Agenda – Executive Policy Committee – September 21, 2023

Report – Standing Policy Committee on Property and Development – September 18, 2023

Moved by Councillor

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.

Item No. 2 Award of Contract for Modular Fire Paramedic Station and Site Development – RFP No. 94-2023B – Project No. 2022-014 (Waverley West Ward)

STANDING COMMITTEE RECOMMENDATION:

On September 18, 2023, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That Council approve an amended project budget for Modular Fire Paramedic Station and Site Development in the amount of $6,885,000, and that the associated incremental project cost of $2,693,000 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 Modular Fire Paramedic Station and Site Development to Tractus Group Incorporated o/a Tractus Projects ("Tractus Projects"), the lowest responsive bidder meeting the requirements of the RFP, in the amount of $5,490,440 (MRST included, GST extra) (the "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 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. Subject to the approval of Recommendation 1 and 2, that authority be delegated to the Chief Administrative Officer to approve over-expenditures for the Modular Fire Paramedic Station and Site Development project awarded pursuant to this report, in the maximum amount of $591,000 in contingency funding, 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 intent of the foregoing.

Agenda – Executive Policy Committee – September 21, 2023

Report – Standing Policy Committee on Property and Development – September 18, 2023

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On September 18, 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: Award of Contract for Modular Fire Paramedic Station and Site Development – RFP No. 94-2023B – Project No. 2022-014

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Piniuta A/Manager of Municipal Accommodations	D. Tooth Acting Director	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

The Waverley West neighbourhood and surrounding area does not have adequate fire and rescue service, as current response times do not meet National Fire Protection Association guidelines. A temporary modular building solution was identified to address this issue until a permanent station can be built. The modular building would serve Waverley West in the interim and then be redeployed elsewhere in the City to respond to future needs. The City considers the modular building acquisition as a long-term, multi-use asset investment.

On June 27, 2023, a Request for Proposal ("RFP") for Modular Fire Paramedic Station and Site Development, which included scope reduction measures implemented to address cost escalation concerns, concluded with a low bid price exceeding the currently approved project budget. Inflated construction costs within the local market, which are attributable to supply chain disruption and increases in material costs worldwide, have contributed to the cost escalation.

Subject to a proposed budget amendment by Council to increase project funding by $2,693,000, an award of contract to Tractus Group Incorporated in the amount of $5,490,440.00 is recommended to advance this project. If the additional funding is approved, the total capital budget for the Modular Fire Paramedic Station and Site Development project will be established at $6,885,000.

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 Modular Fire Paramedic Station and Site Development in the amount of $6,885,000, and that the associated incremental project cost of $2,693,000 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 Modular Fire Paramedic Station and Site Development to Tractus Group Incorporated o/a Tractus Projects ("Tractus Projects"), the lowest responsive bidder meeting the requirements of the RFP, in the amount of $5,490,440 (MRST included, GST extra) (the "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 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. Subject to the approval of Recommendation #1 and #2, that authority be delegated to the Chief Administrative Officer to approve over-expenditures for the Modular Fire Paramedic Station and Site Development project awarded pursuant to this report, in the maximum amount of $591,000 in contingency funding, 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 intent of the foregoing.

REASON FOR THE REPORT

Council approval is required to increase the Waverley West Modular Station and Site Development capital budget.

As the Contract amount exceeds five million ($5,000,000) and subject to the approval of Recommendation #1, Council has the authority to approve the Award of Contract.

The Public Service is requesting delegated authority for potential contract over-expenditures which can only be provided by Council.

IMPLICATIONS OF THE RECOMMENDATIONS

Financial Implications

The funding for this project is provided from the following Winnipeg Fire Paramedic Service capital accounts:

003-181000-210657-21100010022 – Modular Station	$3,000,000
003-181000-210657-2111021520 FO – Waverley West Station	$1,192,000
	$4,192,000

Subject to Recommendation #1 being approved by Council, sufficient funding through external debt will be available for the project to proceed, including the award of RFP No. 94-2023B.

The lowest responsive bid of $5,490,440 is below the Class 3 Cost Estimate of $5,784,269 obtained in November 2022. With an amended project capital budget of $6,885,000, both the Assets and Project Management Department as the procurement agent, and Winnipeg Fire Paramedic Service as the budget holder, are of the opinion there will be sufficient funding 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 additional 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)	$2.9 million	$1.1 million
Person Years of Employment	28	8
Federal Government Tax Revenue	$0.4 million	$0.1 million
Provincial Government Tax Revenue	$0.4 million	N/A

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

The evaluated expenditure for this project is $5.7 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

Waverley West does not have adequate fire and rescue service, as current response times do not meet National Fire Protection Association guidelines. A permanent station for this area is to be built on City land also identified to house the South Winnipeg Recreation Campus, but due to schedule uncertainties in that project the timing of construction and opening of the permanent station is presently unknown.

As an interim fire and rescue coverage solution, Winnipeg Fire Paramedic Service proposed the use of a modular building and a design-build delivery process. The design of the modular building is such that it can be deployed to a site in an interim basis and then be moved and redeployed elsewhere in the City to respond to other future fire and rescue service needs. As

such, the City considers the modular building acquisition as a long-term, multi-use asset investment.

On November 1, 2022, the Public Service received a Class 3 cost estimate for the project which forecasted an anticipated construction contract value of $5,784,269.

On November 25, 2022, Request for Qualification (RFQ) No. 791-2022A was posted on MERX for Modular Fire Paramedic Station and Site Development. The RFQ closed on December 16, 2022 without any submissions.

The scope and timeline were revised and, on January 25, 2023, Request for Qualification (RFQ) No. 94-2023A was posted on MERX for Modular Fire Paramedic Station and Site Development. The RFQ closed on February 16, 2023 with three (3) submissions:

- Bidder 1
- Bidder 2
- Tractus Group Incorporated o/a Tractus Projects (“Tractus Projects”)

A three member evaluation committee consisting of representatives from Fire Paramedic Service and Assets and Project Management reviewed the submissions using the Materials Management Standard Scoring Matrix spreadsheet. The submissions were evaluated based on the following criteria:

(a)	Compliance by the Proponent with the requirements of the Request for Qualification, or acceptable deviation therefrom	(pass/fail)
(b)	Qualification Application Submission	(pass/fail)
(c)	Project Organizational Approach	10%
(d)	Past Project Experience	30%
(e)	Experience and Qualifications of Key Individuals	45%
(f)	Safety Record	15%

Working independently, each member of the evaluation committee reviewed and scored each proposal using the rating criteria defined in the RFQ and the evaluation rating matrix submitted to Materials Management prior to the close of the RFQ. The average ratings for each line item were then determined by calculation and/or consensus in a group discussion with Materials Management. The overall scores were calculated, and are shown in the summary table below, and with full detail in Appendix B – RFQ Evaluation Table.

RFQ Evaluation Criteria	**Points**	**Submissions Received**		
		Bidder 1*	**Bidder 2***	**Tractus Projects**
Compliance	pass/fail	pass	pass	pass
Qualification	pass/fail	pass	pass	pass
Project Organizational Approach	10	8.200	8.634	9.700
Past Project Experience	30	14.102	18.232	16.915
Experience / Qualification of Key Individuals	45	7.196	15.388	18.510

Safety Record	15	14.000	11.667	15.000
Total Evaluation Score	**100**	**43.498**	**53.921**	**60.125**

*Certain information is removed to protect the confidentiality of the Proponents proposals.
On May 12, 2023, Request for Proposal (RFP) No. 94-2023B was posted on MERX for Modular Fire Paramedic Station and Site Development. The RFP closed on June 27, 2023 with only one (1) responsive submission:

- Tractus Projects $5,718,050.00 RFP compliant bid

As the bid exceeded the $4,000,000 stated available funds for the Contract, the RFP provided for up to three deductions to be made to reduce the bid price, as follows:

1) Remove Solar Panel System
2) Remove Appliance package
3) Remove Fitness Area, resulting in an overall reduction in building size

After the three deductions are applied, the adjusted bid price is $5,490,440.00.

A three-member evaluation committee consisting of representatives from Fire Paramedic Service and Assets and Project Management reviewed the proposal using the Materials Management Standard Scoring Matrix spreadsheet. The proposal was evaluated based on the following criteria:

(a)	Compliance by the Proponent with the requirements of the Request for Qualification, or acceptable deviation therefrom	(pass/fail)
(b)	Qualification Application Submission	(pass/fail)
(c)	Total Bid Price	25%
(d)	Management Systems and Plans	20%
(e)	Project Schedule	25%
(f)	Design Report and Drawings	15%
(g)	Modular Building Detail	15%

Working independently, each member of the evaluation committee reviewed and scored each proposal using the rating criteria defined in the RFP and the evaluation rating matrix submitted to Materials Management prior to the close of the RFP. The average ratings for each line item were then determined by calculation and/or consensus in a group discussion with Materials Management. The overall scores were calculated, and are shown in the summary table below, and with full detail in Appendix C – RFP Evaluation Table.

RFP Evaluation Criteria	**Points**	**Submission Received**
		Tractus Projects
Compliance	pass/fail	pass
Qualification	pass/fail	pass
Total Bid Price	25	25.000

Management Systems and Plans	20	13.600
Project Schedule	25	21.850
Design Report and Drawings	15	11.410
Modular Building Detail	15	9.410
Total Evaluation Score	**100**	**81.270**

The Assets and Project Management Department has estimated the total project cost to be $6,885,000 inclusive of internal administrative costs plus $591,000 in contingency funding for any unforeseen expenses that may arise during the project. Winnipeg Fire Paramedic Service has identified $4,192,000 in capital monies for this project, leaving a funding shortfall of $2,693,000. In order for the project to advance, $2,693,000 in additional project funding is therefore required.

The Manager of Materials has advised that the bid submission from Tractus Projects was accompanied by an acceptable bid security.

The Contract Administrator has verified that Tractus Projects is COR certified with the Construction Safety Association of Manitoba, Certificate #84905-15 (expiration date May 2024), and the company is in good standing with the Workers Compensation Board of Manitoba. In the opinion of the Assets and Project Management Department, Tractus Projects has the skills and resources to satisfactorily complete the Work. The bid was open for acceptance until August 26, 2023, but Tractus Projects has agreed to extend the bid validity period, and the bid is now open for acceptance until October 25, 2023.

Construction will not commence prior to the award of Contract.

Borrowing Authority
Incremental borrowing authority of $2.693 million is required for the project detailed in this report.

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

In addition to the debt implications from this report, the Debt Strategy section has been prepared considering one other report having debt implications:

- Request for the Budget Revision for the North End Sewage Treatment Plant (NEWPCC) Upgrade: Biosolids Facilities Project

Subject to approval of the recommendations of this report, additional borrowing authority of $2,693,000 is required.

$50 million of Tax Supported and $15 million of Utilities borrowing capacity will remain if Council approves the recommendations in 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 the table below:

Tax Supported net debt as a percentage of revenue not to exceed	80%
Forecasted peak rate including proposed debt from this report	57.8%
Utilities net debt as a percentage of revenue not to exceed	220%
Forecasted peak rate including proposed debt from this report	119.5%
Total City net debt as a percentage of revenue not to exceed	90%
Forecasted peak rate including proposed debt from this report	87.5%
Tax Supported debt servicing as a percent of revenue not to exceed	10%
Forecasted peak rate including proposed debt from this report	5.1%
Utilities debt servicing as a percent of revenue not to exceed	20%
Forecasted peak rate including proposed debt from this report	10.2%
Total City debt servicing as a percent of revenue not to exceed	11%
Forecasted peak rate including proposed debt from this report	7.6%
Tax Supported Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,145
Utilities Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,354
Total City Debt per Capita not to exceed	2,800
Forecasted peak rate including proposed debt from this report	2,414

FINANCIAL IMPACT

Financial Impact Statement

Date: August 17, 2023

Project Name:

First Year of Program **2023**

Award of Contract for Modular Fire Paramedic Station and Site Development – RFP No. 94-2023B / Project No. 2022-014

	2023	2024	2025	2026	2027
Capital					
Capital Expenditures Required	$ 6,885,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	4,192,000	-	-	-	-
Additional Capital Budget Required	$ 2,693,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	2,693,000	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ 2,693,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 2,693,000				
Total Additional Debt Required	$ 2,693,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ 123,000	$ 249,000	$ 249,000	$ 249,000
Less: Incremental Revenue/Recovery	194,328	-	-	-	-
Net Cost/(Benefit)	$ (194,328)	$ 123,000	$ 249,000	$ 249,000	$ 249,000
Less: Existing Budget Amounts	(194,328)	-	-	-	-
Net Budget Adjustment Required	$ -	$ 123,000	$ 249,000	$ 249,000	$ 249,000

Additional Comments: Capital expenditures consist of the contract amount, contingency, consultant services, utilities, insurance and corporate and departmental overheads, all of which total $6.618 million as laid out in the Basis of Estimate attached as Appendix B. Additionally, the total budget of $6.885 million includes costs incurred to date of $0.267M. Incremental recoveries represent corporate ($0.083M) and departmental ($0.111M) overheads to be recovered from capital (this $0.194M is included in the $6.618M cost estimate). Direct costs in 2024 represent debt & finance charges on the $2.693 million additional debt, based on July 1 issuance, while costs from 2025 onward represent the full year amount. The WFPS operating budget does not currently include the debt & finance charges.

Mike McGinn August 17, 2023

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Winnipeg Fire Paramedic Service

OURWINNIPEG POLICY ALIGNMENT

Goal: Good Health and Well-Being
Objective: Enable access to basic needs for good physical and mental health.
Policy: 4.6 Community Safety
Facilitate a culture of safety and crime prevention across the City and community, by building trusting relationships to enable collaborative action.
Policy: 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.
Policy: 4.11 Equitable Service Access
Prioritize equitable access to recreation and parks systems, services and infrastructure, in order to: Enable active living; connect people and nature; create supportive environments; build community capacity; and achieve desired health outcomes, with a focus on children and youth.

Goal: City Building
Objective: Integrate resilient land use, transportation and infrastructure planning, and investments **-** Ensure that land use, transportation and infrastructure planning are aligned to provide the conditions for compact, complete and connected communities, supported by sustainable transportation options and municipal infrastructure capacity.
Policy: 6.29 New Communities
Plan New Communities to identify and include a defined level of service for public infrastructure and resource requirements, or approved alternative, to achieve complete communities, including an integrated and sustainable transportation system, recreation, parks, libraries, emergency services, and digital communication technology.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity: Corporate Leadership
Key Direction: 1.6 Reduce Consumption and Increase Waste Diversion

Strategic Opportunity: Low Carbon and Energy Efficient Buildings
Key Direction: 5.2 Improve Energy Performance of New Buildings

Strategic Opportunity: Community Climate Resiliency
Key Direction: 7.2 Increase and Preserve Tree Canopy

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 Honour Relationships and Reconciliation with Indigenous Peoples
- We will Promote and Maintain the Welfare of all Residents
- We will Develop Trust and Meaningful Partnerships to find solutions and drive change

They align with the following Goals and Objectives:

- Goal 6: All City Services are Equitable, Inclusive and Accessible
- Related 10-year Objective A: 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: Kathy Roberts, Project Officer 2
Date: August 24, 2023
File No: MA2023-115

Attachment: Capital Budget Detail Sheet