Minutes – Executive Policy Committee – July 12, 2024

Report – Standing Policy Committee on Property and Development – July 11, 2024

Item No. 1 Award of Contract for Construction of New Vocational Wing for Pembina Trails Collegiate – Tender No. 954-2023B / Project No. 2020-127

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 the City increase the South Winnipeg Recreation Campus: Phase One – Recreation Centre capital budget in the amount of $6,724,000 to fund incremental costs to procure the Vocational Wing component, for which the City will recover all associated project costs from the Province of Manitoba via the ICIP Contribution Agreement. This will increase the total capital project budget to $118,763,000 from $112,039,000. The Province of Manitoba has affirmed its commitment to cover the increased costs related to the vocational wing building.

2. That the City award, enter into, execute and deliver a contract for Pembina Trails Collegiate Vocational Wing to Parkwest Projects Ltd., the lowest responsive bidder meeting the requirements of Tender No. 954-2023B, in the amount of $14,934,057.67 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 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 2 and 3, the Chief Administrative Officer be delegated the authority to approve over-expenditures for the Construction Services for Pembina Trails Collegiate Vocational Wing project awarded pursuant to this report in the maximum amount of $942,000 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 – July 11, 2024

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

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

Carried

STANDING COMMITTEE RECOMMENDATION:

On July 11, 2024, 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 Construction of New Vocational Wing for Pembina Trails Collegiate – Tender No. 954-2023B / Project No. 2020-127

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	G. Patton	T. Graham	M. Geer, Acting CAO

EXECUTIVE SUMMARY

An Award of Contract to Parkwest Projects Ltd. for Construction of the New Vocational Wing for Pembina Trails Collegiate – Tender No. 954-2023B is recommended.

On July 23, 2020, Council amended the previously approved South Winnipeg Recreation Campus: Phase One – Recreation Centre project to include a daycare and vocational wing building, with these additional assets fully funded by the Province. Council also approved submitting the amended $89.039 million project for federal and provincial funding consideration through the Investing in Canada Infrastructure Program ("ICIP") Contribution Agreement.

On May 30, 2024, Council amended the total project budget to $112,039,000, related to anticipated additional costs for the City owned Recreation Centre, as part of the Campus project.

Under the approved total Campus project budget, $10,030,000, funded by the Province, has been allocated for the construction of the new vocational wing building. Additional funding from the Province is required in order to proceed with the award of the new vocational wing building contract.

To fulfil the foregoing, the South Winnipeg Recreation Campus: Phase One – Recreation Centre project must be increased to $118,763,000 from $112,039,000 to address the additional costs in the project related to the award of the vocational wing building. A budget increase of $6,724,000 for the Vocational Wing component is recommended.

The Recommendations of this report are compliant with the Materials Management Policy and applicable trade agreements.

RECOMMENDATIONS

1. That the City increase the South Winnipeg Recreation Campus: Phase One – Recreation Centre capital budget in the amount of $6,724,000 to fund incremental costs to procure the Vocational Wing component, for which the City will recover all associated project costs from the Province of Manitoba via the ICIP Contribution Agreement. This will increase the total capital project budget to $118,763,000 from $112,039,000. The Province of Manitoba has affirmed its commitment to cover the increased costs related to the vocational wing building.

2. That the City award, enter into, execute and deliver a contract for Pembina Trails Collegiate Vocational Wing to Parkwest Projects Ltd., the lowest responsive bidder meeting the requirements of Tender No. 954-2023B, in the amount of $14,934,057.67 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 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 2 and 3, the Chief Administrative Officer be delegated the authority to approve over-expenditures for the Construction Services for Pembina Trails Collegiate Vocational Wing project awarded pursuant to this report in the maximum amount of $942,000 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

As the total bid amount exceeds $5,000,000, and there are sufficient funds in an approved budget, the award must be approved by the Standing Policy Committee on Property and Development pursuant to Materials Management Policy.

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

IMPLICATIONS OF THE RECOMMENDATIONS

The funding for this contract is provided by Capital Account #003-181000-620650-6362800122.

There is sufficient funding available for the project to proceed with the award. Funds for this expense will be recovered from the Province of Manitoba as part of the ICIP Agreement.

The lowest responsive bid of $14,934,057.67 MRST included, GST extra, exceeds the Class 1 cost estimate of $10,615,293 obtained prior to tender in March of 2024. The difference in bid price from the Class 1 estimate has been attributed to an escalation in mechanical and electrical costs needed for construction of the new facility. There is sufficient funding within the capital budget to award the proposed contract and proceed with the project. The Province of Manitoba has affirmed a commitment to cover all incremental project costs including the contract award amount and any subsequent adjustments/increases.

The Public Service has estimated the total project cost of the Vocational Wing component at $16,754,000 (Class 1 tender-result-based cost estimate) including construction, consultant services, other tertiary costs, plus a 5% construction contingency. Due to its over-budget status, the South Winnipeg Recreation Campus: Phase One – Recreation Centre project capital budget must be increased, subject to ICIP Contribution Agreement and funding partner (Governments of Manitoba and Canada) approval, in the amount of $6,724,000 ($16,754,000 minus $10,030,000 original Province of Manitoba allocation to the Vocational Wing component).

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)	$8.1 million	$3.0 million
Person Years of Employment	74	22
Federal Government Tax Revenue	$1.1 million	$0.3 million
Provincial Government Tax Revenue	$1.1 million	N/A

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

The evaluated expenditure for this project is $15.7 million. The expenditure and estimated impacts are in 2024 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

Council adopted 2019 Capital Budget and on July 23, 2020, Council amended the previously approved South Winnipeg Recreation Campus: Phase One – Recreation Centre project to include a daycare and vocational building wing. Council also approved submitting the amended $89.039 million project for federal and provincial funding consideration through ICIP.

On May 30, 2024, Council adopted the following in response to an administrative report which identified the project being in an over-budget status due to cost escalation:

1. That the South Winnipeg Recreation Campus: Phase One – Recreation Centre project budget be amended to include an additional $23 million for the City-owned Recreation Centre component (only), financed through debt funding;
2. That, in an effort to defer additional use of debt, the Winnipeg Public Service be directed to continue consultations with the Provincial and Federal Governments with regards to ICIP funding and principles.

This increased the project budget to $112.039 million from $89.039 million.

Pembina Trails Collegiate was previously completed and students began attending classes September 2023. The vocational building wing of the collegiate was not completed as part of the contract to build the high school.

As per ICIP agreement requirements, a high school vocational wing is to be constructed by the City but will subsequently be transferred to Pembina Trails School Division as future owner/operator of the facility. The targeted opening date of the new Vocational Wing is presently established as September 2026.

Project design work for the Vocational Wing commenced in 2023 with the City contracting with LM Architectural Group for design and contract administration services.

On November 29, 2023, RFQ 954-2023A for qualified contractors was posted. The evaluation produced three qualified bidders meeting a threshold passing mark of 70 points.

Tender 954-2023B was issued to qualified bidders via MERX on April 8, 2024, and closed on May 9, 2024. The evaluation resulted with three bids and are noted as follows:

1.	Parkwest Projects Ltd.	$14,934,057.67 (GST Extra)
2.	Penn-Co Construction Canada (2003) Ltd.	$15,137,759.00 (GST Extra)
3.	Graham Construction & Engineering	$15,170,000.00 (GST Extra)

The Manager of Materials has advised that all bids were accompanied by an acceptable bid security.

The Contract Administrator has verified that Parkwest Projects Ltd. is COR certified with the Construction Safety Association of Manitoba, Certificate #14508-08 (expiration date: August 2026) and the company is in good standing with the Workers Compensation Board of Manitoba. The Contract Administrator, having interviewed Parkwest Projects Ltd. in a pre-award meeting to discuss the Scope of Work and their qualifications, is of the opinion that Parkwest Projects Ltd. has the necessary resources and experience to perform the Work in accordance with the specifications.

The City will issue an award letter to the successful bidder in lieu of the execution of a formal contract.

The Bids are open for acceptance until August 7, 2024. Construction will not commence prior to the Award of Contract.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 3, 2024

Project Name:

First Year of Program **2024**

Award of Contract for Construction of New Vocational Wing for Pembina Trails Collegiate – Tender No. 954-2023B / Project No. 2020-127

	2024	2025	2026	2027	2028
Capital					
Capital Expenditures Required	$ 15,190,356	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	15,190,356	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	256,298	-	-	-	-
Net Cost/(Benefit)	$ (256,298)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(256,298)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital expenditures consist of the contract amount of $14,934,058 + short-term financing charges and corporate admin fees of $176,298 + Municipal Accommodations project management/admin overhead of $80,000. The latter two amounts are offset by equal recoveries in the current budgets of the Corporate Finance Department and Municipal Accommodations Division respectively.

Mike McGinn June 3, 2024

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Community Services Department
- Legal Services Department

OURWINNIPEG POLICY ALIGNMENT

Goal: Leadership and Good Governance
Objective: Establish and implement priority actions through evidence-informed decision-making processes.
Policy 1.7: Equitable Service Access
Identify and provide access to, a base level of municipal services to everyone, directly or facilitated through partnerships. Remove systemic barriers to participation, based on race, national or ethnic origin, colour, religion, age, sex, sexual orientation, gender identity or expression, marital status, family status, physical or mental ability, official language used, citizenship status, socio-economic status, geographic location or climate change vulnerability.

Goal: Environmental Resilience
Objective: Prioritize the transition to a resilient, low-carbon future through demonstrated organizational and community leadership, and collaborative actions that mitigate and adapt to a changing climate.
Policy 2.1: Climate Action Targets
Meet and exceed greenhouse gas emissions reduction targets of 20 percent by 2030, relative to 2011, and net zero by 2050, by working towards partnerships with the community, businesses, and government bodies including Indigenous, Federal and Provincial governments.

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.

Goal: Good Health and Well-Being
Objective: Support positive health outcomes through the built and natural environment.
Policy 4.9: Inclusive Public Places
Provide and promote the amenities, and the design and maintenance standards, necessary to ensure accessible, safe and sanitary conditions in gathering spaces frequented by the public.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Key Directions (Short-Term Implementation):
1.3 Implement Low Carbon and Energy Efficient City Facilities and Buildings – p.6
5.2 Improve Energy Performance of New Buildings – p.8

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

The development of the South Winnipeg Recreation Campus aligns with the following Goals and Objectives of the Winnipeg Poverty Reduction Strategy (2021 – 2031), including:

Goal 1: Equity and a Culture of Caring are Demonstrated through Strategy Implementation and Systems Change
Related 10-year Objectives:

- **C.** Equity and a Culture of Caring are factored into all service planning and budget decisions, resulting in City-wide systems change.

Goal 6: All City Services are Equitable, Inclusive and Accessible:
Related 10-year Objectives:

- **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: Jerry Comeau, Project Manager
Date: June 6, 2024
File No: MA2024-071

Attachments: N/A