Minutes – Executive Policy Committee – July 5, 2023

Reports – Standing Policy Committee on Water, Waste and Environment – June 23, 2023

Item No. 9 Delegation of Authority for Potential Over-Expenditures Related to the Drinking Water Treatment Plant Roof Replacement Tender No. 37-2023

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water, Waste and Environment and submitted the following to Council:

1. That subject to the award of contract to Flynn Canada Ltd. under a separate administrative report submitted to the Standing Policy Committee's June 5, 2023, meeting, authority be delegated to the Chief Administrative Officer to approve any potential contract over-expenditures where there are sufficient funds in the approved budget and the total over-expenditure does not exceed $1,475,533.86 (20 percent of the contract value).

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

Reports – Standing Policy Committee on Water, Waste and Environment – June 23, 2023

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

That the recommendation of the Standing Policy Committee on Water, Waste and Environment be concurred in and forwarded to Council.

Carried

STANDING COMMITTE RECOMMENDATION:

On June 23, 2023, the Standing Policy Committee on Water, Waste and Environment concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Delegation of Authority For Potential Over-Expenditures Related To The Drinking Water Treatment Plant Roof Replacement
Tender No. 37-2023

Critical Path: Standing Policy Committee on Water, Waste and Environment – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
C.D. Wiebe, P.Eng., CAMP, Manager of Engineering Services	T. W. Shanks, M. Eng., P. Eng. Director, Water and Waste Department	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

The Winnipeg Drinking Water Treatment Plant (WTP) has roof deficiencies on the main WTP building. A separate administrative report submitted to the Standing Policy Committee on Water, Waste and Environment (SPC-WWE) for its June 5, 2023, meeting recommends an award of contract to Flynn Canada Ltd. for Tender 37-2023 WTP Roof Replacement, in the amount of $7,377,669.00.

Roof replacement work can often discover unforeseen conditions, leading to over-expenditures. The timely approval of any potential over-expenditures is needed to maintain the schedule and complete the work during the limited construction window. Since the expected contract award is greater than $5 million, the SPC-WWE will have to approve any over-expenditures.

Conditional to the award of the tender for the WTP roof replacement, this report recommends delegation of contract-specific over-expenditures (up to 20 percent) from the SPC-WWE to the Chief Administrative Officer.

RECOMMENDATIONS

1. That subject to the award of contract to Flynn Canada Ltd. under a separate administrative report submitted to the Standing Policy Committee's June 5, 2023, meeting, authority be delegated to the Chief Administrative Officer to approve any potential contract over-expenditures where there are sufficient funds in the approved budget and the total over-expenditure does not exceed $1,475,533.86 (20 percent of the contract value).

2. 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

As the contract exceeds $5 million in value, the authority for approval of over-expenditures is the SPC-WWE.

Council is the authorized authority to delegate over-expenditure approval authority to the Chief Administrative Officer in accordance with the City of Winnipeg Charter and Administrative Standard FM-002.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no immediate implications to the Recommendations of this report. The timely processing and approval of over-expenditures will be required to ensure the construction schedule is maintained. Delegation of the over-expenditure approval authority to the Chief Administrative Officer will minimize project risks associated with over-expenditure processing delays and their associated project cost implications.

HISTORY/DISCUSSION

The Winnipeg Drinking Water Treatment Plant (WTP) has experienced deficiencies associated with the roof on the main WTP building. Replacing the roof is critical to avoid ongoing maintenance of the failed roof and increased risk of developing new leaks and equipment damage. Tender No. 37-2023 for the WTP roof replacement closed on April 20, 2023.

An Administrative Report was submitted to the June 5, 2023 meeting of the Standing Policy Committee on Water, Waste and Environment (SPC-WWE) for the award of contract to Flynn Canada Ltd. for the Drinking Water Treatment Plant Roof Replacement in the amount of $7,377,669. Subject to the approval of that report, $709,440.76 will remain available from the total funds for the project. Any potential future expenditures above the funds remaining will be funded from the Water and Waste Department’s 2024 Capital budget.

As the contract exceeds $5 million in value, the authority for approval of over-expenditures is the SPC-WWE.

The nature of roof replacement work can often result in the discovery of previously unforeseen conditions, leading to the need for change orders and associated over-expenditures. The WTP roof replacement project has a condensed construction schedule with the majority of the roofing planned for replacement during the summer and fall of 2023.

The timely processing and approval of any potential over-expenditures will be required to ensure the construction schedule is maintained and the roofing work is completed in the limited construction window. It is therefore recommended that contract over-expenditure approval authority be delegated to the Chief Administrative Officer where there are sufficient funds in the approved budget and the total over-expenditure does not exceed 20 percent of the contract value.

FINANCIAL IMPACT

Financial Impact Statement **Date:** May 18, 2023

Project Name:

DELEGATION OF AUTHORITY FOR POTENTIAL OVER-EXPENDITURES RELATED TO THE DRINKING WATER TREATMENT PLANT ROOF REPLACEMENT
TENDER 37-2023

COMMENTS:

Delegation of authority to the Chief Administrative Officer to approve contract over-expenditures within the approved contingency budget for the Drinking Water Treatment Plant Roof Replacement will expedite over-expenditure processes, thereby avoiding potential lengthy delays to project timelines and potential increased project costs. Over-expenditures will not be approved without funds being available in the budget approved for this project.

Lucy Szkwarek, CPA, CGA
Lucy Szkwarek, CPA, CGA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services Department (as to legal issues)
- Corporate Finance, Materials Management Branch

OURWINNIPEG POLICY ALIGNMENT

This report is in accordance with the OurWinnipeg 2045 Policy 2.18 Potable Water Conservation, by providing safe, reliable and sustainable supply of potable water.

> Objective: Protect and value ecosystems as essential components to quality of life through municipal activities and urban development.

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: Water and Waste
Division: Engineering Services
Prepared by: K. Dyck, P.Eng.
Date: May 18, 2023
File No.: W-1049