**Minutes – Executive Policy Committee – April 18, 2023**

**Report – Standing Policy Committee on Property and Development – April 6, 2023**

**Item No. 1 Budget Amendment and Award of Contract for the Construction of the New WFPS Amalgamated Station 9 at 1083 Autumnwood Drive – Tender No. 543-2022B – Project No. 2016-21201 (St. Boniface Ward)**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the following to Council:

1. That an amended project budget for the Construction of the New Winnipeg Fire Paramedic Service (WFPS) Amalgamated Station 9 of $16,396,000 be approved, and that the associated incremental project cost of $2,957,000 be funded by external debt as indicated in the capital detail sheet attached as Appendix A to this report.

2. Subject to approval of Recommendation 1, that the City award, enter into, execute and deliver a Contract for the Construction of the New WFPS Amalgamated Station 9 at 1083 Autumnwood Dr to Parkwest Projects Ltd., the lowest responsive bidder meeting the requirements of the Tender, in the amount of $13,254,044.00 MRST included, GST extra ("Agreement") 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").

3. 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.

4. That subject to approval of Recommendations 1 and 2, the Chief Administrative Officer be delegated the authority to approve over-expenditures for the Construction of the New WFPS Amalgamated Station 9 at 1083 Autumnwood Drive project awarded pursuant to this report in the maximum amount of $800,000 provided monies are available within the applicable capital budget as approved by Council.

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 – April 6, 2023**

DECISION MAKING HISTORY:

Moved by Councillor Rollins,

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

Carried

STANDING COMMITTEE RECOMMENDATION:

On April 6, 2023, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

# ADMINISTRATIVE REPORT

**Title:** Budget Amendment and Award of Contract for the Construction of the New WFPS Amalgamated Station 9 at 1083 Autumnwood Drive – Tender No. 543-2022B – Project No. 2016-21201

**Critical Path:** Standing Policy Committee on Property and Development - Executive Policy Committee - Council

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| B. Erickson | G. Patton | C. Kloepfer | M. Jack |

## EXECUTIVE SUMMARY

On February 28, 2023, a tender for the Construction of the New Winnipeg Fire Paramedic Service (WFPS) Amalgamated Station 9, which included elements of scope reduction implemented to address ongoing project cost escalation concerns, concluded with a low bid amount exceeding the currently approved project budget. Impacts to construction costs within the local market are attributable to supply chain disruptions and increases in material costs worldwide.

Subject to a proposed Budget amendment by Council to increase the project budget by $2,957,000, an award of contract to Parkwest Projects Ltd. in the amount of $13,254,044 is recommended to advance the Construction of the New WFPS Amalgamated Station 9.

The plan for the Construction of the New WFPS Amalgamated Station 9 is an outcome of Council adopting Fire Underwriters Survey and Standards of Coverage Master Plan, which identified the overlapping coverage with the current existing WFPS Station 9 (864 Marion Street) and Station 15 (1083 Autumnwood Drive). Both facilities are beyond their service life and do not meet emergency service needs.

Construction of the New Amalgamated WFPS Station 9 requires the demolition of the existing WFPS Station 9 building and former Windsor Park Library located on the site.

The new facility will comply with the City of Winnipeg's Green Building Policies and is targeting to achieve a two Green Globes certification.

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

## RECOMMENDATIONS

1. That Council approve an amended project budget for the Construction of the New Winnipeg Fire Paramedic Service (WFPS) Amalgamated Station 9 of $16,396,000 and that the associated incremental project cost of $2,957,000 be funded by external debt as indicated in the capital detail sheet attached as Appendix A to this report.

2. Subject to approval of Recommendation 1, that the City award, enter into, execute and deliver a Contract for the Construction of the New WFPS Amalgamated Station 9 at 1083 Autumnwood Dr to Parkwest Projects Ltd., the lowest responsive bidder meeting the requirements of the Tender, in the amount of $13,254,044.00 MRST included, GST extra ("Agreement") 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").

3. 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.

4. That, subject to approval of Recommendation 1 and 2, the Chief Administrative Officer be delegated the authority to approve over-expenditures for the Construction of the New WFPS Amalgamated Station 9 at 1083 Autumnwood Drive project awarded pursuant to this report in the maximum amount of $800,000 provided monies are available within the applicable capital budget as approved by Council.

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

## REASON FOR THE REPORT

Council approval is required to increase the Facility Optimization – St. Boniface Industrial Area and Windsor Park Station Consolidation budget.

As the Contract amount exceeds five million ($5,000,000) and sufficient funds have been identified in an alternate budget approved by Council, Council has the authority to approve the Award of Contract.

## IMPLICATIONS OF THE RECOMMENDATIONS

The funding for this project is provided from Winnipeg Fire Paramedic Service "Facility Optimization - St. Boniface Industrial Area and Windsor Park Station Consolidation" Capital Project budget (Account #003-181000-210663-2111020922). Subject to Recommendation 1 being approved by Council, sufficient budget will be available for the project to proceed with the Award of Tender No. 543-2022B.

The lowest responsive bid of $13,254,044 exceeds the Class 1 Cost Estimate of $11,596,000 obtained prior to Tender in February 2023. Despite this, both the Assets and Project Management Department, as the procurement agent, and the WFPS as the budget holder, are of the opinion there will be sufficient funding within an amended project capital budget of $16,396,000 to award the proposed Contract and proceed with the project (subject to

the approval of Recommendation 1). Contingencies within the approved funding will be the source used to address any unforeseen costs.

Economic Impact Analysis (EIA)

The estimated direct and indirect economic impact of this expenditure is:

| Economic Impact | Manitoba | Rest of Canada |
|---|---|---|
| Gross Domestic Product (GDP) | $7.5 million | $2.8 million |
| Person Years of Employment | 71 | 21 |
| Federal Government Tax Revenue | $0.93 million | $0.31 million |
| Provincial Government Tax Revenue | $1.01 million | N/A |

Source: Statistics Canada. Table 36-10-0595-01 Input-output multipliers, detail level.

The evaluated expenditure for this project is $14.6 million. The expenditure and estimated impacts are in 2023 dollars. Contingency and internal staff costs are excluded from the analysis. Some additional elements of the expenditure may be excluded to align with macroeconomic accounting principles.

The 2019 GDP, at basic prices simple multiplier for non-residential building construction [BS23B000], was used to assess this investment. Federal and provincial government tax revenue estimates include GST, MRST, personal income taxes, corporate income taxes and other sources of taxes and fees. These are estimated using the multipliers noted above in conjunction with effective tax rates calculated from the economic accounts produced by Statistics Canada.

**HISTORY/DISCUSSION**

The Fire Underwriters Survey and Standards of Coverage Master Plan presented to the Standing Policy Committee on Protection, Community Services and Parks on March 4, 2020, identified Station 9 (864 Marion Street) and Station 15 (1083 Autumnwood Drive) as having overlapping coverage and requiring significant renovations to meet fire service needs. As a result, the Winnipeg Fire Paramedic Service (WFPS) advanced the project upon identifying a funding source to procure design and construction services and securing a mandate from Council to proceed.

On April 29, 2021, Council authorized a first charge of up to $1.125 million in 2021, or prior to the adoption of the 2022 Capital Budget, to proceed with the tender and award of design services and construction oversight as part of the consultant services assignment for the Windsor Park and St. Boniface station redevelopment. The adoption of the 2022 Capital Budget included the $13.439 million project budget.

Pursuant to the April 2021 Council mandate approving design services to advance, on July 20, 2021, Request for Proposal 546-2021 was posted on MERX. The Request for Proposal closed on August 18, 2021, with six proposals received. All proposals were evaluated and the proposal from Cibinel Architecture Ltd. was determined to be the most advantageous. A contract award was made on November 5, 2021, to Cibinel Architecture Ltd. for the amount of $809,223 (MRST and GST extra).

On August 8, 2022, Request for Qualification (RFQ) No. 543-2022A was posted on MERX for Construction of the New WFPS Amalgamated Station 9. Materials Management advised that

the top five proposals were shortlisted out of a total of 12 submissions as per the criteria set in the RFQ documents. The five shortlisted companies which were qualified to proceed into the second phase of the procurement process, that being the Invitation to Tender, were the following, listed below in alphabetical order:

- Bockstael Construction Limited
- Graham Construction Ltd.
- Parkwest Projects Ltd.
- PCL Constructors Canada Inc.
- Penn-Co Construction Canada (2003) Ltd.

In January 2023, the Public Service received a Class 1 cost estimate for the project which forecasted an anticipated construction contract value of $11,596,100 exceeding, previous cost projections. The facility's economical square design was scaled down as much as feasible to achieve WFPS operational requirements. Aggressive value engineering and scope reduction measures were incorporated after previous cost estimates as the project team anticipated construction costs to be over-budget in the current market environment. Reductions included the following scope adjustments at an estimated cost savings of $1.3 million:

- 15% reduction in overall building size.
- Remove cold storage building, hose wash pit, emergency generator and elevator.
- Reduced landscaping including the deletion of fencing, plaza and laneway repaving.
- 50% reduction of interior and exterior glazing.
- Reduction of design finishes and fixtures.

Tender 543-2022B for the Construction of the New WFPS Amalgamated Station 9 at 1083 Autumnwood Drive was posted on Merx on February 6, 2023. The scope of work includes the hazardous abatement and demolition of the existing WFPS Station 15 and former Windsor Park Library located on the site.

The tender closed on February 28, 2023, with three responsive bids, as follows:

| | | | |
|---|---|---|---|
| 1. | Parkwest Projects Ltd. | $13,254,044.00 | Tender Compliant Bid |
| 2. | Penn-Co Construction Canada (2003) Ltd. | $13,750,695.00 | Tender Compliant Bid |
| 3. | Graham Construction Ltd. | $15,723,000.00 | Tender Compliant Bid |

Prevailing world economic conditions and issues such as supply chain disruptions have impacted local market conditions such that construction costs have increased (approximately eleven percent) in the past year. Similar conditions are expected to continue through the current year, and potentially beyond.

For the project to advance and this construction contract to be awarded, $2.957 million in additional project budget and funding is required. As part of the proposed total project budget of $16.396 million, $800,000 is established as contingency funding for any unforeseen costs that arise during construction.

The tender proposals remain open for acceptance until May 23, 2023, or 90 Calendar Days following the Submission Deadline, as per paragraph 11 of Form A: Submission, included in the Tender document.

The Manager of Materials has advised that each of the bid submissions was accompanied by an acceptable bid security.

The Contract Administrator has verified that Parkwest Projects Ltd. is COR (Certificate of Recognition) certified with the Construction Safety Association of Manitoba (Certificate # 14508-05). Parkwest Projects Ltd. is in good standing with the Workers Compensation Board of

Manitoba, under clearance reference number A792319. The competency of all above mentioned proponents to execute this contract efficiently has been verified through the RFQ process within RFQ No. 543-2022A. In the opinion of the Assets and Property Management Department, the proposed contractor has the skills and resources to satisfactorily complete the Work.

Construction will not commence prior to the award of Contract.

**Debt Strategy**

On October 28, 2015, Council adopted a Debt Strategy for Tax Supported, Utilities and total City borrowing.

Subject to approval of the Recommendations of this report, additional borrowing authority of $2,957,000 is required.

$161 million of Tax Supported and $138 million of Utilities borrowing capacity will remain if Council approves the Recommendations of this report (based on 2023 borrowing estimates).

The impact of this debt financing falls within the debt limits established in the Council Policy as outlined in Table 1 (next page).

| | |
|---|---|
| Tax Supported net debt as a percentage of revenue not to exceed | 80% |
| Forecasted peak rate including proposed debt from this report | 58.8% |
| Utilities net debt as a percentage of revenue not to exceed | 220% |
| Forecasted peak rate including proposed debt from this report | 105.3% |
| Total City net debt as a percentage of revenue not to exceed | 90% |
| Forecasted peak rate including proposed debt from this report | 75.8% |
| | |
| Tax Supported debt servicing as a percent of revenue not to exceed | 10% |
| Forecasted peak rate including proposed debt from this report | 5.3% |
| Utilities debt servicing as a percent of revenue not to exceed | 20% |
| Forecasted peak rate including proposed debt from this report | 9.8% |
| Total City debt servicing as a percent of revenue not to exceed | 11% |
| Forecasted peak rate including proposed debt from this report | 6.9% |
| | |
| Tax Supported Debt per Capita not to exceed | 1,500 |
| Forecasted peak rate including proposed debt from this report | 1,134 |
| Utilities Debt per Capita not to exceed | 1,500 |
| Forecasted peak rate including proposed debt from this report | 1,167 |
| Total City Debt per Capita not to exceed | 2,800 |
| Forecasted peak rate including proposed debt from this report | 2,092 |

**FINANCIAL IMPACT**

## Financial Impact Statement

**Date:** March 13, 2023

**Project Name:**

**First Year of Program** **2023**

Budget Amendment and Award of Contract for the Construction of the New WFPS Amalgamated Station 9 at 1083 Autumnwood Drive – Tender No. 543-2022B – Project No. 2016-21201

| | 2023 | 2024 | 2025 | 2026 | 2027 to 2038 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ 16,396,000 | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | 13,439,000 | - | - | - | - |
| Additional Capital Budget Required | $ 2,957,000 | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | 2,957,000 | - | - | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ 2,957,000 | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ 2,957,000 | | | | |
| Total Additional Debt Required | $ 2,957,000 | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ 125,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 |
| Less: Incremental Revenue/Recovery | 445,881 | - | - | - | - |
| Net Cost/(Benefit) | $ (320,881) | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 |
| Less: Existing Budget Amounts | (445,881) | - | - | - | - |
| Net Budget Adjustment Required | $ 125,000 | $ 200,000 | $ 200,000 | $ 200,000 | $ 200,000 |

**Additional Comments:** Capital expenditures $13,699,125 related to this contract award + $2,696,075 in all other project expenditures (e.g. consultants, etc.) for a total of $16,396,000. The contract award amount is comprised of proposed $13,254,044 contract + short-term financing charges and corporate admin fees of $365,081 and Municipal Accommodation admin/project management overhead of $80,000. The latter two amounts are offset by equal recoveries in the current budget of the Corporate Finance Department and Municipal Accommodations Division respectively. Direct costs represents debt & finance charges on the incremental $2,957,000 external debt financing (assumed to be 30-year debt), which would require an adjustment in to the WFPS operating budget.

Mike McGinn Mar. 13, 2023

Mike McGinn, CPA, CA
Manager of Finance

## CONSULTATION

This Report has been prepared in consultation with:

- Winnipeg Fire Paramedic Service

## OURWINNIPEG 2045 POLICY ALIGNMENT

**Goal: Environmental Resilience**
**Objective:** Promote low-carbon, energy-efficient buildings through low-energy building design, construction and retrofitting.
**Policy 2.12 Eliminate Fossil Fuel Dependence:** Reduce greenhouse gas emissions from existing and new buildings, including municipally-owned buildings and facilities, and associated infrastructure, through the promotion of renewable energy sources; energy efficiency use and performance measures; and low-carbon construction, retrofit and demolition methods that maximize the lifecycle of buildings.
**Policy 2.13 Renewable Energy Production and Equity:** Facilitate an increase and diversification of neighborhood-scale renewable building energy production and efficiency, to achieve climate equity and reduce greenhouse gas emissions and energy poverty rates

**Goal: Economic Prosperity**
**Objective**: Make strategic use of community and regional assets to optimize local economic competitiveness. Enable resilient and diversified economic development that strengthens local business activities and workforce retention; connects people, goods and services; and builds on industry sectors and investments that secure Winnipeg's long-term relevance in a competitive global economy
**3.16 Optimize Facility Access**: Maximize the use of existing municipal assets to promote recreation, community development, and social interaction, while optimizing equitable access, infrastructure reinvestments, service delivery methods and resource management

**Goal: Good Health and Well-Being**
**Objective:** Enable access to basic needs for good physical and mental health
**4.7 Community Safety:** Provide capacity to prepare, mitigate, assess risk, respond to and recover from the impacts of climate change, extreme weather, human or natural emergencies, disasters, and diseases, to promote community resilience within a changing hazard landscape
**4.13 Inclusive Public Places:** Integrate public art and green infrastructure into neighborhood-scale public gathering spaces, to promote usability, beauty, pride, belonging and sense of place

**Goal: City Building**
**Objective:** Responsibly plan, prioritize and accommodate growth in areas that best support Complete Communities principles, to achieve this Plan's sustainable development goals
**Policy 6.30 Reinvestment Areas:** Identify Reinvestment Areas as a subset of Mature Communities that would benefit from expanded partnerships to support community-based revitalization efforts and reinvestment through infill, redevelopment, and affordable housing to help reach full potential as vibrant, healthy, and complete communities.

## WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

**Strategic Opportunity: Low Carbon and Energy Efficient Buildings**
**Key Direction**: 5.2 Increase Energy Performance of New Buildings
**Action:** Develop a carbon-neutral new buildings strategy with industry and key stakeholders

to identify and advance new policy tools to accelerate the development of highly energy efficient buildings that have a zero-carbon footprint.

**Strategic Opportunity: Corporate Leadership**
**Key Direction:** 1.3 Implement Low Carbon and Energy Efficient City Facilities and Buildings
**Action:** Implement energy benchmarking for all City-owned Buildings to identify opportunities for improved energy performance.

## WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

The information and recommendations presented in this report align with and advance the Winnipeg Poverty Reduction Strategy (2021-2031) as follows:

They embody the following Guiding Principles:

- We will Uphold Human Rights
- We will Honor Relationships and Reconciliation with Indigenous Peoples

They align with the following Goal and Objectives:
**Section 5:** Poverty Reduction Goal and Objectives
Goal 6: All City Services are Equitable, Inclusive and Accessible

**Related 10-year Objective:**

Residents have equitable access to City services, in particular demographic groups who experience marginalization

## SUBMITTED BY

Department: Assets and Project Management
Division: Municipal Accommodations
Prepared by: Greg Kucel, Project Coordinator
Date: March 13, 2023
File No: MA2023-032

Attachments: Appendix A – WFPS Capital Budget Detail Sheet