Minutes – Executive Policy Committee – September 17, 2019

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 4, 2019

Item No. 1 Realignment of Municipal Accommodations Capital Budgets to Fund Two Capital Project Budgets and Increase Two 2019 Capital Program Budgets

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

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 "510 Main Street (Susan A. Thompson Building) Roof System Replacement", and the "Boni-Vital Indoor Pool Heat Recovery Ventilation Unit Replacement and Other Repairs" 2019 Capital Project Budgets ("the Projects") be established in the amounts of $1,300,000 and $1,025,000 respectively.

2. That the 2019 Recreation and Leisure Facilities Capital Program Budget be increased by $350,000 (from $106,000 to $456,000).

3. That the 2019 Indoor Aquatic Facilities Capital Program Budget be increased by $585,000 (from $1,605,000 to $2,190,000).

4. That the established and/or amended budgets noted in Recommendations 1 to 3 be funded from existing Council-approved Capital Programs as identified in Appendix 1 attached.

5. That subject to approval of Recommendation 1, upon completion of the Projects, any unspent budget be allocated back to the 2019 Accommodations Facilities and 2019 Indoor Aquatic Facilities Capital Program Budgets respectively, to be allocated based on need at that time.

6. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

Report – Standing Policy Committee on Property and Development, Heritage and Downtown Development – September 4, 2019

DECISION MAKING HISTORY:

Moved by Councillor Rollins,

That the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On September 4, 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: Realignment of Municipal Accommodations Capital Budgets to Fund Two Capital Project Budgets and Increase Two 2019 Capital Program Budgets

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	B. D'Avignon, Acting Interim CFO	D. Wardrop, Acting Interim CAO

EXECUTIVE SUMMARY

The Public Service is requesting realignment of existing Council-approved Municipal Accommodation (MA) Capital Program Budgets for:

1. The establishment of two 2019 Capital Project Budgets, specifically:
   a) the '510 Main Street (Susan A. Thompson Building) Roof System Replacement' ($1,300,000); and
   b) the 'Boni-Vital Indoor Pool Heat Recovery Ventilation Unit Replacement and Other Repairs' ($1,025,000).
2. An increase to two existing Capital Program Budgets to ensure continued civic programming and services at City of Winnipeg facilities as well as prudent asset management, specifically:
   a) the 2019 Recreation and Leisure Facilities Capital Program Budget (+$350,000) to ensure that the Magnus Eliason Recreation Centre facility is heated in advance of the coming heating season; and
   b) the 2019 Indoor Aquatic Facilities Capital Program Budget (+$585,000) to address critical structural and mechanical repairs that have been identified as needing corrective action within a year.

This realignment of funding is requested in order to address emerging structural, mechanical and building envelope infrastructure that is at risk of failing (or has failed). These emerging issues are of a critical nature and include risks to continued civic programming and services at certain City of Winnipeg facilities. Projects that have been deferred include a temperature control improvement project that was planned for the Millennium Library, various roof repair and replacement projects, and mechanical and electrical distribution systems upgrades.

RECOMMENDATIONS

1. That the "510 Main Street (Susan A. Thompson Building) Roof System Replacement", and the "Boni-Vital Indoor Pool Heat Recovery Ventilation Unit Replacement and Other Repairs" 2019 Capital Project Budgets ("the Projects") be established in the amounts of $1,300,000 and $1,025,000 respectively.

2. That the 2019 Recreation and Leisure Facilities Capital Program Budget be increased by $350,000 (from $106,000 to $456,000).

3. That the 2019 Indoor Aquatic Facilities Capital Program Budget be increased by $585,000 (from $1,605,000 to $2,190,000).

4. That the established and/or amended budgets noted in Recommendations 1 to 3 be funded from existing Council-approved Capital Programs as identified in Appendix 1 attached.

5. That subject to approval of Recommendation 1, upon completion of the Projects, any unspent budget be allocated back to the 2019 Accommodations Facilities and 2019 Indoor Aquatic Facilities Capital Program Budgets respectively, to be allocated based on need at that time.

6. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required to establish new capital project budgets.

IMPLICATIONS OF THE RECOMMENDATIONS

- No additional funding is being requested as this report simply recommends establishing two new capital project budgets and increasing two existing capital program budgets; the funding for which comes from existing Council-approved capital program budgets.
- Establishment of separate capital project budgets makes accounting for, and reporting on, the financial status of the projects more transparent.
- Establishment of separate capital project budgets, (and actual amounts spent to-date, if applicable) will enable the Public Service to more effectively and efficiently track progress and final costs of the work to be undertaken.
- Increasing the capital program budgets will enable the Public Service to address high priority structural and mechanical work required following recent asset condition investigations, which have identified new/emerging concerns and/or accelerated facility condition deterioration requiring expedited attention.

HISTORY/DISCUSSION

Capital *Project* budgets are intended to fund relatively high-dollar expenditures on a single or discrete asset as approved by Council. Capital *Program* budgets, on the other hand, are intended to fund relatively low-dollar expenditures on multiple assets and to provide flexibility in a Department to address high risk asset needs identified mid-budget cycle.

Proposed new Capital Project Budgets

1. 510 Main Street (Susan A. Thompson Building) Roof System Replacement

The roof on the Susan A. Thompson Building has exceeded its life expectancy and requires replacement. Leaks over the past few years have been mitigated through significant maintenance expenditures to prolong the life of the roof; however, this is no longer a sustainable option. Replacement is imminent due to increasing water penetration which presents a heightened, immediate risk to critical infrastructure on the 7th floor of the building, (network and server room) as well as potential mold growth and health and safety risks to building occupants. Additionally, a roof condition assessment by Agassiz Consulting Group indicated approx. 40% of the insulation has been compromised due to age and previous fracturing of the roof. This compromised insulation provides no insulation value, allows water to penetrate to floors below, and if not addressed immediately, will result in further fracturing and deterioration of the roof system and building envelope.

Undertaking this work will prevent further water damage, provide heating/cooling cost savings, and extend the life of this essential civic asset. Estimated costs (Class 5 estimate including a minimum of a 30% contingency) for these critical, urgent repairs have been identified at approximately $1,300,000 (inclusive of overhead charges). The Project is anticipated to be completed within 18 months.

While this work is consistent with the purposes for which Council approved the Accommodation Facilities Capital *Program* Budgets, the Public Service is recommending a separate Capital *Project* Budget be established due to the scale. See Appendix 2 for an illustrative example of a capital detail sheet for this project.

2. Boni-Vital Indoor Pool Heat Recovery Ventilation Unit Replacement and Other Repairs

A January 2019 third-party structural review identified numerous critical conditions at the Pool, recommended to be addressed within one year. These include:

- Roof repairs
- Window/glazing replacement
- Repairs to cracked concrete block walls of the building
- Facility air balancing
- Installation of roof fall protection
- Sidewalk and curb repairs

When not controlled properly, high humidity and improper ventilation within a pool setting can contribute to a corrosive environment. At this site, the Heat Recovery Ventilation (HRV) Unit, which provides fresh air, has been operating below capacity after catching fire in 2013. The associated metal supports do not have sufficient material to permit additional supporting structures to be welded on and require replacement. Failure to address this, as well as other identified repairs, could mean mechanical or structural failures. This, in turn, could result in cancellation of swimming programs, etc. or other undesirable outcomes.

Estimated costs (Class 5 Estimate) for these critical, urgent repairs have been identified at approximately $1,025,000 (inclusive of overhead charges). The Project is anticipated to be completed within 12 months. See Appendix 3 for an illustrative example of a capital detail sheet for this project.

Proposed Increased Capital Program Budgets

1. 2019 Recreation and Leisure Facilities Capital Program Budget

An increase of $350,000, (from $106,000 to $456,000) will permit completion of the 'Magnus Eliason Recreation Centre (MERC) Air Handing Unit Replacement' project, (430 Langside St.). The air handling unit (AHU) providing heating and cooling to the gym portion of the facility has failed; the unit is obsolete and replacement parts unavailable. The cooling function was partially restored to sustain 2019 cooling needs, but the unit will not provide heat throughout the 2019 – 2020 heating season. Replacement of the AHU will allow for uninterrupted building occupancy and execution of Centre programming.

2. 2019 Indoor Aquatic Facilities Capital Program Budget

An increase of $585,000 (from $1,605,000 to $2,190,000), will permit additional, high priority projects identified by Public Service subject matter experts and recently completed third-party structural reviews for repairs at the Cindy Klassen Recreation Centre, Bonivital Pool, St. James Centennial Pool, Elmwood Kildonan Pool, Sergeant Tommy Prince Place, Transcona Kinsmen Centennial Pool and the Margaret Grant Pool. These are comprised of critical site conditions and structural and mechanical repairs, recommended to be addressed within one year, including:

- Critical roof replacements
- Structural wall repair/replacement
- Repair water infiltration problems of building envelopes
- Various concrete repairs
- Window/glazing repairs
- Air handler repairs
- Facility air balancing
- Entrance door replacements
- Indoor pool slide repairs
- Funding a subsequent phase of structural reviews for 4 indoor pools

Realigned Funding

Existing Council-approved budgets are in place for all proposed projects in this report. No additional funding is required.

Realignment of funding as presented herein is not an indication that funding for the originally planned projects is no longer needed. Rather, new information necessitates reprioritization of the projects. Due to the compounding infrastructure deficit faced by the City, as well as municipalities across North America, equipment, building systems and structures are beginning to fail at accelerated rates. Current funding constraints are such that project reprioritizations/budget realignment requests are expected to become more frequent as the Public Service responds to (what are) often unpredictable and urgent building component failures.

Originally planned works to be completed under this funding will be deferred. Projects that have been deferred include a temperature control improvement project that was planned for the Millennium Library, various roof repair and replacement projects including the roofs of Aikins Street Community and Health Centre and Waverley Street Public Works Yard, mechanical and electrical distribution systems upgrades including the replacement of Air-Handing Units at Turtle Island Neighbourhood Centre, Heating, Ventilation and Cooling (HVAC) Upgrade at 1155

Pacific Avenue and Boiler and Cooling Tower Replacement at 185 King Street. Appropriate measures will be taken by the Public Service to ensure the City's building portfolio, including recreation and community facilities, remain operational and continue to meet the needs of our patrons and workforce.

FINANCIAL IMPACT

Financial Impact Statement

Date: July 24, 2019

Project Name:

First Year of Program **2019**

Realignment of Municipal Accommodations Capital Budgets to Fund Two Capital Project Budgets and Increase Two 2019 Capital Program Budgets

	2019	2020	2021	2022	2023
Capital					
Capital Expenditures Required	$ 3,260,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	3,260,000	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Realignment of Existing Cash-to-Capital	$ 3,260,000	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other -	-	-	-	-	-
Total Funding	$ 3,260,000	$ -	$ -	$ -	$ -
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: Existing Council-approved capital budgets of $3,260,000 are in place. **No additional funding is required.**

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

CONSULTATION

This Report has been prepared in consultation with:

Community Services Department
Corporate Finance

OURWINNIPEG POLICY ALIGNMENT

Our Winnipeg Policy: A Sustainable City, Heritage 02-3

Conserve, protect and celebrate the significant heritage resources that illustrate the broad range of Winnipeg's heritage values.

SUBMITTED BY

Department: Planning, Property and Development
Division: Municipal Accommodations
Prepared by: Michael Kupchin & Glen Stefanyshen
Date: August 1, 2019
File No: MA2019-83

Attachments:

Appendix 1: Realignment of Municipal Accommodations Capital and Operating Budgets

Appendix 2: Illustrative example of a capital detail sheet for "510 Main Street (Susan A. Thompson Building) Roof System Replacement".

Appendix 3: Illustrative example of a capital detail sheet for "Boni-Vital Indoor Pool Heat Recovery Ventilation Unit Replacement and Other Repairs".

APPENDIX 1

REALINGMENT OF MUNICIPAL ACCOMMODATIONS CAPITAL AND OPERATING BUDGETS

New Capital Project and Amended Capital Program Budgets			
6395010119	Susan A. Thompson Building - Roof Systems Replacement	1,300,000	
6392010119	Boni-Vital Indoor Pool Heat Recovery Ventilation Unit Replacement & Other Repairs	1,025,000	
6392000119	Indoor Aquatic Facilities	585,000	
6394000119	Recreation and Leisure Centres	350,000	3,260,000
Existing Council-Approved Capital Program and Operating Budgets to Fund the Above			
6395000118	Accommodation Facilities	600,000	
6395000119	Accommodation Facilities	1,150,000	
6331010417	Fire Alarm Code Compliance	300,000	
6331000418	Fire, Life Safety, Regulatory Upgrades	550,000	
6395020118	Millennium Library - HVAC & Temperature Control Improvements	660,000	3,260,000
Variance			-

APPENDIX 2

PLANNING, PROPERTY AND DEVELOPMENT - MUNICIPAL ACCOMMODATIONS FUND

Project Name: **510 Main Street (Susan A. Thompson Building) Roof Systems Replacement**

Standing Policy Committee: Property and Development, Heritage, and Downtown Development

Dept ID: 630675
Department: Municipal Accommodations
Project: 6395010119

Investment Driver: Maintain
Service: Property Asset Management
OurWinnipeg: Prosperity

AUTHORIZATION	Previous Budgets	2019 Estimate	FORECAST 2020	2021	2022	2023	2024	Five-Year Forecast Total	Six-Year Total
Project Costs ($000's)	N/A *	1,300	-	-	-	-	-	-	1,300
Financed by:									
Cash to Capital		1,300						-	1,300

CASH FLOW	2019	2020	2021	2022	2023	2024	Beyond 2024	Total
Project Costs ($000's)	1,300	-	-	-	-	-	-	1,300
Financed by:								
Cash to Capital	1,300							1,300

NET OPERATING IMPACT (000's)	2019	2020	2021	2022	2023	2024
Operating costs						
Debt and finance charges						
Transfer to General Capital Fund	1,300	-	-	-	-	-
Total Direct Costs	1,300	-	-	-	-	-
Less: Incremental Revenue/Recovery	42					
Net Cost/(Benefit)	1,258	-	-	-	-	-
Incremental Full Time Equivalent Positions	-	-	-	-	-	-

Class Estimate: 5
This project is to replace the roof on the Susan A. Thompson Building.

Leaks over the past few years have been mitigated through significant maintenance expenditures to prolong the life of the roof; however, this is no longer a sustainable option. Replacement is imminent due to increasing water penetration, which presents a heightened mold growth and health and safety risks to building occupants. Additionally, a roof condition assessment by Agassiz Consulting Group indicated approximately 40% of the insulation has been compromised due to age and previous fracturing of the roof. This compromised insulation provides no insulation value, allows water to penetrate to floors below, and if not addressed immediately, will result in further fracturing and deterioration of the roof system and building envelope.

Undertaking this work will prevent further water damage, provide heating/cooling cost savings, and extend the life of this essential civic asset. Estimated costs is for these critical, urgent repairs have been identified at approximately $1.3 million, (inclusive of overhead charges.). The Project is anticipated to be completed within 18 months of the development of a Class 3 estimate.

APPENDIX 3

PLANNING, PROPERTY AND DEVELOPMENT - MUNICIPAL ACCOMMODATIONS FUND

Project Name: **Boni-Vital Indoor Pool Heat Recovery Ventilation Unit Replacement & Other Repairs**

Standing Policy Committee: Property and Development, Heritage, and Downtown Development

Dept ID: 630675
Department: Municipal Accommodations
Project: 6392010119

Investment Driver: Maintain
Service: Property Asset Management
OurWinnipeg: Prosperity

AUTHORIZATION	Previous Budgets	2019 Estimate	FORECAST 2020	2021	2022	2023	2024	Five-Year Forecast Total	Six-Year Total
Project Costs ($000's)	N/A *	1,025	-	-	-	-	-	-	1,025
Financed by:									
Cash to Capital		1,025						-	1,025

CASH FLOW	2019	2020	2021	2022	2023	2024	Beyond 2024	Total
Project Costs ($000's)	1,025	-	-	-	-	-	-	1,025
Financed by:								
Cash to Capital	1,025							1,025

NET OPERATING IMPACT (000's)	2019	2020	2021	2022	2023	2024
Operating costs						
Debt and finance charges						
Transfer to General Capital Fund	1,025	-	-	-	-	-
Total Direct Costs	1,025	-	-	-	-	-
Less: Incremental Revenue/Recovery	33	-	-	-	-	-
Net Cost/(Benefit)	992	-	-	-	-	-
Incremental Full Time Equivalent Positions	-	-	-	-	-	-

Class Estimate: 5

This project is to replace Boni-Vital Indoor Pool Heat Recovery Ventilation Unit and other repairs.
When not controlled properly, high humidity and improper ventilation within a pool setting can contribute to a corrosive environment. At this site, the Heat Recovery Ventilation Unit, (HRV) which provides fresh air, has been operating below capacity after catching fire in 2013. The associated metal supports do not have sufficient material to permit additional supporting structures to be welded on and require replacement. Additionally, in January 2019, a third-party structural review identified numerous critical conditions at the Pool, recommended to be

- Roof repairs
- Window/glazing replacement
- Repairs to cracked concrete block walls of the building
- Facility air balancing
- Installation of roof fall protection
- Sidewalk and curb repairs

Failure to address this, as well as other identified repairs, could mean mechanical or structural failures. This, in turn, could result in cancellation of swimming programs, etc. or other undesirable outcomes.

Estimated costs for these critical, urgent repairs have been identified at approximately $1,025,000 million, (inclusive of overhead charges). The Project is anticipated to be completed within 12 months following the development of a Class 3 estimate.