway Programs Account Distribution No. 003-181000-630651 project 6351300112.

In accordance with Administrative Standard FM-002; specifically, B1.1(a), and to support the City of Winnipeg's flood claims submission to the Province of Manitoba, the Director of Planning, Property and Development on August 20, 2013, awarded a consultant assignment to KGS Group Consulting Engineers for Flood Damage Repairs to the Assiniboine Riverwalk.

The consulting fees were related to riverbank damage sustained from the 2011 flood, for which the Public Service was to apply for reimbursement of all related and eligible fees to the Province of Manitoba, Emergency Measures Organization (EMO). The Award included Final Investigation, Design and Contract Administration to the upset maximum fee of $47,000.00, exclusive of the applicable taxes.

KGS was selected as they were the engineers of record for the original riverbank stabilization works, and are recognized as one of the leading geotechnical engineering firms in Winnipeg.

On December 23, 2013, an over expenditure report was approved by the Director of Planning, Property and Development (PPD). The over expenditure for consulting fees was required to cover a significant change in the scope of work. Following an investigation of the existing under water riverbank conditions and a detailed design, it was determined that the required construction to complete the flood repair works was approximately double what was originally estimated. The initially proposed engineering scope of work anticipated that the cost of construction would be in the order of $400,000 while the revised estimate was in the order of $750,000. The Province of Manitoba concurred in the change of scope to the original works.

Additional time was required to finalize the design and construction drawings, as a structural design of a temporary dock bridging was required to provide suitable construction site access. Further design and drawing modifications were required to protect an existing geothermal system identified by The Forks during the late stage of design requiring an increase to the scope of work, as well as additional fees for full time construction inspections and contract administration services. The additional fees were consistent with similar consulting services provided from the industry at 13% of the overall construction value.

The total consulting fee for KGS's services did not exceed $100,000 and was funded from the Riverbank Greenway Capital Program budget therefore the Director of PPD approved a contract over expenditure of $50,000, bring the revised contract amount to $97,000. All of the fees are related to riverbank damage sustained from the 2011 flood, and eligible for full reimbursement.

The Contract Administrator has reviewed the work with the recommended Consultant and is satisfied that they have the necessary resources and experience to perform the work of the contract in accordance with the requirements of the bid opportunity.

**Discussion:**

Early in 2014, it was discovered that while the consultant assignment was being charged to a PPD capital budget, the related construction work was being sourced to a PWD operating account. In discussing the issue with PWD, PPD was advised that COW, typically, records the cost of similar DFA program related works as well as the related recovery from the Province, in the operating budget. PPD was not precluded from charging a capital budget, submitting a claim under the DFA program and, assuming recovery of the costs incurred, recording that recovery in that same capital account. In order to ensure consistency, it was determined that the consulting and construction costs associated with this particular case should both be charged to operating or both to capital. Upon further consideration, it was determined that both should be charged to the operating budget in PWD given that their established process for DFA Program claims would be the most efficient.

As a result, PPD is requesting EPC's post facto approval of the single source consultant assignment to Kontzamanis Graumann Smith MacMillan Inc. dba KGS Group Consulting Engineers & Project Managers.

## FINANCIAL IMPACT

### Financial Impact Statement

**Date:** June 20, 2014

**Project Name:** **First Year of Program** **2014**

Request for Approval for Single Source Negotiations for Flood Damage Repairs to the Assiniboine Riverwalk – Final Investigation, Design and Contract Administration

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| | | | | | |
| **Funding Sources:** | | | | | |
| Cash-to-Capital | $ - | | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Province of Manitoba | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| | | | | | |
| Total Additional Capital Budget Required | $ - | | | | |
| | | | | | |
| Total Additional Debt Required | $ - | | | | |
| | | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ 97,000 | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | 97,000 | - | - | - | - |
| Net Cost/(Benefit) | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Direct costs represent the total KGS contract amount while incremental revenues/recoveries represent the recovery of this cost through the Province of Manitoba (Disaster Financial Assistance Program). Both the expense and the recovery will flow through the 2014 tax-supported operating budget.

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

## CONSULTATION

**In preparing this report there was consultation with:**

Corporate Finance Department
Legal Services Department, (as to legal issues)
Public Works Department

## SUBMITTED BY

Department: Planning, Property and Development
Division: Urban Design
Prepared by: John Kiernan, Manager
Date: June 24, 2014
File No.

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