Report of the Standing Policy Committee on Public Works dated April 30, 2002

Approval for an extension to Service Contract No. 4968 with the St. Vital Minor Hockey Association Inc. at St. Vital Arena for the period of August 1, 2002 to July 31, 2005
File GL-9 (Vol. 16)
[c/r PR-2.1 (Vol. 23)]

1. The Standing Policy Committee on Public Works has been advised that in the spring of 1998, the City issued a request for "Proposals For Operational Service Contracts with Community Centres and Non-Profit Sport Organizations at City of Winnipeg Indoor Ice Arena(s)". There were three proposals received for the St. Vital Centennial Arena.

On June 24, 1998, Council approved:

> "That an award of contract (RFP Item 3) be approved for the St. Vital Centennial Arena, to the St. Vital Minor Hockey Association, who has submitted the proposal offer most advantageous to the City for St. Vital Centennial Arena, said contract being a 36 month service contract to operate the St. Vital Centennial Arena, as it is in the interest of the City to award the contract."

The City and St. Vital Minor Hockey Association Inc., executed contract No. 4968.

On July 18, 2001, Council approved exercising the one-year option with St. Vital Minor Hockey Association to extend its option for one year from August 1, 2001 to July 31, 2002. Council also approved the Administration negotiating a further three (3) year extension of the contract with St. Vital Minor Hockey Association.

In a letter dated February 27, 2001, the St. Vital Minor Hockey Association indicated that they wished to exercise the one-year option in the existing Contract No. 4968. Council approved this extension on July 18, 2001.

The St. Vital Minor Hockey Association also expressed a desire, to enter into a longer-term arrangement with the City at the St. Vital Arena. The St. Vital Minor Hockey Association Inc. and the City both wished to extend the Contract on the same terms and conditions and that it be amended to add a further option to renew the contract for a period not to exceed three (3) years on mutually agreeable terms and conditions.

On July 18, 2001, Council replaced Clause SC:8.02 of the contract with the following clause:

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> "SC:8.02
>
> By mutual agreement of the parties, this Contract may be renewed for a further term not to exceed three (3) years upon the expiration of the term, upon terms and conditions to be mutually agreed upon between the parties, with the exception of any right to a further renewal."

This amendment to the Contract was made pursuant to Clause 7f) and 8j) of The City of Winnipeg Policy On Purchasing Procedures And Disposal Of Surplus Supplies, which are as follows:

Clause 7 f) states:

> "Notwithstanding anything in this Policy where a purchase is determined to be fair and reasonable, and is made from a non-profit corporation, an authority having jurisdiction to award may make such purchase as a single source purchase."

Clause 8 j) states that:

> "Where a contract provides for a right of renewal or extension, or an authority determines that a contract variation is in the interests of the City, sections 8 (a) through (g) shall apply mutatis mutandis to such renewal, extension or variation."

The Contract was also amended to provide that the notice of intent to exercise the option to renew be exercised by October 1, 2001, so that terms and conditions could be negotiated and sufficient time be allowed if negotiations were unsuccessful and other arrangements needed to be made. The Administration was to report back to Standing Policy Committee on Public Works no later than December 31, 2001. These negotiations have taken longer than anticipated and have now concluded.

The City wrote St. Vital Minor Hockey Association Inc., on March 11, 2002, confirming the City's understanding of the outcome of negotiations. St. Vital Minor Hockey Association Inc., responded on April 8, 2002, and agreed to waive the requirement for the City to "give the Contractor written notice by October 1, 2001, of the City's intention to renew" as set out in Clause 3 of the Contract dated July 18, 2001.

As well, St. Vital Minor Hockey Association Inc., also agreed to:

- A base payment of $100,000.00;
- The incentive fee of 80%;
- The power supplied to the adjacent ballpark not being the responsibility of the St. Vital Minor Hockey Association.

The City is in agreement with the changes proposed in the St. Vital Minor Hockey Association fees, due to the volatility in natural gas costs as well as the increasing maintenance costs as the St. Vital Arena ages.

These changes in the existing agreement will result in an approximate increase of $10,000.00 per annum for an annual contract cost of approximately $132,000.00 plus GST. The contract price will increase each subsequent year by the CPI rate. Based on the anticipated revenue from the St. Vital Arena, there is no increase due to this contract in either the Public Works or Community Services Departments Current Budget for 2002, 2003 or 2004. The 2005 budget will be prepared accordingly.

The arena service contract with St. Vital Minor Hockey Association Inc., has been performed to the satisfaction of the Administration, which believes that it is in the best interests of the City to approve the three-year extension.

Council approval is required to extend Contract No. 4968 for the option years of August 1, 2002 to July 31, 2005.

The Financial Impact Statement is outlined on Attachment "A".

The Standing Policy Committee on Public Works recommends:

I. That an extension of existing Service Contract No. 4968 for St. Vital Arena with the St. Vital Minor Hockey Association Inc. from August 1, 2002 to July 31, 2005, in the amount of $403,973.00 plus GST on the same terms and conditions, except as noted herein, be approved.

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing, including the execution of any documents related thereto.

Attachment “A” referred to in Clause 1 of the Report of the Standing Policy Committee on Public Works dated April 30, 2002

Approved by Supervisor of Financial Services ☑