**Agenda – Executive Policy Committee – October 15, 2019**

**Report – Standing Policy Committee on Protection, Community Services and Parks – October 2, 2019**

**Item No. 7 Request for First Charge against the 2020 Capital Budget and Consolidation of the St. James Civic Centre – Facility Renewal and Expansion project (St. James Ward)**

STANDING COMMITTEE RECOMMENDATION:

On October 2, 2019, the Standing Policy Committee on Protection, Community Services and Parks concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That Council authorize expenditures of up to $3.7 million in 2019 or prior to the adoption of the 2020 Capital Budget as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of The City of Winnipeg Charter, in order to proceed with tender and award of the construction contract for the St. James Civic Centre Renewal project.

2. That Council approve the consolidation of $232,000 from the 2018 Municipal Accommodations Arenas Capital Program (project # 6391000118) and $141,800 from the 2019 Municipal Accommodations Arenas Capital Program (project # 6391000119) into the St. James Civic Centre - Facility Renewal and Expansion capital project (project # 6362500217) resulting in a total project budget of $10.074 million.

3. 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 15, 2019**

**Report – Standing Policy Committee on Protection, Community Services and Parks – October 2, 2019**

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 2, 2019, the Standing Policy Committee on Protection, Community Services and Parks 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 2020 Capital Budget and Consolidation of the St. James Civic Centre – Facility Renewal and Expansion project

**Critical Path:** Standing Policy Committee on Protection, Community Services and Parks - Executive Policy Committee - Council

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| K. McKim | C. Fernandes | B. D'Avignon, Acting Interim CFO | D. Wardrop, Acting Interim CAO |

## EXECUTIVE SUMMARY

The 2019 Adopted Capital Budget includes an adopted budget of $6 million and a forecast amount of $3.7 million in 2020 for St. James Civic Centre - Facility Renewal and Expansion resulting in a total project budget of $9.7 million for the renewal work.

The renewal work includes critical repairs, upgrades to meet building code requirements, and replacement of end-of-life building components and systems. Development of the construction documents is underway and the final tender package is nearing completion.

A first charge on the $3.7 million of 2020 funds is requested to allow for the project to be tendered and awarded prior to adoption of the 2020 budget. Construction is scheduled to begin in early 2020 and will require an extended facility closure.

Upon approval of the first charge, the St. James Civic Centre - Facility Renewal and Expansion Project requires Council authorization of budget consolidation and amendment to include an additional $373,800 in project funding from the 2018 and 2019 Municipal Accommodations Arenas Capital Program.

## RECOMMENDATIONS

1. That Council authorize expenditures of up to $3.7 million in 2019 or prior to the adoption of the 2020 Capital Budget as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of The City of Winnipeg Charter, in order to proceed with tender and award of the construction contract for the St. James Civic Centre Renewal project.

2. That Council approve the consolidation of $232,000 from the 2018 Municipal Accommodations Arenas Capital Program (project # 6391000118) and $141,800 from the 2019 Municipal Accommodations Arenas Capital Program (project # 6391000119) into the St. James Civic Centre - Facility Renewal and Expansion capital project (project # 6362500217) resulting in a total project budget of $10.074 million.

3. 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 2020 Capital Budget and to amend Capital Budgets.

## IMPLICATIONS OF THE RECOMMENDATIONS

The authorization requires a first charge on the 2020 Capital Budget to allow the award of contracts prior to the adoption of the 2020 Capital Budget, in accordance with Subsection 288(2) of The City of Winnipeg Charter.

Approval of this report requires the City to incur $3.7 million of external debt prior to the adoption of the 2020 budget.

If the request for a first call is not approved, tender and award of the construction contract will be delayed until after adoption of the 2020 Capital Budget. The planned construction period and facility shut-down would also be delayed accordingly.

Additional capital funds to be consolidated into the St. James Civic Centre – Facility Renewal and Expansion project # 6362500217 are:

| | |
|---|---|
| $232,000 | # 6391000118 (2018 Arenas capital) |
| $141,800 | # 6391000119 (2019 Arenas capital) |
| $373,800 | |

The Public Service is supportive of the capital renewal project at St. James Civic Centre.

## HISTORY/DISCUSSION

Capital funding in 2019 and previous budgets are for renovation and renewal of the St. James Civic Centre building systems to ensure continued facility operation. Critical building systems (e.g., electrical, HVAC, and mechanical) within the facility have reached the end of their useful life and require replacement. The project will also address Building Code compliance within the existing facility. The total project cost for the renewal project is $6.0 million.

A separate analysis completed in early 2019 to assess the structure and building envelope at City arenas identified significant deterioration of the St. James Civic Centre concrete arena slab and the mechanical/electrical materials in the arena crawlspace.

To address the repairs to the arena slab and crawlspace, along with deficiencies in the building envelope, an additional $3.7 million was forecast in the 2020 capital budget. The $3.7 million added to the previously approved $6 million results in a total renewal budget of $9.7 million.

Additional work planned through the Municipal Accommodations Arenas Capital Program has also been added to the scope of the project. This includes arena lighting replacement, renewal of the water service to the Zamboni room and a washroom upgrade to the referee room. The

requested budget consolidation moves the funds for this additional arena work from the Municipal Accommodations Arenas Capital Program into the larger project resulting in a total budget of $10.074 million.

Given their age and condition, there is an increasing risk that the existing building systems may fail resulting in an unplanned facility closure and a loss of service. Proceeding with the renewal work as expeditiously as possible has been seen as prudent.

Design and construction documents for the renewal project have been developed throughout 2019. Tender is scheduled for late 2019 with construction planned to begin in early 2020. The facility will be shut down and closed to the public for approximately 12 months during the construction period.

In order to tender and award the construction project without delay, a first call on $3.7 million forecasted in the 2020 capital budget is requested.

The renewal project addresses immediate needs within the current facility but does not include any facility expansions. However, equipment and material selections will be made that support the integration of future facility expansions.

A proposed expansion to the facility to include the St. James-Assiniboia 55+ Centre is estimated to cost an additional $14.0 million +/- which could be cost-shared with the other levels of government. At present, only a portion of the funding required to proceed with the expansion has been secured so the proposed facility expansion will be undertaken as a future project.

Consolidation of the capital budgets under the St. James Civic Centre – Renewal and Expansion project will enable the Public Service to more effectively and efficiently track progress and the cost of the renewal phase of the project. The amounts requested for consolidation as outlined in this report are summarized in the following table:

**St. James Civic Centre Renewal and Expansion Project**
**Budget Summary for First Charge and Consolidation of funding**

| Capital Funding Source | Project Number | Budget |
|---|---|---|
| ***Council-Approved Budgets:*** | | |
| St. James Civic Centre - Facility Renewal and Expansion Project | 6362500217 | $ 6,000,000 |
| Municipal Accommodations Arenas Program (2018) | 6391000118 | $ 232,000 |
| Municipal Accommodations Arenas Program (2019) | 6391000119 | $ 141,800 |
| ***First Charge Request:*** | | |
| St. James Civic Centre - Facility Renewal and Expansion Project | | $ 3,700,000 |
| **Total Consolidated St. James Civic Centre - Renewal and Expansion Project Budget** | **6362500217** | **$ 10,073,800** |

## FINANCIAL IMPACT

# Financial Impact Statement

**Date:** July 30, 2019

**Project Name:**

**First Year of Program** **2019**

Request for First Charge Against the 2020 Capital Budget and Consolidation of the St. James Civic Centre – Facility Renewal and Expansion project

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ 10,073,800 | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | 6,373,800 | - | - | - | - |
| Additional Capital Budget Required | $ 3,700,000 | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | 3,700,000 | - | - | - | - |
| Cash-to-Capital | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ 3,700,000 | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ 3,700,000 | | | | |
| Total Additional Debt Required | $ 3,700,000 | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ 119,140 | $ 238,280 | $ 238,280 | $ 238,280 | $ 238,280 |
| Less: Incremental Revenue/Recovery | 295,565 | - | - | - | - |
| Net Cost/(Benefit) | $ (176,425) | $ 238,280 | $ 238,280 | $ 238,280 | $ 238,280 |
| Less: Existing Budget Amounts | (176,425) | 238,280 | 238,280 | 238,280 | 238,280 |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** The total estimated capital costs of $10,073,800 will be funded by the St. James Civic Centre - Facility Renewal and Expansion project # 6362500217 ($6,000,000), 2018 Municipal Accmmodations Arenas project #6391000118 ($232,000), 2019 Municipal Accommodations Arenas project #6391000119 ($141,800), and a first charge of $3,700,000 on the 2020 St. James Civic Centre - Facility Renewal and Expansion project.

A first charge of $3,700,000 on the 2020 St. James Civic Centre - Facility Renewal and Expansion project is requested. The 2020 Forecast of the 2019 Adopted Capital Budget includes $3,700,000 for the St. James Civic Centre - Facility Renewal and Expansion project. The funding sources identified are included in the 2020 Draft Capital Budget submission.

Direct costs include debt and finance charges related to the capital investment $119,140 in 2019 increasing to $238,280 in 2020 onwards; and the Incremental Revenue/Recovery of $295,565 represents Corporate Interest and Administrative overheads and is offset by existing recoveries in the Corporate Finance Department.

"Original signed by K.Lemoine"

Kelly Lemoine, CA, CPA
Manager, Finance and Administrative Services
Community Services Department

## CONSULTATION

This Report has been prepared with the concurrence of:

- Municipal Accommodations, Planning, Property and Development

## OURWINNIPEG POLICY ALIGNMENT

### 01-5 RECREATION

Direction 2: Work with community partners to provide services that are responsive to the community's recreation and leisure needs.

Direction 3: Directly provide, or facilitate through partnerships, equitable access to a base level of recreation, culture and leisure services for all Winnipeggers.

Direction 4: With community partners, participate as a leader in planning and delivering recreation and leisure services in Winnipeg.

Direction 5: Provide or facilitate community development and recreation opportunities for vulnerable youth.

Direction 6: Plan for sustainable and connected recreation and leisure infrastructure.

## SUBMITTED BY

Department: Community Services
Division: Asset Management Office
Prepared by: Sandra Sawatzky, Asset Strategic Investment Planner
Date: July 30, 2019
File No: CMS-2019-11