Agenda – Council – July 18, 2019

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – June 24, 2019

Item No. 1 Endorsement of the Market Lands Project Vision and Award of Contract for Readying the Lands at 151 & 171 Princess Street (former Public Safety Building and Civic Centre Parkade) for Redevelopment Opportunity, Tender No. 230-2019B, Project No. 2016-117 (Point Douglas Ward)

STANDING COMMITTEE RECOMMENDATION:

On July 9, 2019, 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 the "Market Lands Project Vision", attached as Appendix A, be endorsed in principle as a vision document to support proposed development of the property located at, and commonly known as, the Market Lands.

2. That CentreVenture Development Corporation and the Public Service be directed to utilize the "Market Lands Project Vision" document as a guide for proposed development of the Market Lands within the Exchange District.

3. That the City award, enter into, execute and deliver a Contract for Readying the Lands at 151 & 171 Princess Street for Redevelopment Opportunity (Tender No. 230-2019B) with Rakowski Cartage & Wrecking Ltd. in the amount of $6,783,824.00 plus GST and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

4. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Agreement required and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

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 Property and Development, Heritage and Downtown Development – June 24, 2019

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 9, 2019, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On June 24, 2019, 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: Endorsement of the Market Lands Project Vision and Award of Contract for Readying the Lands at 151 & 171 Princess Street (former Public Safety Building and Civic Centre Parkade) for Redevelopment Opportunity, Tender No. 230-2019B, Project No. 2016-117

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	J. Kiernan	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

The Public Service is recommending an award of contract for Readying the Lands at 151 & 171 Princess Street for Redevelopment Opportunity – Tender No. 230-2019B to Rakowski Cartage & Wrecking Ltd., in the amount of $6,783,824.00 plus GST. The Recommendation included in this Report complies with the requirements of the various trade agreements and the City's Materials Management Policy.

In addition, the Public Service is recommending that Council endorse in principle the Market Lands Project Vision. This will serve as a guide for CentreVenture Development Corporation and the Public Service in the proposed development for the property. Endorsement of the vision will also ensure the timely redevelopment of the site upon completion of the demolition.

RECOMMENDATIONS

1. That Council endorse in principle "Market Lands Project Vision", attached as Appendix A, as a vision document to support proposed development of the property located at, and commonly known as, the Market Lands.

2. That Council direct CentreVenture Development Corporation and the Public Service to utilize the "Market Lands Project Vision" document as a guide for proposed development of the Market Lands within the Exchange District.

3. That the City award, enter into, execute and deliver a Contract for Readying the Lands at 151 & 171 Princess Street for Redevelopment Opportunity (Tender No. 230-2019B) with Rakowski Cartage & Wrecking Ltd. in the amount of $6,783,824.00 plus GST and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

4. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Agreement required and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

5. 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

As the total conditional amount to be paid by the City pursuant to the contract exceeds $5,000,000.00, and there are sufficient funds in an approved budget, the Chief Administrative Officer must forward a recommendation to the Standing Policy Committee on Property and Development, Heritage and Downtown Development, to approve an award of contract in accordance with B8.2.1 of the Materials Management Policy.

Council endorsement of the vision document will provide clarity and transparency of the key desired outcomes for development of the Market Lands.

IMPLICATIONS OF THE RECOMMENDATIONS

The funding for this project is provided by Planning, Property and Development Department through Capital Project No. 003-181000-630675-6331001219. There is sufficient funding available for the project to proceed with the award of Tender No. 230-2019B.

Endorsement of the Market Lands Project Vision identifies that the highest and best use of the subject lands can be achieved by redevelopment into a new destination for all Winnipeggers, comprised of quality public outdoor spaces surrounded by mixed-use developments with places to live, work, play and learn. Such a repurposing, wherein the subject lands would be cleared of all existing civic assets by early 2020, is aligned with the redevelopment plan endorsed by Council in April 2016.

The proposed framework aligns with “Our Winnipeg” and “Complete Communities” direction strategy for downtown.

HISTORY/DISCUSSION

Request for Qualification, RFQ No. 230-2019A, to shortlist qualified Contractors for Readying the Lands at 151 & 171 Princess Street for Redevelopment Opportunity closed on April 9, 2019. Three qualification submittals were evaluated and interviews were conducted with each Proponent on April 26, 2019. It was determined that Rakowski Cartage & Wrecking Ltd. and Secure Energy (Onsite) Service Inc. were shortlisted and invited to bid on Tender No. 230-2019B. The third proponent was not pre-qualified based on insufficient evidence of demolition experience similar in size, scope and complexity.

On May 3, 2019, Tender No. 230-2019B was posted on the Materials Management website. Final receipt of bids was noon on May 22, 2019. Two (2) bids were received as follows:

Bidder	Compliance	Qualifications	Total Price (MRST exempt, GST extra)
Rakowski Cartage & Wrecking Ltd.	Pass	Pass	$6,783,824.00
Secure Energy (Onsite) Service Inc.	Pass	Pass	$7,665,328.00

Materials Management advised that the two (2) submittals were responsive and each of the bid submissions was accompanied by an acceptable bid security.

The lowest responsive bid submission was received from Rakowski Cartage & Wrecking Ltd., with a lump sum cost of $6,783,824.00 (MRST exempt, GST extra). The Departmental Controller has confirmed that the funds are approved and available. Rakowski Cartage & Wrecking Ltd. is certified in the Certificate of Recognition (COR) program with the Construction Safety Association of Manitoba (Certificate No.17712-06 with an expiration date of December 2021 and validated by annual Letter of Good Standing on December 13, 2018).

The Contract Administrator is of the opinion that Rakowski Cartage & Wrecking Ltd. has the necessary resources and experience to perform the Work in accordance with the requirements of the Tender package.

This procurement is subject to and compliant with the Canadian Free Trade Agreement ("CFTA"). Under Article 515.6 of the CFTA, the City may verify that a Supplier satisfies the conditions for participation and is capable of fulfilling the terms of a Contract if the Supplier has submitted a tender with a price that is abnormally lower than the prices in other submitted tenders. Article 19.14.6 of the Comprehensive Economic and Trade Agreement (CETA) contains an equivalent provision.

Bids are open for acceptance until October 19, 2019. The City will issue a Letter of Intent to the successful Bidder, followed by the execution of a formal contract.

Demolition will not commence prior to the award of the contract.

Note the contract price indicates an approximate $2.9 million savings to the City relative to the forecasted $9.7 million total construction cost as contained in the project capital budget. However, the Public Service recommends that all capital budget funding be retained as a contingency to manage any incremental costs arising due to risks that may materialize associated with projects of this scope and characteristics e.g., unknown site conditions. Any favourable project funding variance realized upon project total completion would be available for capital reallocation.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 22, 2019

Project Name:

Award of Contract for Readying the Lands at 151 & 171 Princess Street for Redevelopment Opportunity

First Year of Program **2019**

	2019	2020	2021	2022	2023
Capital					
Capital Expenditures Required	$ 1,844,851	$ 5,430,159	$ -	$ -	$ -
Less: Existing Budgeted Costs	1,844,851	5,430,159	-	-	-
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	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	148,895	342,291	-	-	-
Net Cost/(Benefit)	$ (148,895)	$ (342,291)	$ -	$ -	$ -
Less: Existing Budget Amounts	(148,895)	(342,291)	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital Expenditures in 2019/20 consist of the contract amount of $6,783,824 plus Divisional admin and Asset Management recovery costs of $269,582 and Corporate Finance and admin costs of $221,605. The latter two amounts are offset by recoveries in the current budget of the Municipal Accommodation Division (PPD) and Corporate Finance Department, respectively.

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

CONSULTATION

This Report has been prepared in consultation with:

Legal Services Department (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

01-2a Collaborate to Make Safe Communities
Direction 3: Promote Safety in Buildings

03-2 Vitality
Direction 1: Strive to Eliminate Derelict Building

SUBMITTED BY

Department: Planning, Property and Development
Division: Municipal Accommodations
Prepared by: Tracy Stople
Date: June 3, 2019

Appendix A: Market Lands Project Vision