Agenda – Executive Policy Committee – September 12, 2018

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – September 7, 2018

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 four business days preceding the committee meeting, be considered by Committee.

Item No. 3 Capital Budget Amendment and Delegation of Authority to Award General Capital Fund Contract Exceeding $5,000,000.00 for Empress Street and Empress Street East – St. Matthews Avenue to Portage Avenue for Bridge Rehabilitations, Pavement Rehabilitations, Pavement Reconstructions and Riverbank Stabilization (St. James-Brooklands-Weston Ward)

STANDING COMMITTEE RECOMMENDATION:

On September 7, 2018, 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 budget amendment increase of $2,934,000.00 to the Empress Street/Empress Street East/Westway/Eastway - St. Mathews to Portage Avenue projects be approved, as follows:

    A. The 2018 Regional Street Renewal Program, Empress Street/Empress Street East/ Westway/Eastway - St. Mathews to Portage Avenue project (ID#1804100217) be increased by $2,934,000.00 and be funded by transferring surplus from prior years Regional and Local Street Renewal Program (ID# 1804000117).

2. That authority be delegated to the Chief Administrative Officer to award, execute and deliver a competitively tendered construction contract exceeding $5,000,000.00 including contract over-expenditures for Empress Street and Empress Street East – St. Matthews Avenue to Portage Avenue for Bridge Rehabilitations, Pavement Rehabilitations, Pavement Reconstructions, Pedestrian Ramps and Riverbank Stabilization to a maximum amount of $15,500,000.00.

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contracts set out in Recommendation 2 and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – September 7, 2018

STANDING COMMITTEE RECOMMENDATION (continued):

4. That authority be delegated to the Chief Administrative Officer to approve contract over-expenditures for the contracts set out in Recommendation 2, provided that expenditure do not exceed the delegated amounts and they are within Council approved budgets.

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

Agenda – Executive Policy Committee – September 12, 2018

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – September 7, 2018

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On September 7, 2018, 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: Capital Budget Amendment and Delegation of Authority to Award General Capital Fund Contract Exceeding $5,000,000.00 for Empress Street and Empress Street East – St. Matthews Avenue to Portage Avenue for Bridge Rehabilitations, Pavement Rehabilitations, Pavement Reconstructions and Riverbank Stabilization

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Neirinck, P. Eng.	J. Berezowsky	M. Ruta	D. Wardrop, Acting CAO

EXECUTIVE SUMMARY

A budget amendment increase of $2,934,000.00 for a total project budget of $22,834,000.00, is required for the Empress Street Pavement Rehabilitations, Pavement Reconstructions, Riverbank Stabilization and Empress Overpass Bridge Rehabilitation project. The additional funds requested include a transfer of surplus from prior years Regional and Local Street Renewal Program identified in Appendix A – Table 1: Funding Summary. The total amended budget of $22,834,000.00 represents a Class 3 estimate (accuracy -20% to +30%).

On July 12, 2017 the Executive Policy Committee concurred in a recommendation of the Access Advisory Committee and directed the Public Service to investigate and ensure that accessibility be built into the Empress Street and Overpass Reconstruction. The budget amendment includes a change in scope to add accessible pedestrian ramps from the Empress Overpass Bridge to both sides of Portage Avenue with an estimated budget requirement of $2,300,000.

The Public Works Department is recommending that the Chief Administrative Officer be delegated the authority to award a construction contract exceeding $5,000,000.00 including contract over-expenditures for Empress Street and Empress Street East – St. Matthews Avenue to Portage Avenue for Bridge Rehabilitations, Pavement Rehabilitations, Pavement Reconstructions and Riverbank Stabilization to a maximum of $15,500,000.00.See Appendix A-Table 2: Construction Contract Summary.

The anticipated award period will occur between October 3, 2018 and November 5, 2018 when Council is prorogued and award of contracts over $5,000,000.00 cannot occur. In order to complete riverbank stabilization works, construction needs to commence no later than November 15, 2018. In addition, the Canada–European Union Comprehensive Economic and Trade Agreement (CETA) that recently came into effect require construction contracts greater than $8,500,000.00 be advertised for 30 Calendar Days where previously we advertised for as little as 14 Calendar Days. The foregoing constraints would dramatically affect the ability to deliver the Work.

RECOMMENDATIONS

1. That a budget amendment increase of $2,934,000.00 to the Empress Street/Empress Street East/Westway/Eastway - St. Mathews to Portage Avenue projects be approved, as follows:
    a) The 2018 Regional Street Renewal Program, Empress Street/Empress Street East/ Westway/Eastway - St. Mathews to Portage Avenue project (ID#1804100217) be increased by $2,934,000.00 and be funded by transferring surplus from prior years Regional and Local Street Renewal Program (ID# 1804000117).

2. That authority be delegated to the Chief Administrative Officer to award, execute and deliver a competitively tendered construction contract exceeding $5,000,000.00 including contract over-expenditures for Empress Street and Empress Street East – St. Matthews Avenue to Portage Avenue for Bridge Rehabilitations, Pavement Rehabilitations, Pavement Reconstructions, Pedestrian Ramps and Riverbank Stabilization to a maximum amount of $15,500,000.00.

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contracts set out in Recommendation 2 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 contract over-expenditures for the contracts set out in Recommendation 2, provided that expenditure do not exceed the delegated amounts and they are within Council Approved Budgets.

5. That the proper officers of the City be authorized to do all things necessary to implement the foregoing.

REASON FOR THE REPORT

The 2016 Capital Budget adopted by Council on March 22, 2016 included the Regional and Local Street Renewal project which indicates any surplus funds will automatically be transferred to the following years Regional and Local Street Renewal Program Budget.

Pursuant to B8.2 of the City of Winnipeg Materials Management Policy, the Chief Administrative Officer is delegated the authority to award a contract where the value of the contract does not exceed $5,000,000.00 and there are sufficient funds in a budget approved by Council. Pursuant to The City of Winnipeg Charter, Council has the authority to delegate certain of its administrative powers, duties or functions to an employee.

IMPLICATIONS OF THE RECOMMENDATIONS

The purpose of recommendation 1 is to amend the project budget to reflect a change in project scope.

The purpose of Recommendations 2 to 4 is to expedite the award process for a construction contract expected to exceed $5,000,000.00 as well as authority to approve over-expenditures to the same limits.

HISTORY/DISCUSSION

2017/2018 Regional Street Renewal Program –Empress Street/Empress Street East/Westway/Eastway – St. Matthews Avenue to Portage Avenue

- The 2017 Capital Budget adopted by Council on December 13, 2016 included funding for the 2017 Regional and Local Street Renewal Program in the amount of $105,180,000.00, with $6,000,000.00 for Empress Street/Empress Street East/Westway/Eastway – St. Matthews Avenue to Portage Avenue.
- The 2018 Capital Budget adopted by Council on December 12, 2017 includes funding for the 2018 Regional and Local Street Renewal Program in the amount of $116,000,000.00 with $11,400,000.00 for Empress Street/Empress Street East/Westway/Eastway – St. Matthews Avenue to Portage Avenue.
- With adoption of the 2018 Capital Budget a first charge on the 2019 Capital Budget of $2,500,000.00 was approved to facilitate work on this Project.

There will be two construction contracts for this project. The first contract, 38-2018, was awarded to Borland Construction on April 27, 2018 in the amount of $1,873,608.60, to complete pavement rehabilitations on the west side of Empress between Portage and Jack Blick, Eastway and Westway. Advertising of the second construction contract that includes river bank stabilization, street pavement reconstructions and bridge rehabilitation is anticipated to exceed $5,000,000.00 and is expected to be advertised in September 2018 for a period of 30 Calendar Days. Public Works Department anticipates better pricing to commence the contract in November 2018 by minimizing the risk with more working time to complete the river bank stabilization, which can only occur during the winter. If the river bank stabilization is not completed over the winter of 2018/2019 the project may be delayed a full year

The 2017, 2018 and 2019 Capital Budget's identified $19,900,000.00 in project funding. As a result of a change in scope to add accessible pedestrian ramps from the Empress Overpass Bridge to both sides of Portage Avenue and development of a Class 2 estimate, an additional $2,934,000.00, for a total project budget of $22,834,000.00, is required for the Empress Street Pavement Rehabilitations, Pavement Reconstructions, Riverbank Stabilization and Empress Overpass Bridge Rehabilitation project. The total amended budget of $22,834,000.00 represents a Class 3 estimate (accuracy -20% to +30%). The scope change to include the accessible pedestrian ramps is required to comply with the City's Universal Design Policy and Accessibility Design Standards.

A summary of the budget transfer request has been outlined in Appendix A – Table 1: Funding Summary.

The Regional and Local Street Renewal program is an annual program and any surplus must remain within the program/be transferred to a subsequent year's Regional and Local Street Renewal Program budget. A 2/3 Council approval is required to use surplus funds for purposes other than this program. Projects approved in a given program year normally take 2 to 3 years to be fully completed. Awarded projects (Class 1 estimate) normally carry a 5% contingency. Once a project is completed, the project is closed in the City's financial system and any remaining funds in the project are identified as a surplus.

See Appendix B for additional detail regarding determination of current program position.

The recent annual capital review process has identified project closures related to the 2014, 2015 and 2016 program years totaling $18,246,045. Consistent with the process as set out Capital Project Detail sheet, the surpluses from these closed projects are being transferred to the 2018 program.

While contract awards are still in process on the 2018 program, Class 1 estimates coupled with industry pricing on awards to date have been coming in higher than budget. As a result, it is estimated that an additional $14,999,000 will be required to deliver the projects identified in the 2018 program.

The current program position as at August 2018 is estimated to be $6,986,439. Should the transfer of $2,934,000 be approved, the remaining unallocated program surplus is estimated at $4,052,439. It should be noted that determination of the program position is a point in time estimate and the program position/surplus will continually vary as contracts are awarded and construction continues.

It is critical that the construction contract is awarded in a timely manner in 2018 so that the full winter construction season can be utilized for the 2018 stage of construction. The anticipated award period will occur between October 3, 2018 and November 5, 2018 when Council is prorogued and award of contracts over $5,000,000.00 cannot occur. In order to award a construction contract in a timely manner, delegation of authority to the Chief Administrative Officer to award contracts exceeding $5,000,000.00 is recommended.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 9, 2018

Project Name:

First Year of Program **2018**

Capital Budget Amendment and Delegation of Authority to Award General Capital Fund Contract Exceeding $5,000,000 for Empress Street and Empress Street East – St. Matthews Avenue to Portage Avenue for Bridge Rehabilitations, Pavement Rehabilitations, Pavement Reconstructions and Riverbank Stabilization

	2018	2019	2020	2021	2022
Capital					
Capital Expenditures Required	$ 22,834,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	22,834,000	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Surplus	-	-	-	-	-
Other	-	-	-	-	-
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: A Capital Budget increase of $2,934,000 is required for the Empress Street/Empress Street East/ Westway/Eastway - St. Mathews to Portage Avenue project. Funding will be transferred to the 2017 Regional Street Renewal Program (Public Works Capital Project # 1804100217 - Empress-St. Matthews/Portage) from the Regional and Local Street Renewal surplus from prior years (Public Works Capital Project #1804000117 - Regional and Local Streets Renewal).

"Original signed by J. Peters, CPA, CGA"

for / 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: C. Titchkosky, C.E.T., Project Manager
Date: June 22, 2018
File No: 17-C-01
Attachment:
APPENDIX A – Table 1: Funding Summary & Table 2: Construction Contract Summary
APPENDIX B – Table 3

APPENDIX A – Table 1: Funding Summary

Funding Source Description		Current Project Funding	New Funding Sources	Proposed Project Funding
Existing Funding Sources				
Regional and Local Street Renewal Program				
2-19 to 2-24	2017 Regional and Local Street Renewal Program (ID#1804100217)	$6,000,000	$2,934,000	$8,934,000
2-18 to 2-23	2018 Regional and Local Street Renewal Program (ID#1804100217)	$11,400,000	Nil	$11,400,000
2-18 to 2-23	2019 Regional and Local Street Renewal Program (ID#1804100217)	$2,500,000	Nil	$2,500,000
Total Project Funding		**$19,900,000**	**$2,934,000**	**$22,834,000**

(*) – Page numbers in this column are from the 2018 Adopted Capital Budget

APPENDIX A – Table 2: Construction Contract Summary

Contracts	Bid Opportunity	Bid Opportunity Close Date	Description of Work	Estimate	Estimate Class
Contract 1	38-2018	April 27, 2018	Roadworks Rehabilitation(Empress St. W.-Portage to Jack Blick) Rehabilitation (Eastway) Rehabilitation (Westway)	$1,873,608.60 (Actual-Closed Bid Opportunity)	Class 1 (-5% to +10%)
Contract 2	TBD	October 5, 2018	Roadworks Reconstruction(Portage to St. Mathews) Bridge Rehabilitation Riverbank Stabilization Empress Overpass Bridge Ramps	$15,500,000 (Estimated Maximum Contract Value)	Class 3 (-20% to +30%)

APPENDIX B – Table 3: Regional and Local Streets Program - Analysis of Program Position

City of Winnipeg
Public Works Department
Regional and Local Streets Program
Analysis of Program Position
prepared as at August 15, 2018

	Regional Reserve	Local Reserve	Cash to Capital	External Debt	Provincial	Total
Surplus identified in the 2018 Capital Closures process (process pending finalization)						
2014	$ 1,367,835	$ -	$ -	$ 1,995,402	$ -	$ 3,363,238
2015	$ 1,696,201	$ -	$ -	$ 1,610,380	$ -	$ 3,306,581
2016	$ 5,819,762	$ 1,830,741	$ 1,149,791	$ 2,775,932	$ -	$ 11,576,226
	$ 8,883,798	$ 1,830,741	$ 1,149,791	$ 6,381,714	$ -	$ 18,246,045
2017 Program - Projects Still in process						
2017 - unallocated (project #1804000117)	$ 760,458	$ 944,971	$ 109,735	$ 1,670,279	$ 253,952	$ 3,739,395
Estimated prior years surplus	$ 9,644,256	$ 2,775,712	$ 1,259,526	$ 8,051,993	$ 253,952	$ 21,985,439
To be reallocated/transfer to the 2018 program						$ (14,999,000)
Estimated program surplus prior to transfer to Empress						$ 6,986,439
Proposed transfer to Empress						(2,934,000)
Unallocated program surplus						$ 4,052,439

Note: this is a point in time estimate. The program surplus position will continually vary as the program is delivered.