Minutes – Executive Policy Committee – September 17, 2019

REPORTS

Item No. 6 Single Source Negotiation and Award of Contract for Consultant Services for Readying the Lands at 151 and 171 Princess Street (former Public Safety Building and Civic Centre Parkade) for Redevelopment (Materials Management Reference Number 808-2019) (Point Douglas Ward)

EXECUTIVE POLICY COMMITTEE DECISION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service:

1. That single source negotiations with Stantec Architecture Ltd. be approved to extend the existing contract for Consultant Services for Readying the Lands at 151 and 171 Princess Street for Redevelopment (Phase 1 - Interim Services: Contract Initialization through September 13, 2019) to cover Phase 2 - Ongoing Services: Contract Management from September 14, 2019 through completion.

2. That, subject to approval of Recommendation #1, a single source contract for Consultant Services for Readying the Lands at 151 & 171 Princess Street for Redevelopment (Phase 2 - Ongoing Services: Contract Management from September 14, 2019 through Completion) be awarded to Stantec Architecture Ltd. in the amount of $497,000.00 plus GST, and that the City enter into, execute, and deliver a contract for same and such other agreements as are determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing (the "Ancillary Agreements").

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

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

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: Single Source Negotiation and Award of Contract for Consultant Services for Readying the Lands at 151 & 171 Princess Street (former Public Safety Building and Civic Centre Parkade) for Redevelopment (Materials Management Reference Number 808-2019)

Critical Path: Executive Policy Committee

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	J. Kiernan	P. Olafson, Interim CFO	D. Wardrop, Acting Interim CAO

EXECUTIVE SUMMARY

The Public Service is seeking approval of single source negotiations and award of contract for the Consultant Services required for the demolition of the Public Safety Building and Civic Centre Car Park.

Resident engineering and contract administration services are required to support the contract for demolishing the buildings on the subject property; typically these professional services are secured as part of a multi-phase consultant assignment at time of project initiation. Stantec Architecture Ltd. was contracted by the City in January 2018 through a competitive bid process to assess demolition requirements; however, no formal direction respecting property demolition and redevelopment was mandated by Council until July 2019; thus Stantec Architecture Ltd.'s scope of services were not inclusive of resident engineering or contract administration functions. Respecting prevailing regulatory requirements described herein, it is recommended that the City extend a second contract with Stantec Architecture Ltd. for ongoing Consultant Services through to conclusion of the project.

Single source negotiations and award of contract are permitted pursuant to B4.1(f) of the Materials Management Policy, with further details included in the history section.

The Recommendation included in this Report complies with the requirements of the various trade agreements and the City's Materials Management Policy.

RECOMMENDATIONS

1. That single source negotiations with Stantec Architecture Ltd. be approved to extend the existing contract for Consultant Services for Readying the Lands at 151 & 171 Princess Street for Redevelopment (Phase 1 - Interim Services: Contract Initialization through September 13, 2019) to cover Phase 2 - Ongoing Services: Contract Management from September 14, 2019 through Completion.

2. That, subject to approval of Recommendation #1, a single source contract for Consultant Services for Readying the Lands at 151 & 171 Princess Street for Redevelopment (Phase 2 - Ongoing Services: Contract Management from September 14, 2019 through Completion) be awarded to Stantec Architecture Ltd. in the amount of $497,000.00 plus GST, and that the City enter into, execute, and deliver a contract for same and such other agreements as are determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "**Ancillary Agreements**").

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the Agreement(s) 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.

4. 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

Effective January 1, 2011, approval of Executive Policy Committee is required for any single source negotiation for Consultant Services where:

(a) the estimated value of the Consultant Service relating to capital projects included in the capital budget exceeds $75,000 in total, including all phases of any given project;
(b) the estimated value of the Consultant Service, other than those relating to capital projects, exceeds $35,000 in total, including all phases of any given project.

IMPLICATIONS OF THE RECOMMENDATIONS

The funding for this contract is available in the Planning, Property and Development Department's Capital Project No. 003-181000-630675-6331001219.

HISTORY/DISCUSSION

On May 27, 2014, Council mandated the Public Service (PS) to perform analyses of alternatives respecting future development for civic use and/or disposition of the properties represented by the Public Safety Building & Civic Centre Car Park.

On March 8, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development received a Report titled "Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park".

On April 27, 2016, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and adopted the following:

1. That based on the findings and information presented in the report “Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park”, Alternative A, “Large Public Space & Private Development”, be selected for implementation, subject to a public engagement, and upon completion of the public engagement, the Winnipeg Public Service report back to Council for approval.

2. That the Winnipeg Public Service develop an Implementation Plan for the recommended Alternative A, “Large Public Space & Private Development”, inclusive of feasibility analyses, detailed/refined cost estimates, scheduling requirements, and financial analyses as warranted, and upon completion of the Implementation Plan the Winnipeg Public Service report back to Council for approvals.

On July 19, 2017, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and adopted the following:

> That the Public Service be authorized to…procure design services and prepare a Class 3 cost estimate for readying the Public Safety Building and the Civic Centre Car Park lands for redevelopment, inclusive of demolition of both buildings assets should such be required as part of the future redevelopment plan.

On October 12, 2017, the City issued a Request for Proposal No. 656-2017, soliciting the following consultant services:

> Phase 1: Preliminary Design and Provision of Class 3 Cost Estimate
> Phase 2: Comprehensive Design and Provision of Class 1 Cost

At the time, there was no decision by Council as to how the subject property would be redeveloped and the future of Public Safety Building (PSB), as respecting consideration to either repurpose or demolish the building, was unestablished. As such, two potential redevelopment scenarios were defined in Phase 2 for the purpose of advancing procurement of Consultant Services:

- Scenario I assumed that both the PSB and Civic Centre Car Park (CP) are decommissioned and demolished;
- Scenario 2 assumed that both the PSB and CP are decommissioned, the CP is demolished, and the PSB is converted to a vacant structure for subsequent redevelopment by others.

The Work of Phase 2 was contingent upon receiving direction from City Council as to an accepted redevelopment plan, that being one of the two redevelopment scenarios. Phase 2 services did not begin until after September 20, 2018 (see below).

In a conventional project wherein the project scope is fully ascertained/confirmed at time of project initiation, a third phase of services for contract administration is typically included in a Consultant Services assignment. Associated services could not be included in this project because direction from Council on the future of PSB was not confirmed until July 18, 2019 (see below).

In late fall 2017, CentreVenture Development Corporation concluded public engagement activities respecting redevelopment of the subject property, and a 'Market Lands Urban Design Framework' Report was published on March 21, 2018.

On January 26, 2018, the City awarded a contract to Stantec Architecture Ltd. (Stantec) for Professional Consulting Services to Ready the Lands of the Former Public Safety Building and Civic Centre Car Park for Redevelopment, for a fixed fee of $141,085.00.

On September 20, 2018, Council concurred with the Standing Policy Committee on Property and Development, Heritage and Downtown Development and adopted the following:

> That the December 2015 "Evaluation of Strategic Alternatives for the Public Safety Building and Civic Centre Car Park" report Alternative A, "Large Public Space & Private Development", included as Appendix A, be adopted for implementation as a redevelopment plan for the former Public Safety Building and Civic Centre Car Park lands.

Pursuant to Council's decision of September 20, 2018, the PS proceeded to issue a Request for Qualification and a subsequent Tender for a contract to demolish both PSB and CP.

On June 24, 2019, the Standing Policy Committee on Property and Development, Heritage and Downtown Development received the Report "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" which, in part, recommended a contract award to Rakowski Cartage and Wrecking Ltd, as being the preferred proponent to undertake the demolition contract. The report was subsequently advanced to the Executive Policy Committee and Council for consideration.

On July 18, 2019, Council concurred with the Standing Policy Committee on Property and Development, Heritage and Downtown Development and adopted the following:

> 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.

Though the demolition contract award was finalized on July 19, 2019, contract administration services are unassigned as the Executive Policy Committee, i.e. the award Authority, does not reconvene until after August prorogue, on September 10, 2019.

This circumstance obligated the PS to secure interim Consultant Services so as to support the demolition contract; on August 1, 2019, a contract in the amount of $65,000.00 was awarded to Stantec Architecture Ltd for 'Phase 1 – Interim Services: Contract Initialization through September 13, 2019'.

The PS is now seeking approval of single source negotiations and award of contract for 'Phase 2 – Ongoing Services: Contract Management from September 14, 2019 through Completion', with Stantec at a value of $497,000.00 plus GST, which will increase the total value of the contract to $562,000.00 plus GST.

Rationale for Single Source Negotiations and Award of Contract

The contractual agreement for producing the demolition plan for PSB and CP is between the City, as Owner, and Stantec. Associated work plans, designs, drawings and specifications remain the intellectual property of Stantec as undertaken by its representative employee Professional known as the Engineer of Record.

Pursuant to The Engineering and Geoscientific Professions Act of Manitoba, an Engineer of Record bears lawful responsibility to verify that all technical aspects of design and construction executed per his or her requirements under professional seal are satisfactorily achieved.

If the Owner chooses not to utilize the firm that prepared drawings and specifications for subsequent contract administration services, the Professional may elect to provide the Owner with a letter relinquishing all responsibility of said work. In that instance, the Owner would be required to procure another Professional to assume responsibility for the drawings and specifications. Additional monetary cost and time may impact the project as a result. The new Professional will have to value the risks associated with assuming responsibility of the former Professional's drawings and specifications. The new Professional may elect to redesign certain attributes of the drawings and specifications as a result of their professional due diligence. The new Professional bears no obligation to the Owner to re-use the former Professional's work, and this may result in marked change/departure from the original intent of a design.

The PS is of the opinion that this alternative for procuring Consultant Services introduces significant project risk including scope impact, cost escalation and schedule delay, and as such is neither advisable nor recommended for procuring the necessary services.

In the interest of mitigating potential impacts to project scope, cost and schedule, the PS recommends that single source negotiations and award of contract to Stantec Architecture Ltd. for supplementary Consultant Services be extended and approved.

This procurement is subject to the Canadian Free Trade Agreement (2017, "CFTA"), Article 513(1)(c) of which permits single sourcing for additional deliveries of services from a supplier in cases where changing a supplier cannot be done for economic or technical reasons such as interoperability and where such a change would also result in significant inconvenience and a substantial duplication of costs. An equivalent exception is provided in Article 19.12.1(c) of the Comprehensive Economic and Trade Agreement 2016 ("CETA") and in Part V, Section C, Clause 2.(g) of the New West Partnership Trade Agreement ("NWPTA").

It is the opinion of the Public Service that Stantec has the required experience and resources to perform the work and the price is fair and reasonable. If approved, award will be made by Purchase Order. There are sufficient funds available to procure the service.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 1, 2019

Project Name:

First Year of Program **2019**

Single Source Negotiation and Award of Contract for Consultant Services for Readying the Lands at 151 & 171 Princess Street for Redevelopment

	2019	2020	2021	2022	2023
Capital					
Capital Expenditures Required	$ 156,702	$ 468,703	$ -	$ -	$ -
Less: Existing Budgeted Costs	156,702	468,703	-	-	-
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	16,202	47,203	-	-	-
Net Cost/(Benefit)	$ (16,202)	$ (47,203)	$ -	$ -	$ -
Less: Existing Budget Amounts	(16,202)	(47,203)	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital Expenditures in 2019/2020 consist of the contract amount of $562,000 plus Divisional admin costs and Asset Management recovery costs of $43,720 and Corporate Finance and admin costs of $19,685. The latter two amounts are offset by recoveries in the current budget of the Municipal Accommodation Division (PPD) and Corporate Finance Department, respectively.
On August 1, 2019, circumstances obligated the Public Service to secure an interim Consuntant Service contract of $65,000, an amount that is included in the above statement.

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

CONSULTATION

This Report has been prepared in consultation with:

Materials Management Division
Legal Services Department (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

Our Winnipeg Strategies: 01-1 City Building

SUBMITTED BY

Department: Planning, Property and Development
Division: Municipal Accommodations
Prepared by: Brent Piniuta
Date: August 12, 2019