Minutes – Executive Policy Committee – June 12, 2023

Report – Standing Policy Committee on Public Works – June 8, 2023

Item No. 1 New 2023 Provincial Funding for Road Reconstruction, Rehabilitation, Preservation and Repair Projects

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

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

1. That the City of Winnipeg accept funding from the Province of Manitoba in the amount of $7,500,000 for the purposes of road construction, rehabilitation and preservations projects, including road repair.

2. That Council retroactively approve and ratify the funding Agreement with the Province of Manitoba, signed by the Chief Financial Officer on March 29, 2023, to implement the intent of the foregoing.

3. That the Province of Manitoba funding in the amount of $7,500,000 (plus interest) be added to the 2023 Capital Budget and allocated to the Regional and Local Street Renewal Program – Regional Non-Accelerated Street Renewals and that this funding not be subject to City overheads.

4. That existing Capital Street Renewal project locations, as identified in Table 1, be increased as a result of construction inflation being observed on 2023 tenders.

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

Minutes – Executive Policy Committee – June 12, 2023

Report – Standing Policy Committee on Public Works – June 8, 2023

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

Carried

Moved by Councillor Lukes,

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

Carried

STANDING COMMITTEE RECOMMENDATION:

On June 8, 2023, the Standing Policy Committee on Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: New 2023 Provincial Funding for Road Reconstruction, Rehabilitation, Preservation and Repair Projects

Critical Path: Standing Policy Committee on Public Works – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Neirinck	J. Berezowsky	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

The Government of Manitoba has provided a grant of $7,500,000 to the City of Winnipeg in support of road reconstruction, rehabilitation and preservation projects, including road repair.

The terms and conditions of the one-time grant stipulates the Recipient should endeavour to complete the projects by December 31, 2023. However, if the contribution is not fully expended in the 2023 construction season, the remainder of the funding must be expended by December 31, 2024.

As of the date of this report, a number of tenders have closed on the 2023 Regional Street Renewal projects with the lowest bid submission price being higher than the pre-tender Class 1 estimate due to a number of factors, including increases in the price of petroleum products reflected in the cost of oil and gas related construction bid items. Other factors include the rising costs of materials, equipment and labour.

This report is recommending the one-time Provincial grant funding be used to back-stop the construction inflation being observed in the 2023 Regional and Local Streets Renewal program tenders, by adding this funding to the 2023 Regional and Local Street Renewal program – Non-accelerated Regional Street Renewals.

Table 1 lists the non-accelerated regional street locations where the additional funding is being added to the 2023 capital budget. Appendix A presents the impact of the report recommendations on the 2023 adopted Non-accelerated Regional Street Renewals budget.

RECOMMENDATIONS

1. That the City of Winnipeg accept funding from the Province of Manitoba in the amount of $7,500,000 for the purposes of road construction, rehabilitation and preservations projects, including road repair.

2. That Council retroactively approve and ratify the funding Agreement with the Province of Manitoba, signed by the Chief Financial Officer on March 29, 2023, to implement the intent of the foregoing.

3. That the Province of Manitoba funding in the amount of $7,500,000 (plus interest) be added to the 2023 Capital Budget and allocated to the Regional and Local Street Renewal Program – Regional Non-Accelerated Street Renewals and that this funding not be subject to City overheads.

4. That existing Capital Street Renewal project locations, as identified in Table 1, be increased as a result of construction inflation being observed on 2023 tenders.

5. 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

Council approval is required to accept funding from the Province of Manitoba, delegate authority to the Chief Financial Officer to enter into an agreement with the Province of Manitoba, and to increase budgets for Capital Projects.

IMPLICATIONS OF THE RECOMMENDATIONS

Authorization of this report will add the Government of Manitoba funding to several Non-Accelerated Regional Street Renewal projects tendered in 2023 where the awarded tenders have exceeded pre-tender Class 1 estimate.

The additional funding will be used as a back-stop to the construction inflation being observed on construction awards and support continued delivery of the projects as approved in the Regional and Local Street Renewal program.

HISTORY/DISCUSSION

On March 22, 2023, Council adopted the 2023 Capital Budget, including funding for the 2023 Regional and Local Street Renewal Program in the amount of $159,042,000; with $41,088,000 allocated to 2023 Non-accelerated Regional Street Renewals.

The prior year surplus of $7,161,500 was used to fund the 2023 Regional and Local Street Renewal program as adopted by Council, with $3,199,700 of that amount used to fund St. Mary's Road Flood Restoration (Disaster Financial Assistance application).

On March 29, 2023, the Province of Manitoba approved a grant of $7,500.000 to the City of Winnipeg in support of road reconstruction, rehabilitation and preservation projects, including road repair. In order for the Province to advance the funds to the City, the Province required that the grant agreement be agreed to and signed by no later than March 30, 2023.

Tenders have been issued and are in the process of being issued in order to award construction contracts for summer 2023 projects. Prior to the issuance of a tender, the Public Works Engineering division, in consultation with consultant engineers, develop a Class 1 pre-tender estimate for construction costs. At the culmination of the tender process, in accordance with the City's Materials Management Policy, contracts are awarded to the lowest responsive bid meeting the requirements of the Tender package.

As of the date of this report, a number of tenders have been issued and have closed. For many of these tenders, the low bid submission was higher than the pre-tender Class 1 estimate due to increases in the price of petroleum products reflected in the cost of the oil and gas-related bid items as well as the rising costs of materials, equipment and labour. For these contracts, available prior year surplus within the Regional Streets Renewal program was utilized to fund the additional construction costs. Subsequent to the utilization of available prior year surplus, the adopted 2023 Non-Accelerated Regional Street budget was reallocated to facilitate the contract awards.

Non-accelerated regional street projects awarded to date that have required additional budget in 2023 are as follows:

- Salter – Inkster to Jefferson (Tender No. 6-2023)
- Selkirk – Main to Salter (Tender No. 160-2023)
- Des Meurons– Goulet to Marion / Goulet WB – Youville to Braemar (Tender No. 81-2023)
- Redwood – Mainto Salter (Tender No. 453-2022)
- River – Osborne to Wellington Crescent/ Wellington Crescent – River to Stradbrook (Tender No. 8-2023)

It is early in the season and there are still a number of tenders that have not closed; however, if this trend of increased construction costs were to continue, there is a risk that funds remaining may not be sufficient to award all projects contemplated in the adopted capital program and that award of some construction contracts/issuance of some tenders may need to be deferred until 2024, when additional monies are approved as part of the 2024 capital budget process.

In order to back-stop construction inflation being observed in the 2023 tenders for the Regional and Local Streets Renewal program, the Public Service is recommending that the additional Province of Manitoba grant funding be added to the 2023 Regional and Local Street Renewal program – Non-accelerated Regional Street Renewals. Specifically, that the funding be added to the following projects as identified in Table 1. Appendix A presents the impact of the recommendations on the Adopted 2023 Non-accelerated Regional Street Renewals.

Table 1

Recommended allocation of additional $7.5M in Provincial Funding by Project

Project Description	2021 Approved Budget	2022 Approved Budget	2023 Approved Budget	Approved FC on 2024 Budget	Total Approved Project Budget	Recommended Allocation of Provincial Funding	Amended Project Budget
Salter St - Inkster to Jefferson	-	500	5,100	-	**5,600**	**1,200**	**6,800**
Selkirk Ave - Main to Salter	-	550	5,000	500	**6,050**	**1,000**	**7,050**
Des Meurons St - Goulet to Marion / Goulet WB - Youville to Braemar	-	200	6,000	-	**6,200**	**1,250**	**7,450**
Redwood Av - Main St to Salter St	450	2,850	-		**3,300**	**1,200**	**4,500**
River Av - Osborne St to Wellington Cr / Wellington Cr - River Av to Stradbrook St	-	1,400	-	-	**1,400**	**2,850**	**4,250**
					22,550	**7,500**	**30,050**

This report is recommending that this one-time Provincial funding is not subject to City overheads as overheads are an ineligible cost under the terms and conditions. The terms and conditions also stipulate that the contribution of $7,500,000 must be deposited in an interest-bearing account until expended and any interest earned will form part of the contribution. As such, the amounts as set out in this report will be increased for interest earned on the deposited funds between the time of deposit and time of expenditure.

The Provincial grant agreement also stipulates that funding must be expended prior to December 31, 2024. Funding sources within the Regional and Local Street Renewal program can include Federal Funding, Provincial Funding, Canada Community Building Fund Funding (Gas Tax), Frontage Levy, Regional / Local Street Renewal Reserves, and others. Program Funding may be reallocated between individual projects within the program on a cash flow basis as eligible expenditures are incurred to ensure cash flows from external funding sources are maximized.

FINANCIAL IMPACT

Financial Impact Statement **Date:** May 10, 2023

Project Name: **First Year of Program** **2023**

New 2023 Provincial Funding for Road Construction, Rehabilitation, Preservation and Repair Projects

	2023	2024	2025	2026	2027
Capital					
Capital Expenditures Required	$ 48,588,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	41,088,000	-	-	-	-
Additional Capital Budget Required	$ 7,500,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - One Time Provincial Roads	7,500,000	-	-	-	-
Total Funding	$ 7,500,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 7,500,000				
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: Capital expenditures required represent the 2023 Non-accelerated Regional Street Renewals budget approved by Council in the amount of $41,088,000 plus the one-time Provincial grant of $7,500,000. The amounts above will be adjusted for interest earned between the time of deposit and the time of expenditure in accordance with the Provincial terms and conditions. City overheads are an ineligible cost on the additional $7,500,000 under the Provincial terms and conditions and are being waived by the recommendations of this report.

A. Fischer 2023-05-10

for J. Ruby CPA,CA
Manager of Finance & Administration

CONSULTATION

This Report has been prepared in consultation with: N/A

OURWINNIPEG POLICY ALIGNMENT

N/A

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Public Works
Division: Engineering
Prepared by: Jason Ruby
Date: May 11, 2023

Attachments:
Appendix A - Restated 2023 Non-accelerated Regional Street Renewals component of approved Regional and Local Street Renewal Program

Appendix A

Restated 2023 Non-accelerated Regional Street Renewals component of approved Regional and Local Street Renewal Program

REGIONAL STREET RENEWAL LOCATIONS Authorization ($000's)	2023 Approved Budget	Recommended Allocation of Provincal Funding	Amended 2023 Capital Budget
Regional Non-Accelerated Street Renewals:			
Grant Ave - Montrose to 1863 Grant	2,800		2,800
Salter St - Inkster to Jefferson	5,100	***1,200***	6,300
Logan Ave - Disraeli Fr to Main	2,100		2,100
University Cr - Pembina to Chancellor Matheson	5,000		5,000
Selkirk Ave - Main to Salter	5,000	***1,000***	6,000
Dakota St - St Mary's to Bishop Grandin	1,900		1,900
Des Meurons St - Goulet to Marion / Goulet WB - Youville to Braemar	6,000	***1,250***	7,250
Redwood Av - Main St/Salter St *	-	***1,200***	1,200
River Av - Osborne St to Wellington Cr / Wellington Cr - River Av to Stradbrook St *	-	***2,850***	2,850
Lagimodiere Blvd NB - Fermor to Cottonwood	2,250		2,250
Sargent Ave - Edmonton to Furby Edmonton St - Cumberland to Ellice	2,850		2,850
McPhillips St SB - Machray to Mountain	1,100		1,100
Empress St - St Matthews to Saskatchewan (Preliminary Design)	400		400
Inkster Blvd - Sheppard St to Main St	1,300		1,300
Route 165 - St. Anne's Rd to River Rd	850		850
Grant Av EB - Stafford St to Rockwood St Grant Av WB - Stafford St to Harrow St	150		150
Downtown Streets	1,600		1,600
McGregor St / Partridge Av McGregor St - Church Av to McAdam Av McGregor St - Seven Oaks Av to Leila Av Partridge Av - McGregor St to Main St	400		400
Taylor Av Taylor Av EB - Renfrew St to Borebank St Taylor Av WB - Borebank St to Centennial St	350		350
Dugald Rd - Plessis Rd to 390 m east of Ravenhurst Plessis Rd - #984 Plessis to Fermor Av	1,050		1,050
Regional Street Renewals - Annual Program - Various locations to be identified	888		888
Total Non-accelerated Regional Street Renewals	**41,088**	**7,500**	**48,588**

* Projects budgeted in prior years tendered in 2023