Agenda – Executive Policy Committee – April 22, 2015

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – April 14, 2015

Item No. 3 Single Source Negotiations and Award of Contract for Manitoba Hydro Works Associated with the Cockburn – Calrossie Combined Sewer Area - Land Drainage Improvements Projects – Parker Pond Bid Solicitation 190-2015

STANDING COMMITTEE RECOMMENDATION:

On April 14, 2015, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That a single source negotiation with Manitoba Hydro in an amount not to exceed $4,050,000.00 plus GST, for the relocation of existing Manitoba Hydro electric utilities required for the City to proceed with developing the storm retention pond known as the Parker Pond associated with Cockburn Calrossie Combined Sewer Area – Land Drainage Improvements Project, be approved. Pursuant to B4.1 (a) of the Materials Management Policy, the supplier has the exclusive right to make the requisite supply. There are equivalent provisions in Appendix D of the Agreement on Internal Trade.

2. That approval be delegated to the Chief Financial Officer to negotiate and award a single source contract of up to $4,050,000.00 plus GST extra as applicable.

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

Agenda – Executive Policy Committee – April 22, 2015

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – April 14, 2015

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 14, 2015, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

David Sanders submitted a communication dated April 14, 2015, in opposition.

ADMINISTRATIVE REPORT

Title: **SINGLE SOURCE NEGOTIATIONS AND AWARD OF CONTRACT FOR MANITOBA HYDRO WORKS ASSOCIATED WITH THE COCKBURN – CALROSSIE COMBINED SEWER AREA - LAND DRAINAGE IMPROVEMENTS PROJECTS – PARKER POND BID SOLICITATION 190-2015**

Critical Path: **Standing Policy Committee on Infrastructure Renewal and Public Works – EPC - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
G. K. Patton, P. Eng. Manager Engineering Services	Diane P. Sacher, P. Eng., Director of Water and Waste	M. Ruta	M. Jack A/CAO

RECOMMENDATIONS

1. That Council approve a single source negotiation with Manitoba Hydro in an amount not to exceed $4,050,000.00 plus GST, for the relocation of existing Manitoba Hydro electric utilities required for the City to proceed with developing the storm retention pond known as the Parker Pond associated with Cockburn Calrossie Combined Sewer Area – Land Drainage Improvements Project. Pursuant to B4.1 (a) of the Materials Management Policy, the supplier has the exclusive right to make the requisite supply. There are equivalent provisions in Appendix D of the Agreement on Internal Trade.

2. That approval be delegated to the Chief Financial Officer to negotiate and award a single source contract of up to $4,050,000.00 plus GST extra as applicable.

REASON FOR THE REPORT

Effective March 1, 2014, single source negotiation requests in accordance with B4 of the Materials Management Policy exceeding $1 million, require the approval of Council.

IMPLICATIONS OF THE RECOMMENDATIONS

Funds in the amount of $70,933,554.00 are included in the 2008-2014 Capital Budget Combined Sewer Overflow and Basement Flood Management Strategy, Account Distribution No. 444 181000 200752 20380001YY.

HISTORY

On October 21, 1987, Council approved the Basement Flood Relief Capital Program (now named the Combined Sewer Overflow and Basement Flood Management Strategy). This is an ongoing program with a focus of identifying and facilitating capacity relief to the various combined sewer districts in the city.

In May 2010, a study was completed for the Cockburn Calrossie combined sewer districts. This study evaluated several conceptual relief/separation alternatives to provide basement flooding relief with consideration also being given to the City's Combined Sewer Overflow strategy. The goal of the study was to best determine how to bring the current combined sewer district to a 5-year level of basement flood protection with the ability to increase the level of protection to a 10-year level in the future.

In June 2011, the City's Chief Administrative Officer approved an engineering consultant assignment to begin work on preliminary and detailed design options to address the needed relief requirements and combined sewer overflow mitigation in the Cockburn and Calrossie combined sewer districts.

In August 2012, several preliminary design options were completed. A final design was not selected due to other City projects in the planning stage within the immediate area which could have an impact on the design. These projects included the Southwest Transitway (Stage 2), Pembina Highway Underpass, and the proposed Sterling Lyon Extension. Additional consideration was also required due to the proposed development of unserviced lands on Taylor Avenue and the Parker Lands located within the study area.

In 2013, the final design option that was selected required the development of a single storm retention pond in the eastern end of the area known as the Parker Lands. This storm retention pond will accept land drainage flows from the existing combined sewers in the Cockburn and Southeast Jessie combined sewer districts, and by doing so will provide basement flood protection to homes in these areas. As an added benefit, removing the land drainage flows from the combined sewer system will reduce the amount of wastewater delivered to the north end sewage treatment plant. The location of the pond and the area it services is identified on the attached sketch (Appendix A).

Although the Cockburn-Calrossie Combined Sewer Area – Drainage Upgrades Project is a separate project from the Southwest Transitway (Stage 2), this project is dependent on these upgrades to the land drainage system, as the additional land drainage flows generated cannot be accommodated in the existing combined sewers. The City stakeholder departments including, Water and Waste, Public Works and Transit, agree that developing the retention pond is critical to the completion of these projects, requiring construction to commence in early 2016.

At the proposed storm retention pond site, the following existing Manitoba Hydro facilities must be relocated before pond construction activities can begin:

- Hydro Transmission Lines and Towers
- Hydro Overhead Distribution lines
- Buried Communication Cables
- Buried Fibre Optic Telecommunication Cables

The Hydro relocation work associated with this request is not related with Hydro relocation work associated with the Southwest Transitway.

On February 25, 2015, Council approved expropriation procedures to allow the City to obtain the lands necessary for the development of the storm retention pond in the Parker lands.

Manitoba Hydro has now provided detailed estimates for the costs required to relocate their facilities that are in question. Manitoba Hydro provided a Class 2 estimate, which has a range of – 15% to +20%, in the value of $4,050,000 plus GST and are summarized as follows:

Hydro Utility Description	Estimated Cost
Communication line relocation	$ 705,000
66kv Distribution Line Relocation	$2,800,000
24KV & Below Distribution line Relocations	$ 545,000
TOTAL	**$4,050,000**

Manitoba Hydro has the exclusive statutory right to supply the services required for these works and as such a cost/benefit analysis is not applicable.

This procurement is subject to the Agreement on Internal Trade (AIT) which permits Sole Supplies Procurement in circumstances: for the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly [Appendix D(c)].

The total cost related to the above is estimated at an amount of $4,050,000.00 plus GST.

A separate award report will follow for CFO approval of the above noted work, subject to Council approval of Recommendations 1 and 2.

The financial status of the Combined Sewer Overflow and Basement Flood Management Strategy project is as follows:

Authorized Capital		$70,933,554.00
Amount of Previous Awards or Expenditures	$43,671,216.00	
Amount of this future Award	$ 4,050,000.00	
Total Estimated Cost	$47,721,216.00	$47,721,216.00
Estimated Residual for Remaining Projects		$23,212,338.00

FINANCIAL IMPACT

Financial Impact Statement

Date: February 25, 2015

Project Name:

First Year of Program **2015**

SINGLE SOURCE NEGOTIATIONS AND AWARD OF CONTRACT FOR MANITOBA HYDRO WORKS ASSOCIATED WITH THE COCKBURN – CALROSSIE COMBINED SEWER AREA - LAND DRAINAGE IMPROVEMENTS PROJECTS – PARKER POND
BID SOLICITATION 190-2015

	2015	2016	2017	2018	2019
Capital					
Capital Expenditures Required	$ 4,050,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	4,050,000	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Expected costs are based on estimates provided by Manitoba Hydro and will not exceed $4,050,000.00. Funds for this future project are included in the 2008 - 2014 Capital Budget for Combined Sewer Overflow and Basement Flood Management Strategy, Account Distribution No. 444 181000 200752 20380001YY. This work will be financed by the Sewer Rehabilitation Fund.

"Original signed by M. L. Geer, CA"
Moira L. Geer, C. A.
Manager of Finance and Administration

sc
20-Feb-15

CONSULTATION

N/A

SUBMITTED BY

Water and Waste Department
Engineering Division
Prepared by: K. Zurek, P. Eng.
Date: February 27, 2015
File No. D-343

APPENDIX A



SS Authorization for
Manitoba Hydro Work