Minutes – Executive Policy Committee – July 6, 2016

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

Item No. 26 First Charge for the 2017 Capital Budget and Amendment of the Seven Oaks Indoor Pool – Renewal Plan Capital Project Budget (Old Kildonan Ward)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the following to Council:

1. That authorization be granted for expenditures of up to $2,400,000 in 2016 prior to the adoption of the 2017 Capital Budget, as a first charge against the 2017 Seven Oaks Indoor Pool – Renewal Plan Project (capital project # 6392010117), in order to proceed with procurement of construction services.

2. That, subject to approval of Recommendation 1, the amendment of the Seven Oaks Indoor Pool – Renewal Plan Project budget (capital project # 6392010117) totaling $7,975,000 as laid out in this report, be approved.

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

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

DECISION MAKING HISTORY:

Moved by Councillor Orlikow,

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.

Carried

Moved by Councillor Orlikow,

That the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development be concurred in and forwarded to Council.

Carried

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 the Executive Policy Committee and Council:

1. That authorization be granted for expenditures of up to $2,400,000 in 2016 prior to the adoption of the 2017 Capital Budget, as a first charge against the 2017 Seven Oaks Indoor Pool – Renewal Plan Project (capital project # 6392010117), in order to proceed with procurement of construction services.

2. That, subject to approval of Recommendation 1, the amendment of the Seven Oaks Indoor Pool – Renewal Plan Project budget (capital project # 6392010117) totaling $7,975,000 as laid out in this report, be approved.

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

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

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE DECISION:

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 approved the following:

1. That subject to approval by the Province of Manitoba of a future request to reallocate portions of the 2012/13 to 2017/18 Manitoba-Winnipeg Infrastructure Agreement (MWIA) funding, that $124,572 ($62,286 in cash-to-capital and $62,286 in MWIA funding) from the 2015 Indoor Aquatics Capital Program budget (# 6392000115) be allocated to the 2017 Seven Oaks Indoor Pool – Renewal Plan Project (capital project # 6392010117).

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

ADMINISTRATIVE REPORT

Title: Request for First Charge in 2016 prior to Adoption of the 2017 Capital Budget and Amendment of the Seven Oaks Indoor Pool – Renewal Plan Capital Project Budget

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	J. Kiernan	M. Ruta	D. McNeil

RECOMMENDATIONS

1. That Council approve the following:

   A. That authorization be granted for expenditures of up to $2,400,000 in 2016 prior to the adoption of the 2017 Capital Budget, as a first charge against the 2017 Seven Oaks Indoor Pool – Renewal Plan Project (capital project # 6392010117), in order to proceed with procurement of construction services.

   B. That, subject to approval of Recommendation # 1A, the amendment of the Seven Oaks Indoor Pool – Renewal Plan Project budget (capital project # 6392010117) totaling $7,975,000 as laid out in this report, be approved.

2. That the Standing Policy Committee on Property and Development, Heritage and Downtown Development approve the following:

   A. That subject to approval by the Province of Manitoba of a future request to reallocate portions of the 2012/13 to 2017/18 Manitoba-Winnipeg Infrastructure Agreement (MWIA) funding, that $124,572 ($62,286 in cash-to-capital and $62,286 in MWIA funding) from the 2015 Indoor Aquatics Capital Program budget (# 6392000115) be allocated to the 2017 Seven Oaks Indoor Pool – Renewal Plan Project (capital project # 6392010117).

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

- In accordance with Subsection 288(2) of the City of Winnipeg Charter, Council approval is required for a first charge for an expenditure of capital funds prior to the adoption of the 2017 capital budget.

- Approval of the Standing Policy Committee on Property and Development, Heritage and Downtown Development is required to reallocate amounts exceeding $100,000 from one Council-approved capital budget to another.
- Council approval is required to amend capital project and/or program budgets.

EXECUTIVE SUMMARY

The purpose/intent of this project is to (a) enhance patron experience, comply with the City's Universal Accessibility Standards, and upgrade the facility to prevailing building codes as well as (b) construct an addition to the facility serving as a year-round indoor splash pad and multi-purpose room. The project will enhance programming options for the +/- 57,000 people utilizing the facility on an annual basis and address the lack of a splash pad amenity in the area. The indoor splash pad amenity is the first of its kind in Winnipeg.

Council approval is required for a first charge of up to $2,400,000 in 2016 prior to the adoption of the 2017 Capital Budget, as a first charge against the General Capital Fund, and for a budget increase of $500,000 funded by a federal grant under the Canada 150 – Community Infrastructure Program (CIP). Subject to approval by the Province of Manitoba, Standing Policy Committee on Property and Development, Heritage and Downtown Development approval is required for a transfer of $124,572 from the 2015 Indoor Aquatics Capital Program budget. Subject to required approvals, the Public Service will issue a Request for Proposal, in accordance with the standard procurement process as per the Materials Management Policy and Administrative Standard FM-002, to undertake the renewal plan according to project scheduling requirements.

IMPLICATIONS OF THE RECOMMENDATIONS

Approval for a first charge of up to $2,400,000 in 2016 prior to the adoption of the 2017 Capital Budget, for a transfer of $124,572 from the 2015 Indoor Aquatics Capital Program budget, subject to approval by the Province, and for a budget increase of $500,000 funded by a federal grant under the Canada 150 – Community Infrastructure Program, together with existing Council-approved budgets totaling $4,950,428, will provide a total authorized budget of $7,975,000. This will enable the Public Service to issue a Request for Proposal for construction services to undertake the renewal plan according to project scheduling requirements.

HISTORY/DISCUSSION

On December 17, 2013, Council adopted the 2014 Capital Budget and 2015 to 2019 Five-Year Forecast, which included $200,000 in funding from the Parks and Recreation Enhancement Program for the Seven Oaks Indoor Pool - Renewal Plan.

On January 14, 2014, the 2012/13 to 2017/18 MWIA was signed by the City of Winnipeg and Province of Manitoba, which included $1.25 million in provincial funding for the 2015 Indoor Aquatics Facilities capital program budget.

On March 10, 2014, Building Communities Initiative (BCI) Policy Committee approved $1,021,428 in BCI II – Phase 2 funding toward the cost of the project.

On March 23, 2015, Council adopted the 2015 Capital Budget and 2016 to 2020 Five-Year Forecast, which included $3,729,000 for the Seven Oaks Indoor Pool - Renewal Plan and $1,760,000 for Indoor Aquatic Facilities, of which $1,864,500 and $880,000 respectively was funded by the Province under the MWIA. Indoor Aquatic Facilities projects for 2015 included pool maintenance shutdowns (including electrical and building system refurbishment) at the Seven Oaks Pool.

On July 23, 2015, an agreement was signed between Her Majesty the Queen in Right of Canada as represented by the Minister of Western Economic Diversification (Canada) and The City of Winnipeg (the City) under the Canada 150 - Community Infrastructure Program whereby Canada would provide the City with a contribution not exceeding $500,000 toward upgrades to and the expansion of the Seven Oaks Indoor Pool (see Appendix 2).

On March 22, 2016, Council adopted the 2016 Capital Budget and 2017 to 2021 Five-Year Forecast, which included the following:

> *That a 2017 authorization of up to $2.4 million for Seven Oaks Indoor Pool – Renewal Plan be included in the budget funded by a partial deferral of the Developer Payback - Twinning of Keewatin Street (AG 15/12) from 2017 to 2018.*

The purpose/intent of this project is to (a) enhance patron experience, comply with the City's Universal Accessibility Standards, and upgrade the facility to prevailing building codes as well as (b) construct an addition to the facility serving as a year-round indoor splash pad and multi-purpose room.

A feasibility study was completed by 1 x 1 Architecture Inc. in September 2013, inclusive of schematic design and an associated cost estimate for construction of $3,814,852.

The cost estimate for construction prepared by 1 x 1 Architecture Inc. was utilized to prepare a total estimated project (development) budget. The associated approved Capital Budget funding for the Seven Oaks Pool (SOP) Expansion & Renovation Project is $4,950,428. The Project budget is comprised of $2,575,214 in cash-to-capital funding and $2,375,214 in Provincial funding (MWIA) as noted in Appendix 1.

In accordance with Materials Management (MM) policy, Prairie Architects Inc. (Prairie) was engaged in October 2014 to perform design development and contract administration services. The required construction contract cannot be awarded without sufficient approved funding in place.

Prairie has now completed approximately 99% design development and the associated Class 1 cost estimate for construction is $6,861,800 that, when combined with consultant/engineering costs, financing and administrative overheads and appropriate contingencies, results in the total estimated project (development) budget of approximately $7,975,000.

Approval of the recommendations contained in this report will result in a consolidated/amended SOP Expansion & Renovation project budget totaling $7,850,428. An additional $124,572 is available to be utilized as referenced in the Council-approved 2015 Indoor Aquatic Facilities capital program budget. Consolidation of this budget amount, plus actual expenditures, with the $7,850,428 noted above is subject to Provincial approval of a future request to reallocate portions of the 2012/13 to 2017/18 Manitoba-Winnipeg Infrastructure Agreement.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 22, 2016

Project Name: **First Year of Program** **2016**

REQUEST FOR FIRST CHARGE AGAINST THE 2017 CAPITAL BUDGET FOR SEVEN OAKS INDOOR POOL – RENEWAL PLAN

	2016	2017	2018	2019	2020
Capital					
Capital Expenditures Required	$ 2,392,500	$ 4,785,000	$ 797,500	$ -	$ -
Less: Existing Budgeted Costs	2,392,500	2,557,928	-	-	-
Additional Capital Budget Required	$ -	$ 2,227,072	$ 797,500	$ -	$ -
Funding Sources:					
Cash-to-Capital (First Call on 2017)	$ -	$ 2,227,072	$ 172,928	$ -	$ -
Cash-to-Capital (2015 Indoor Aquatics)	-	-	62,286	-	-
Grants (Canada Infrastructure Program)	-	-	500,000	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - MB-Wpg Infrastructure Agreement	-	-	62,286	-	-
Total Funding	$ -	$ 2,227,072	$ 797,500	$ -	$ -
Total Additional Capital Budget Required	$ 3,024,572				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	105,702	150,618	25,103	-	-
Net Cost/(Benefit)	$ (105,702)	$ (150,618)	$ (25,103)	$ -	$ -
Less: Existing Budget Amounts	(105,702)	(150,618)	(25,103)	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures consist of consultant, contractor and other costs totaling $7,693,578 plus Divisional overheads of $30,393 plus short-term financing charges and corporate admin fees of $251,029. The latter amounts will be offest by an equal recovery in the current budget of Municipal Accommodations (PPD) and the Corporate Finance Department. It has been assumed that expenditures will be incurred during 2016, 2017 and 2018 on a 30%-60%-10% basis. The existing approved capital budget of $4,950,428 will be augmented by a first call of $2.4 million on the 2017 Capital Budget for Seven Oaks Indoor Pool - Renewal Plan, a $500,000 grant under the Canada 150 - Community Infrastructure Program and, subject to Provincial approval, a transfer of $124,572 from 2015 Indoor Acquatic Facilities. See Appendix 1 for more detail.

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

CONSULTATION

In preparing this report there was consultation with:

Corporate Finance
Community Services
Province of Manitoba – Manitoba Finance and Advisory Services

OURWINNIPEG POLICY ALIGNMENT

The City of Winnipeg delivers recreational services as a key component of building healthy communities. Recreation, active living, and leisure programs and services strengthen families, improve quality of life, support the healthy development of children, and provide an opportunity to develop leadership skills. Section 01-5 of OurWinnipeg, the City's development plan, provides policy guidance on the provision of recreational services. Supporting Directions and Enabling Strategies include:

Direction 1, Page 56: Promote and enable opportunities for all age groups to be active as part of their daily lives

- Promote the inclusion of parks and recreation facilities in all communities to support active, healthy lifestyle choices.

Direction 6, Page 60: Plan for sustainable and connected recreation and leisure infrastructure

- Maximize the use of existing facilities, including converting or consolidating to meet emerging community needs while minimizing operating costs.
- Use population trends to properly fit recreation facilities to community needs, including potential multi-use and inter-generational needs.
- Deliver community and neighbourhood-managed recreation services by maintaining ongoing support for developing community centres with public, not-for-profit and private partners.

Develop and maintain a system of regional sports fields in accordance with recognized needs

SUBMITTED BY

Department: Planning, Property and Development
Division: Municipal Accommodations
Prepared by: Kevin Boutilier, CPA, CMA, Supervisor of Financial Services
Evan Wiebe, Project Officer 2
Date: June 29, 2016
File Name: MA2016-076

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APPENDIX 1

	Funding Sources			
Approved Budget as at May 27, 2016	**Cash to Capital**	**MWIA**	**CIP**	**Total**
Seven Oaks Indoor Pool - Renewal Plan - 6392010115	1,864,500	1,864,500		3,729,000
Parks and Recreation Enhancement Program - 1857000114	200,000			200,000
Building Communities Initiatve II Phase II - 6351912113	400,000	400,000		800,000
Building Communities Initiatve II Phase II - 6399110113	110,714	110,714		221,428
	2,575,214	**2,375,214**		**4,950,428**
Adopted In Principle Budget				
Seven Oaks Indoor Pool - Renewal Plan - 6392010117	2,400,000			2,400,000
(availability subject to approval by Council of First Call request)				
Approved Funding Not Yet in Approved Budget				
Canada 150 - Community Infrastructure Program			500,000	500,000
	4,975,214	**2,375,214**	**500,000**	**7,850,428**
Additional Funding Subject to Provincial & SPCPDHDD Approval				
Reallocation from 2015 Indoor Aquatics Capital Program Budget - 6392000115	62,286	62,286		124,572
Total Project Budget Subject To Required Approvals	**5,037,500**	**2,437,500**	**500,000**	**7,975,000**