Agenda – Executive Policy Committee – October 11, 2017

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – October 4, 2017

Item No. 1 Request for First Charge against the 2018 Capital Budget for the Saskatchewan Avenue Culvert (Sturgeon Creek) Project

STANDING COMMITTEE RECOMMENDATION:

On October 4, 2017, 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 expenditures of up to $8,000,000 be authorized in 2017 or prior to the adoption of the 2018 Capital Budget, as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of The City of Winnipeg Charter, to allow award of contracts to ensure timely delivery of projects associated with the Saskatchewan Avenue Culvert (Sturgeon Creek) Project.

2. Subject to Recommendation 1, that authority be delegated to the Chief Administrative Officer to award competitively tendered general construction contracts exceeding $5,000,000 associated with the Saskatchewan Avenue Culvert (Sturgeon Creek) Project, not exceeding $8,000,000.

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contracts awarded pursuant to Recommendation 2, in accordance with the terms and conditions set forth in the applicable competitively tendered general construction contract(s) and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That authority be delegated to the Chief Administrative Officer to approve over-expenditures awarded pursuant to Recommendation 2 where there are sufficient funds in an approved budget or pursuant to Recommendation 1.

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

Agenda – Executive Policy Committee – October 11, 2017

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – October 4, 2017

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 4, 2017, 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.

ADMINISTRATIVE REPORT

Title: Request for First Charge Against the 2018 Capital Budget for the Saskatchewan Avenue Culvert (Sturgeon Creek) Project

Critical Path: Standing Policy Committee on Infrastructure Renewal and Public Works,
Executive Policy Committee and Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Neirinck, P. Eng.	J. Berezowsky, Acting Director of Public Works	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

Saskatchewan Avenue Culvert (Sturgeon Creek) requires replacement with a new bridge. The 2017 Adopted Capital Budget forecasted $8,000,000 in 2018. A first charge of $8,000,000 on the 2018 Capital Budget is required to commence construction by November 2017 as this work must occur in the winter. Previous adopted budgets for this project included $1,000,000 in 2016 to undertake preliminary design and $1,000,000 in 2017 to undertake detailed design.

The report also request authority be delegated to the Chief Administrative Officer to award contracts and approve over-expenditures in order to ensure efficiency and avoid delays.

RECOMMENDATIONS

1. That expenditures of up to $8,000,000 be authorized in 2017 or prior to the adoption of the 2018 Capital Budget, as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of The City of Winnipeg Charter, to allow award of contracts to ensure timely delivery of projects associated with the Saskatchewan Avenue Culvert (Sturgeon Creek) Project.

2. Subject to Recommendation 1, that authority be delegated to the Chief Administrative Officer to award competitively tendered general construction contracts exceeding $5,000,000 associated with the Saskatchewan Avenue Culvert (Sturgeon Creek) Project, not exceeding $8,000,000.

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contracts awarded pursuant to Recommendation 2, in accordance with the terms and conditions set forth in the applicable competitively tendered general construction contract(s) and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That authority be delegated to the Chief Administrative Officer to approve over-expenditures awarded pursuant to Recommendation 2 where there are sufficient funds in an approved budget or pursuant to Recommendation 1.

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

REASON FOR THE REPORT

Council approval is required for a first charge for an expenditure of Capital funds prior to the
adoption of the 2018 Capital Budget.

Pursuant to B8.2 of the City of Winnipeg's Materials Management Policy, the Chief Administrative Officer is delegated the authority to award a contract where the value of the contract does not exceed $5,000,000 and sufficient funding of the contract has been approved by Council. Pursuant to The City of Winnipeg Charter, Council has authority to delegate any of its administrative powers, duties or functions to an employee.

IMPLICATIONS OF THE RECOMMENDATIONS

The authorization requires a first charge on the 2018 Capital Budget to allow the award of
contracts prior to the adoption of the 2018 Capital Budget, in accordance with Subsection
288(2) of The City of Winnipeg Charter.

The purpose of Recommendation 2 is to expedite the award process for a general construction contract expected to exceed $5,000,000. Upon approval of Recommendation 2, the Chief Administrative Officer will be able to approve an award of contract to the successful bidder without further Standing Policy Committee or City Council approval, thereby avoiding potential delays to project timelines and potentially increased project costs.

HISTORY/DISCUSSION

On December 13, 2016, Council adopted the 2017 Capital Budget which included a previous budget amount of $1,000,000, current budget amount of $1,000,000 (2017), and a forecasted amount of $8,000,000 (2018) for the Saskatchewan Avenue Culvert (Sturgeon Creek) project, for a total projected budget of $10,000,000.

The replacement of the Saskatchewan Avenue culvert was planned for 2018, and its forecast construction cost is already identified in the 2017 capital budget.

The commencement of construction in November 2017 is necessary to ensure in-stream work is completed in frozen conditions, prior to spring thaw in 2018, and the in-stream work ban implemented by Manitoba Sustainable Development (formerly Manitoba Conservation and Water Stewardship) (April 01 to June 30 in any year). This will ensure timely construction takes place, and work isn't delayed until summer months, which will increase project costs significantly.

Table 1 includes the summary of the project budgets and first charge requirements on the 2018 Capital Budget.

Table 1 - Summary of Project Requiring First Charge Funding on 2018 Capital Budget

Project	Scope	Project Budget	Previously Approved	First Charge on the 2018 Budget
Saskatchewan Avenue Culvert (Sturgeon Creek)	Culvert Replacement	$10,000,000	$2,000,000	$8,000,000
		$10,000,000	**$2,000,000**	**$8,000,000**

It is critical that a construction contract be awarded in the Fall of 2017 in order to complete the in creek works over the winter, while river levels are low. In order to award a construction contract in a timely manner, delegation of authority to the CAO to award contracts exceeding $5M is recommended.

FINANCIAL IMPACT

Financial Impact Statement

Date: July 19, 2017

Project Name:

First Year of Program **2017**

Request for First Charge Against the 2018 Capital Budget for the Saskatchewan Avenue Culvert (Sturgeon Creek) Project

	2017	2018	2019	2020	2021
Capital					
Capital Expenditures Required	$ 8,000,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ 8,000,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Cash to Capital	$ 7,100,000	-	-	-	-
Frontage Levy	$ 900,000	-	-	-	-
Other - Enter Description Here		-	-	-	-
Total Funding	$ 8,000,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 8,000,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	470,595	-	-	-	-
Net Cost/(Benefit)	$ (470,595)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (470,595)	$ -	$ -	$ -	$ -

Additional Comments: A first charge of $8,000,000 on the Saskatchewan Avenue Culvert (Sturgeon Creek) is requested. The 2018 Forecast of the 2017 Adopted Capital Budget includes $8,000,000 for the Saskatchewan Avenue Culvert (Sturgeon Creek). The funding sources are those identified in the 2017 Adopted Capital Budget Forecast. The Incremental Revenue/Recovery represents the Department Engineering Administration and Corporate Interest and Administrative Overheads.

"Original Signed by J. Peters"

J. Ruby, CPA, CA
Manager of Finance & Administration

CONSULTATION

This Report has been prepared in consultation with: N/A

OURWINNIPEG POLICY ALIGNMENT

N/A

SUBMITTED BY

Department: Public Works
Division: Engineering
Prepared by: Damir Muhurdarevic, P. Eng., Bridge Projects Engineer
Date: September 26, 2017