Agenda – Executive Policy Committee – July 6, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

Item No. 18 Single Source Negotiation and Award of Service Contract Extension – St. Vital Centennial Arena at 580 St. Anne's Road

STANDING COMMITTEE RECOMMENDATION:

On July 5, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That single source negotiations and award of the existing service contract with the St. Vital Minor Hockey Association for the operation of the St. Vital Centennial Arena at 580 St. Anne's Road be extended for an additional five (5) years for the period from August 1, 2015 to July 31, 2020 pursuant to B4.1 (b) of the Materials Management Policy where the supply is made by a public sector body, and the consideration is fair and reasonable.

2. That the total contract amount, excluding GST to be paid by the City pursuant to the contract extension is estimated to be approximately $1,326,280 over the five (5) year period (August 1, 2015 to July 31, 2020).

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 – July 6, 2016

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – July 5, 2016

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On July 5, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Single Source Negotiation and Award of Service Contract Extension for the Operation of the St. Vital Centennial Arena at 580 St. Anne's Road for an Additional Five (5) Years under the Terms of Bid Opportunity No. 577-2004, Materials Management Reference No. 286-2016

Issue: To approve the St. Vital Minor Hockey Association's request to extend the existing service contract for the St. Vital Centennial Arena for an additional five (5) years (August 1, 2015 to July 31, 2020)

Critical Path: Standing Policy Committee on Property and Development, Heritage and Downtown Development - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
B. Erickson	J. Kiernan	M. Ruta	M. Jack COO

RECOMMENDATIONS

1. That single source negotiations and award of the existing service contract with the St. Vital Minor Hockey Association for the operation of the St. Vital Centennial Arena at 580 St. Anne's Road be extended for an additional five (5) years for the period from August 1, 2015 to July 31, 2020 pursuant to B4.1 (b) of the Materials Management Policy where the supply is made by a public sector body, and the consideration is fair and reasonable.

2. That the total contract amount, excluding GST to be paid by the City pursuant to the contract extension is estimated to be approximately $1,326,280 over the five (5) year period (August 1, 2015 to July 31, 2020).

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

REASON FOR THE REPORT

Council approval is required to extend this contract for an additional five (5) years on a single source basis. The St. Vital Minor Hockey Association (SVMHA) is a CRA registered charity; therefore, single source negotiations are permitted under B4.1(b) of the Materials Management Policy and the Agreement on Internal Trade does not apply.

EXECUTIVE SUMMARY

The existing Service Contract for the operation of St. Vital Centennial Arena with SVMHA expired on July 31, 2015. This contract will replace the expiring contract until July 31, 2020.

The SVMHA expressed interest to extend the contract for an additional five (5) year period from August 1, 2015 to July 31, 2020.

The previous arena service contract that was awarded to the SVMHA has been performed to the satisfaction of the Public Service.

The award of this contract will not result in the redeployment of CUPE staff.

IMPLICATIONS OF THE RECOMMENDATIONS

The contract annual cost is a base management payment of $125,000 plus an incentive fee of 90% of all revenue collected, less the initial $125,000. Revenue, based on historical averages, is estimated at $1,404,200 over the five (5) years of the contract and is provided for in the Community Services Department budget. The cost of the contract extension over five (5) years is estimated at $1,326,280 excluding GST and is provided for in the current operating budget of Municipal Accommodations Division. As such, based on historical revenue, the resulting net benefit to the City of Winnipeg is approximately $78,000 over the term of the contract.

HISTORY

On June 29, 2005, Council approved the award of service contract (RFP 577-2004) for the operation of the St. Vital Centennial Arena to the SVMHA for a five (5) year period (August 1, 2005 to July 31, 2010). At that time, Council approved "that the Chief Administrative Officer be delegated the authority to extend the contract for an additional five (5) years if it is determined to be in the best interests of the City". In October 2010, the service contract was extended under the same conditions for an additional five (5) years from August 1, 2010 to July 31, 2015.

Upon expiry of the extension on July 31, 2015, the Manager of Materials Management granted single source approval to extend the existing agreement to November 30th, 2015. Since the expiration of this extension, there is no agreement in place while work continues to be done to extend the original agreement.

On March 3, 2016, the SVMHA had provided confirmation that they wish to extend the agreement under the same terms and conditions as RFP 577-2004 for an additional 5 year term.

St. Vital Minor Hockey Association has the experience and resources to complete the work of this contract and has performed this contract to the satisfaction of the Public Service.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 18, 2016

Project Name:

First Year of Program **2015**

Service Contract Extension for the Operation of the St. Vital Centennial Arena at 580 St. Anne's Road for an Additional Five (5) Years Under the Terms of Bid Opportunity No. 577-2004

	2015	2016	2017	2018	2019 to 2020
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
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	$ 110,523	$ 265,256	$ 265,256	$ 265,256	$ 419,989
Less: Incremental Revenue/Recovery	117,017	280,840	280,840	280,840	444,663
Net Cost/(Benefit)	$ (6,493)	$ (15,584)	$ (15,584)	$ (15,584)	$ (24,675)
Less: Existing Budget Amounts	(6,493)	(15,584)	(15,584)	(15,584)	(24,675)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: This contract is of financial benefit to the City with an estimated net benefit of $77,920 over the five year contract of August 1, 2015 to July 31, 2020. The 2015 financial impact is only for the first five months of the contract and a provision in that fiscal year was accrued. Direct costs of the contract are provided in the Municipal Accommodations Division (PPD) and revenue is provided for in Communitiy Services Department - in each current operating budget.

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

CONSULTATION

In preparing this report there was consultation with:

Community Services Department
Legal Services Department
Materials Management Division, Corporate Finance Department

OURWINNIPEG POLICY ALIGNMENT

Section 01-5 Recreation

- **Direction 2:** Work with Community Partners to Provide Services that are responsive to the Community's Recreation and Leisure needs.

SUBMITTED BY

Department:	Planning, Property and Development
Division:	Municipal Accommodations
Prepared by:	Glen Stefanyshen, Superintendent Arenas, Pools & Energy Management
Date:	May 13, 2016
File Name:	MA2016-050

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