Agenda – Council – July 13, 2023

Report – Standing Policy Committee on Property and Development – June 27, 2023

Item No. 1 Amendment of Carlton Street Walkways Upgrades Capital Budget (Fort Rouge-East Fort Garry Ward)

STANDING COMMITTEE RECOMMENDATION:

On July 5, 2023, 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 the 2023 Carlton Street Walkways Upgrades Capital Project Budget (capital budget # 0731003423) be increased to $3.278 million from $2.322 million.

2. Subject to approval of Recommendation 1, that the funding sources of the $3.278 million be amended to include $2.2 million of contributions from the two property owners adjacent to the Carlton Street walkways and $1.078 million of City-funded external debt.

3. 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 – June 27, 2023

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 5, 2023, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On June 27, 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: Amendment of Carlton Street Walkways Upgrades Capital Budget

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 March 22, 2023, Council adopted the 2023 Capital Budget and 2024 to 2028 Five-Year Forecast. These included the $2.322 million for the Carlton Street Walkways Upgrades budget, which is funded by the transfer of prior-year (2020 external debt financing) authorization.

Following a review of existing agreements, and collaborative discussion with stakeholders, the two property owners adjacent to the Carlton Street walkway confirmed that they are responsible for 68.7% of the costs of the North walkway and 66.6% of the South walkway. If the recommendations of this report are approved, the project budget will increase to $3.278 million, while the City's share will decrease from $2.322 million to $1.078 million with the remainder funded by contributions of $1.1 million from each of the other two stakeholders.

RECOMMENDATIONS

1. That the 2023 Carlton Street Walkways Upgrades Capital Project Budget (capital budget # 0731003423) be increased to $3.278 million from $2.322 million.

2. Subject to approval of Recommendation 1, that the funding sources of the $3.278 million be amended to include $2.2 million of contributions from the two property owners adjacent to the Carlton Street walkways and $1.078 million of City-funded external debt.

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

REASON FOR THE REPORT

Council approval is required to increase a capital budget.

IMPLICATIONS OF THE RECOMMENDATIONS

The Carlton Street Walkways Upgrades capital budget (capital budget # 0731003423) will increase from $2.322 million to $3.278 million.

The City's share of funding will decrease from $2.322 million to $1.078 million with the other $2.2 million in funding provided by external stakeholders.

HISTORY/DISCUSSION

In October 2019, Cibinel Architecture LTD. (Cibinel) was engaged to provide design services, including the preparation of construction tender documentation, for Phase 1 of the Carlton Street Walkways Upgrades. Phase 2, the contract administration portion of the project, was contingent upon Council approval of the 2020 Capital budget inclusive of $2.344 million for the Carlton Street Walkways Upgrades project. In November 2019, Cibinel submitted a letter to the City recommending a Construction Manager (CM) approach be used for the project should the budget request be approved by Council. Ultimately, this was the approach taken and Graham Construction and Engineering Inc. (Graham) was awarded the contract based on their bid submission.

On March 20, 2020, Council adopted the 2020 Capital Budget and 2021 to 2025 Five-Year Forecast, which included $2.344 million for the Carlton Street Walkways Upgrades project. At the time of budget preparation and submission, this $2.344 million represented a Class 4 estimate of the total cost of the project, which encompassed the replacement of exterior pre-cast concrete cladding on two separate overhead walkways connecting the RBC Convention Centre to adjacent private properties (stakeholders). A Class 4 estimate is based on limited information (approximately 10% of design work being complete) and preliminary scope determination and is subject to cost variation of -30% to +60%. As design work continued and Graham refined cost estimates with its sub-trades, it was determined that the total budget required would be $3.3 million. This represents an increase of $0.956 million (i.e. $2.344M to $3.3M) or 40.8%.

At the time of budget submission, it was unclear if the stakeholders were obligated by agreement to share in the project costs so 100% of $2.344 million was approved to be funded by the City alone with the use of external debt. Additional review of existing agreements and collaborative discussions with stakeholders confirmed the stakeholders were responsible for 68.7% of the costs for the North walkway and 66.6% of the costs for the South walkway with the City's share being the balance. Funding agreements specific to this walkway capital project were fully executed in November 2021.

The week prior to the adoption of the 2020 Capital Budget in March 2020, and during the period the stakeholder contribution agreements were being negotiated, the World Health Organization declared the COVID-19 outbreak to be a pandemic. As a result, governments, including both Canada and Manitoba, implemented travel restrictions that had a significant adverse effect on the hospitality industry. As the stakeholders included one in the hospitality sector, concerns were expressed about the impact of the pandemic on cash flow and it was requested the walkway construction be delayed. This request was deemed reasonable and construction work on the project did not begin in earnest until June 2022, at which time just $22,000 had been

charged to the project. Until this time, the walkways continued to be monitored and the pre-cast concrete cladding was stabilized as necessary.

In June 2022, as part of the annual review of open capital project budgets, the Public Service requested the $2.322 million unspent balance in the 2020 Carlton Walkways capital budget be included in the 2023 Capital Budget and 2024 to 2028 Five-Year Forecast to be funded by the transfer of prior year authorization. On March 22, 2023, the budget was adopted by Council inclusive of the Carlton Street Walkways Upgrades “re-budget” request.

Subject to approval of the recommendations contained in this report, this budget will increase to $3.278 million (i.e. total budget requirement of $3.3 million less $22,000 spent at the time of the 2022 capital review process), funded by contributions of $1.1 million from each of the two stakeholders and $1.078 million of external debt. A revised capital project detail sheet is attached to this report.

The total City-funded portion of the budget will be $1.1 million rather than $2.344 million; a decrease of $1.244 million. The City proceeded with the project at the noted increased project value as it was known, following the execution of the stakeholder’s contribution agreements, that the City’s total contribution to the project was less than the budget amount approved by Council.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 25, 2023

Project Name:

First Year of Program **2023**

Amendment of Carlton Street Walkways Upgrades Capital Budget

	2023	2024	2025	2026	2027
Capital					
Capital Expenditures Required	$ 3,278,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	2,322,000	-	-	-	-
Additional Capital Budget Required	$ 956,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	(1,244,000)	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Stakeholder Contributions	2,200,000	-	-	-	-
Total Funding	$ 956,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 956,000				
Total Additional Debt Required	$ (1,244,000)				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	110,614	-	-	-	-
Net Cost/(Benefit)	$ (110,614)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(110,614)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures consist of the project costs of $3,167,386 + short-term financing and corporate admin fees of $58,940 + Municipal Accommodations overheads of $51,674. The latter two amounts are offset by equal recoveries in the current budgets of the Corporate Finance Department and Municipal Accommodations Division respectively. The additional capital budget required of $956,000 is to be funded by stakeholder contributions totaling $2,200,000 and a reduction to the City portion of $1,244,000.

Mike McGinn Apr. 25, 2023

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

N/A

OURWINNIPEG POLICY ALIGNMENT

Economic Prosperity – Policy 3.6
Prioritize the Downtown by leveraging private and public investments, including housing, entrepreneurship, arts, entertainment, and tourism, that advance its status as an economic driver.

Complete Communities 2.0 – Goal 2 Economic Development, Policy 2.1
Collaborate with stakeholders to prioritize Downtown economic development initiatives and partnerships based on Downtown's unique advantages as the city's primary employment centre.

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: Assets and Project Management
Division: Municipal Accommodations
Prepared by: M. McGinn
Date: May 16, 2023
File No: MA2023-056

Attachments:

Carlton Street Walkways Upgrades Capital Detail Sheet