Minutes – Executive Policy Committee – July 12, 2017

Report – Standing Policy Committee on Protection, Community Services and Parks – July 7, 2017

Item No. 2 Capital Budget Amendments to St. Vital and Windsor Park Library Projects

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Protection, Community Services and Parks, as amended, and submitted the following to Council:

1. That the Chief Financial Officer be authorized to transfer up to $200,000 from a "Non-specified capital account", as determined by the Chief Financial Officer, to the Windsor Park Library capital budget.

2. That the allocation of capital budget funds from the 2016 Council approved Public Works Pedestrian and Cycling Program in the amount of $20,000 into the Windsor Park Library capital budget to be used for bike parking infrastructure on the site, be approved.

3. That an increase of $10,000 to the Council-approved budget for the Windsor Park Library project, as a result of rebate funds received from Manitoba Hydro, be approved.

4. That a new consolidated Windsor Park Capital Budget of $4,934,700 reflecting the above amendments, be approved.

5. 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 Protection, Community Services and Parks – July 7, 2017

DECISION MAKING HISTORY:

Moved by Councillor Pagtakhan,

That the recommendation of the Standing Policy Committee on Protection, Community Services and Parks be concurred in, with the following amendment:

- That recommendation 1 be deleted and replaced with the following::

  "1. That the Chief Financial Officer be authorized to transfer up to $200,000 from a "Non-specified capital account", as determined by the Chief Financial Officer, to the Windsor Park Library capital budget.

and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On July 7, 2017, the Standing Policy Committee on Protection, Community Services and Parks concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Capital Budget Amendments to St. Vital and Windsor Park Library Projects

Critical Path: Standing Policy Committee on Protection, Community Services and Parks - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
E. Cuddy	C. Fernandes	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

This report proposes a capital budget transfer of $200,000 from the St. Vital Library project to the Windsor Park Library project. The St. Vital Library project budget is sufficient to allow the transfer of surplus funds to the Windsor Park Library project and still provide an adequate contingency funding for the St. Vital renovations.

The current budget for the Windsor Park Library falls short of current project costs due to unforeseen site development and servicing costs. The project contingency budget of 2.3% of construction costs is now expended and the project requires additional funds.

The St. Vital Library project requires a budget of $2,407,000 that includes a construction contingency budget of $262,000, as per Appendix 1. The full scope of the renovation project will be completed within this capital budget level.

This report also recommends:

- An allocation of $20,000 from the 2016 Public Works Pedestrian and Cycling program funds into the Windsor Park Library project for bike racks, a bike shelter and repair tools
- A $10,000 increase to the Windsor Park Library project budget from a Manitoba Hydro rebate received under the Energy Modeling Assistance Initiative.

The Windsor Park Library project requires a budget of $4,934,700, an increase of $230,000, including the proposed $200,000 transfer from the St. Vital Library project, the $20,000 reallocation from the Public Works Pedestrian and Cycling program and the $10,000 rebate received from Manitoba Hydro, as per Appendix 2.

The proposed Windsor Park Library budget increase will provide sufficient funds to complete the full scope of the project and provide adequate contingency funding for construction.

RECOMMENDATIONS

1. That Council approve the following:

    a. The allocation of capital budget funds from the St. Vital Library project in the amount of $200,000 into the Windsor Park Library capital budget.

    b. The allocation of capital budget funds from the 2016 Council approved Public Works Pedestrian and Cycling Program in the amount of $20,000 into the Windsor Park Library capital budget to be used for bike parking infrastructure on the site.

    c. An increase of $10,000 to the Council-approved budget for the Windsor Park Library project, as a result of rebate funds received from Manitoba Hydro.

    d. A new consolidated Windsor Park Capital Budget of $4,934,700 reflecting the above amendments.

2. 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

Standing Policy Committee on Protection, Community Services and Parks approval is required to reallocate capital projects and increase program budgets.

Council approval is required to increase the capital budget of a project.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no general, regulatory, environmental or human resource implications associated with the recommendations of this report.

The recommendations will result in an amended budget of $4,934,700 for the Windsor Park Library project, an increase of $230,000 and an amended budget for the St Vital Library project of $2,407,000, a decrease of $200,000. There is no scope change to the St. Vital Library project.

HISTORY/DISCUSSION

The St. Vital Library and Windsor Park Library projects were among the first of several redevelopment projects identified under the Library Redevelopment Strategy. The original plan proposed the construction of a new, amalgamated library facility to replace these two aging library branches. The 2013 Council adopted budget of $5,818,000 in capital funds was

established with $1,400,000 designated for the renovation of St. Vital Library and $4,418,000 designated for the replacement of Windsor Park Library with a new facility.

Subsequent to the Library Facility Redevelopment Strategy's acceptance, it was determined the St. Vital/Windsor Park Library amalgamation was not a viable option and on September 17, 2015, the Standing Policy Committee on Finance approved the reallocation of the 2013 Council adopted budget of $5,818,000 into two distinct capital projects and consolidation of various other capital program budgets to establish budgets for the St. Vital Library renovation project in the amount of $2,500,000 and for the Windsor Park Library replacement project in the amount of $4,668,000:

- Funding from the 2013 Council adopted capital budget for the Library Interior Infrastructure Replacement Program included $200,000 for each project to provide the necessary furniture and shelving for the new and renovated libraries.

- Funding from the 2014 Council adopted capital budget for the Library Safety and Accessibility Program of $25,000 was required for each project to provide interior signage.

- Funding from the 2014 Council adopted capital budget for the Library Technology Upgrade and Replacement Program of $25,000 was required for each project to support IT equipment.

- Planning, Property and Development, Municipal Accommodations – the St. Vital project managers – received approval in the 2015 Council approved capital budget for "base building repairs" at St. Vital Library in the amount of $850,000.

The 2016 Council approved capital budget included an additional $107,000 for the St. Vital Library project, increasing the overall budget from $2,500,000 to $2,607,000.

In 2016, the Community Services Department transferred an additional $36,700 from other capital funds to the Windsor Park Library project, increasing the overall budget from $4,668,000 to $4,704,700.

St. Vital Library Project:

The St. Vital Library renovation project includes 2 phases:

- Phase 1 included the installation of an elevator to improve accessibility in the library.

- Phase 2 includes the installation of a new exterior ramp and entrance, washroom upgrades, improved parking, safer stairs, accessible collections and the addition of a second book return.

The library renovation also provides new furniture, flooring, interior and exterior painting, a new tutorial room, and an indoor Family Literacy Playground as well as a new roof and skylights.

Bid Opportunity 722-2014 for Phase 1 renovations was awarded to Gardon Construction Ltd. on December 12, 2014. The installation was completed in January 2016 at a total project cost of $613,000.

Bid Opportunity 768-2016 for Phase 2 renovations was awarded to Canotech Consultants on April 26, 2017 for a total contract amount of $931,700 plus a $93,000 Change Order for Asbestos and Hazardous Materials abatement for a total amount of $1,025,000, as per Appendix 1.

The total projected cost of the St. Vital Library project is $2,407,000 that includes (Phase 1, Phase 2 plus furniture, fixtures, equipment, signage and information technology) a contingency of $262,000. The full scope of the project will be completed within this capital budget level and does not require the $200,000 recommended to be transferred to the Windsor Park Library project, as per Appendix 1.

Windsor Park Library Project:

The Windsor Park Library project includes funding to build a new 8,000 square foot library located adjacent to the Bonivital Pool and Windsor Park golf course at 1215 Archibald Street. The new facility includes an enlarged multipurpose program room, ample study and leisure reading space, universal accessible design, multiple public computer stations and parking for 25 vehicles.

Bid Opportunity 129-2016 for the construction of the new Windsor Park Library was awarded to Canotech Consultants Ltd. on July 15, 2016 in the amount of $3,712,509. Construction began in August 2016 with an anticipated completion date of September 2017.

As noted above, the approved project budget of $4,668,000 was based on a preliminary estimate (Class 3 – 4) in 2012. Due to the increased cost of square foot construction costs and additional expenses arising from land development and site servicing costs, this budget is no longer adequate to meet current construction costs.

The Windsor Park Library Project has received funding from the Public Works 2016 Bicycle Corridor Program in the amount of $20,000. This grant was approved through the Pedestrian and Cycling Action Plan on May 18, 2016 by Council. The funds will be used to purchase and install a covered bike rack area on the library grounds.

The Windsor Park Library Project has also received a Manitoba Hydro rebate cheque in the amount of $10,000. The funds were received due to the project meeting the requirements of the Manitoba Hydro New Buildings Program 2.0 – Energy Modeling Assistance Incentive.

The Windsor Park Library project requires a budget of $4,934,700, an increase of $230,000, including the proposed $200,000 transfer from the St. Vital Library project, the $20,000 reallocation from the Public Works Pedestrian and Cycling program and the $10,000 rebate received from Manitoba Hydro, as per Appendix 2.

The amounts to be reallocated and consolidated are summarized in the following table:

Budget Summary for St. Vital Library and Windsor Park Library Capital Projects		
Capital Funding Source	**St. Vital Library**	**Windsor Park Library**
Council Approved Project budget	$ 2,607,000.00	$ 4,704,700.00
Funds transferred from St. Vital Library capital project account number 6213002113 to Windsor Park Library account number 6213001113	$ - 200,000.00	$ 200,000.00
Public Works 2016 Bicycle Corridor Program Funds account 003-181000-180603-1832000416	$ -	$ 20,000.00
New Funding: Manitoba Hydro Rebate Funds	$ -	$ 10,000.00
Total	**$ 2,407,000.00**	**$ 4,934,700.00**

FINANCIAL IMPACT

Financial Impact Statement

Date: June 8, 2017

Project Name:

Increase to and Consolidation of Capital Project and Program Budgets into the Windsor Park Library Project

First Year of Program **2017**

	2017	2018	2019	2020	2021
Capital					
Capital Expenditures Required	$ 4,934,700	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	4,924,700	-	-	-	-
Additional Capital Budget Required	$ 10,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Manitoba Hydro Rebate	10,000	-	-	-	-
Total Funding	$ 10,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 10,000				
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: Capital funding of $4,934,700 is required for the construction of a the new Windsor Park Library, an increase of 230,000 over the Council approved budget of $4,704,700. The recommendations of this report provide for a reallocation of funding from the Council approved capital budgets for St. Vital Library ($200,000), an allocation from the 2016 Public Works Pedestrian and Cycling program ($20,000) and an increase for a Manitoba Hydro Rebate received by the City ($10,000).

Sufficient budget remains in the St. Vital Library project to complete the planned renovations.

"Original Signed By"
Kelly Lemoine, CPA, CA
Manager of Finance and Administration
Community Services Department

CONSULTATION

This Report has been prepared in consultation with:

Planning, Property & Development - Municipal Accommodations
Public Works – Active Transportation

OURWINNIPEG POLICY ALIGNMENT

This report is consistent with the Policy Direction in OurWinnipeg that speaks to utilizing capital and operating funds to ensure that Library Facilities are safe, accessible and meet community needs.

SUBMITTED BY

Department: Community Services
Division: Library Services
Prepared by: Ed Cuddy
Date: June 22, 2017

Appendix 1

St. Vital Library Redevelopment: Total Estimated Project Budget & Funding Reconciliation as at June 7, 2017.

Consolidated Projects - Total Estimated Budget	
Elevator Retrofit Project	
Final Construction Value	$595,000
Finance and Administration Charges[b]	$18,000
Elevator Retrofit - Total Project Cost	**$613,000**
Building Renovation Project	
Construction Cost (including Asbestos Change Order[a])	$1,025,000
Construction Contingency @ 25%	$262,000
Construction Subtotal (A)	$1,287,000
Total Estimated Construction Cost	**$1,287,000**
Design Services/Consulting/Contract Administration/Disbursements	$112,000
Design Contingency @ 15%	$39,000
Cash Allowance - Furniture, Fixtures, Equipment[d]	$200,000
Cash Allowance - Wayfinding, Signage[d]	$25,000
Cash Allowance - Information Technology (IT) Fit-up[d]	$25,000
Cash Allowance - Survey, Testing[d]	$35,000
Cash Allowance - Commissioning[d]	$15,000
Subtotal (B)	$451,000
Total Estimated Development Cost	**$1,737,000**
Finance and Administration Charges[b]	$56,000
Building Renovation - Total Estimated Project Budget	**$1,794,000**
Consolidated Projects - Total Estimated Budget	**$2,407,000**
Total Estimated Project Funding	
Approved Civic Funding:	
2012 Capital Budget CMS LRS Funding Component	$1,400,000
CMS Library Furniture Allocation	$200,000
CMS Library IT Allocation	$25,000
CMS Library Signage Allocation	$25,000
CMS Transfer Out to Windsor Park Library Project (Proposed)	($200,000)
Civic Funding:	
2015 Capital Budget PPD Building Repair Funding Component	$425,000

2016 Capital Budget CMS Cash to Capital - St. Vital Library	$107,000
Pending Provincial Funding:	
BMF Commitment	$425,000
Total Estimated Project Funding	**$2,407,000**
Budget Funding Surplus (Shortfall)	**$0**

Notes:

1. The purpose of the analysis is to estimate the total cost (in Canadian dollars) to the City of Winnipeg associated with implementation of the project presented as well as identification of approved and pending budgetary funding and resulting funding surplus/shortfall as at the date of analysis.
2. Estimates and assumptions associated with the analysis are as follows: The analysis has been performed to provide an order of magnitude of potential cost associated with implementation of the project presented. Specifically, this analysis presents a potential future financial requirement to the City of Winnipeg (City) which may be higher or lower than as identified herein. The inability to estimate or project a precise cost to the City results from (1) uncertainty as to Winnipeg construction industry market conditions (e.g., changes in local construction industry inflation, market participation and associated bid opportunity risk, etc.), (2) uncertainty of precise scope of work or existing asset condition, and (3) other risk factors associated with cost certainty and expenditures forecasted beyond a year. As such, a precise estimate of total financial impact to the City cannot be determined.
3. All factors requiring estimate are based on prior year or current incurred costs and quotes/opinions obtained from Public Service staff professionals, external consultants, and/or external service providers based on their training and experience related to the items requiring estimate. Estimates are inclusive of all items necessary to implement the project presented or otherwise prepare the asset ready for its intended use including contingencies, taxes, and administrative expenses.
4. The costs of indirect factors such as Public Service staff services, negotiation and contract administration, etc. are not material or not traceable and, therefore, not contained in this analysis.

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a. Pre-award Contract value of $931,700 **plus $93,000 Change Order for Asbestos & Hazardous Materials abatement.**
b. Includes 2% capital construction interest and 1% administrative charges on civic capital funds. MA administrative charge of 2.5% for project delivery services is waived.
c. Quantity Surveyor's estimate assumes 'Stipulated Bid Pricing' achieved through a competitive tender process. Inclusive of MRST/PST.
d. MA-estimated allowance for scope excluded from Quantity Surveyor's estimate.

Prepared by Municipal Accommodations Division -
Planning, Property & Development Department

Appendix 2

New Windsor Park Library: Total Estimated Project Budget & Funding Reconciliation as at June 7, 2017

Total Estimated Development Budget

Construction Contract Award Value[a]	$3,713,000
Construction Contingency @ 2.4%[b] (*Fully Expended as of 05/17)*	$90,000
Construction Subtotal (A)	$3,802,000
Total Estimated Construction Cost	**$3,802,000**
Land Assembly[c]	$372,000
Design Services/Consulting/Contract Administration/Disbursements	$156,000
Pending Site Servicing Contract Extras - Hydro, Sewer	$115,000
Pending Site Soil Remediation for Sewer Replacement	$40,000
Construction Contingency Adjustment	$45,700
Design Contract Contingency @ 5%	$8,000
Cash Allowance - Furniture, Fixtures, Equipment[d,e]	$140,000
Cash Allowance - Wayfinding, Signage[d,e]	$25,000
Cash Allowance - Active Transportation Infrastructure[d,e]	$20,000
Cash Allowance - Information Technology (IT) Fit-up[d,e]	$25,000
Cash Allowance - Survey, Testing[d]	$18,000
Cash Allowance - Commissioning[d]	$13,000
Subtotal (B)	$977,700
Total Estimated Development Cost	**$4,779,700**
Finance and Administration Charges[f]	$155,000
Total Estimated Development Budget	**$4,934,700**

Total Estimated Project Funding

Approved Civic Funding:	
CMS LRS Funding Component[g] (6213001113)	$4,418,000
CMS Library Furniture Allocation (6211000513)	$200,000
CMS Library IT Allocation (6210634414)	$25,000
CMS Library Signage Allocation (6210634514)	$25,000
CMS Library Unspecified Capital Allocation	$36,700
Other Civic Funding:	
PWD Active Transportation Allocation - 2016	$20,000
Manitoba Hydro Energy Modelling Credit	$10,000
Total Estimated Project Funding	**$4,734,700**
Budget Funding Surplus[g] (Shortfall)	**($200,000)**

Notes:

1. The purpose of the analysis is to estimate the total cost (in Canadian dollars) to the City of Winnipeg associated with implementation of the project presented as well as identification of approved and pending budgetary funding and resulting funding surplus/shortfall as at the date of analysis.
2. Estimates and assumptions associated with the analysis are as follows: The analysis has been performed to provide an order of magnitude of potential cost associated with implementation of the project presented. Specifically, this analysis presents a potential future financial requirement to the City of Winnipeg (City) which may be higher or lower than as identified herein. The inability to estimate or project a precise cost to the City results from (1) uncertainty as to Winnipeg construction industry market conditions (e.g., changes in local construction industry inflation, market participation and associated bid opportunity risk, etc.), (2) uncertainty of precise scope of work or existing asset condition, and (3) other risk factors associated with cost certainty and expenditures forecasted beyond a year. As such, a precise estimate of total financial impact to the City cannot be determined.
3. All factors requiring estimate are based on prior year or current incurred costs and quotes/opinions obtained from Public Service staff professionals, external consultants, and/or external service providers based on their training and experience related to the items requiring estimate. Estimates are inclusive of all items necessary to implement the project presented or otherwise prepare the asset ready for its intended use including contingencies, taxes, and administrative expenses.
4. The costs of indirect factors such as Public Service staff services, negotiation and contract administration, etc. are not material or not traceable and, therefore, not contained in this analysis.

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a. Construction contract award amount.
b. **A construction contingency of at least 5% is advisable for a new-build construction.**
c. Land Assembly final net cost.
d. MA-estimated allowance.
e. Assumes associated costs are funded separately from construction development.
f. Includes 2% capital construction interest and 1.25% administrative charges on civic capital funds. MA administrative charge of 2.5% for project delivery services is waived.
g. Any unexpended funds for the Windsor Park Library project would be made available to the St. Vital Library project and vice versa.

Prepared by Municipal Accommodations Division -
Planning, Property & Development Department