Agenda – Council – April 30, 2025

Report – Standing Policy Committee on Public Works – April 14, 2025

Item No. 1 University Crescent – Budget Adjustment – Developer Funded Work

STANDING COMMITTEE RECOMMENDATION:

On April 22, 2025, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the following to Council:

1. That Regional Street Renewal Reserve funding in the estimated amount of $1,969,700.80 in the University Crescent – Pembina to Chancellor Matheson Street Renewal Project (#1804000221) be replaced with Developer Funding from UM Properties GP Inc., with final budget amendments adjusted to reflect the final total amount of funding received.

2. Subject to the approval of Recommendation 1, that the 2024 Regional Local Street Renewal Project – Various Locations (#1804004024) budget be increased in the estimated amount of $2,178,824.

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 Public Works – April 14, 2025

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 22, 2025, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On April 14, 2025, 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: University Crescent – Budget Adjustment – Developer Funded Work

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Neirinck, P.Eng.	J. Berezowsky	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

The Public Service is recommending that the Developer Funding from UM Properties GP Inc. ("the Developer") for works performed along University Crescent be included in the Regional and Local Street Renewal Program capital project; University Crescent – Pembina to Chancellor Matheson Street Renewal ("the project") and that the capital budget be amended to include the developer funding.

The Developer Funding is related to Development Application No. DASZ 15/2022 as identified in Servicing Agreement AG 15/22 (Phase 1 and Phase 2) and Funding Agreement LSD File No. R.1/2024(136) for works performed along University Crescent including adjacent developer funded work undertaken with the project.

In order to award Tender No. 252-2024 in the summer of 2024, monies were moved within the Regional and Local Street Renewal program. This was intended to be an interim arrangement as the Developer Agreements were in place, but the budget was not available for award authority purposes as Council approval is required to increase project budgets. Approval of this report will not change the current budget for the University Crescent project and largely return the interim transfer to the original project in the Regional and Local Street Renewal program.

RECOMMENDATIONS

1. That Regional Street Renewal Reserve funding in the estimated amount of $1,969,700.80 in the University Crescent – Pembina to Chancellor Matheson Street Renewal Project (#1804000221) be replaced with Developer Funding from UM Properties GP Inc., with final budget amendments adjusted to reflect the final total amount of funding received.

2. Subject to the approval of Recommendation 1, that the 2024 Regional Local Street Renewal Project – Various Locations (#1804004024) budget be increased in the estimated amount of $2,178,824.

3. 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 amend the Capital Budget.

IMPLICATIONS OF THE RECOMMENDATIONS

The approval of this report will not change the currently approved budget for the University Crescent – Pembina to Chancellor Matheson Street Renewal capital project (#1804000221), but will replace Regional Street Renewal Funding with developer funding. These Developer contributions are to cover project costs that are the responsibility of the adjacent developer.

The Developer funded work has previously been awarded and is currently underway. In order to facilitate the contract awards, budget from another Council-approved capital project was allocated to University Crescent Specifically, budget was reallocated from the 2024 Regional Street Renewal Program – Various Locations capital project (#1804004024). Upon approval of this report, the amount of budget allocated from the 2024 Regional Street Renewal Program – Various Locations project required to support the University Crescent Project will be reduced, allowing this budget to be utilized within the Regional and Local program.

Servicing Agreement AG 15/22 (Phase 1 and Phase 2) and Funding Agreement LSD File No. R.1/2024(136) were executed on May 28, 2024, and July 22, 2024, respectively. As of this report the Developer has forwarded the funding for the Servicing Agreement. In accordance with Clause 3.04 of the Funding Agreement, the City will invoice the Developer for works once it has reached the Substantial Completion phase.

Table 1 presents a breakdown of the Developer and Other Funding

Table 1 - Developer Funding for University Crescent

Source of Funding	Council Approval for Budget Increase	Notes	Estimated Amount
Developer AG 15/22 Servicing Agreement under DASZ 15/2022	**Approval Required**	Servicing Agreement is fully executed and the City is in receipt of the funds; Council approval is required to allocate the funding to the project and increase the project budget.	$ 1,068,300.80
Developer Funding Agreement	**Approval Required**	Funding Agreement has been signed, actual costs to be invoiced upon substantial completion. Council approval is required to allocate the funding to the project and increase the project budget.	$ 901,400.00
Net Proceeds of the Sale of City Property	Council Approved - September 22, 2022	Sale has been finalized. Final net proceeds transferred to Public Works Department in the amount if $209,122.52 will support the University Crescent Project per Council direction.	$ 209,122.52
		Total Estimated External Funding	**$ 2,178,823.32**

HISTORY/DISCUSSION

The University Crescent from Pembina Highway to Chancellor Matheson Road project is a Regional Street Renewal that commenced in 2021 and contains three construction contracts.

In accordance with Development Application No. DASZ 15/2022 containing executed Servicing Agreement AG 15/22 (Phase 1 and Phase 2) and Funding Agreement LSD File No. R.1/2024(136) works on the Developer's behalf include road improvements, sidewalk, street and walkway lighting, landscaping, and land drainage.

On August 14, 2024, the Chief Financial Officer awarded Tender No. 252-2024 to J. C. Paving Ltd., the third construction contract for University Crescent, in the amount of $6,656,892.50, plus G.S.T., based on the Unit Prices identified in the low bidder's Tender submission. This award includes the Developer requested upgrades as described above.

As noted in the implications section, the Developer funded work has previously been awarded and is currently underway. In order to facilitate the contract awards budget from the Council approved 2024 Regional Street Renewal Program – Various Locations capital project (#1804004024) was allocated to the project. Upon approval of this report, the amount of budget allocated from the 2024 Regional Street Renewal Program – Various Locations project required to support the University Crescent Project will be reduced by the amount of developer funding received, allowing this budget to be utilized within the Regional and Local program.

The Public Service seeks Council approval to amend the University Crescent project budget to include funding from the related Servicing Agreement and Developer Funding Agreement.

The Servicing Agreement and Developer Funding Agreement have been signed by the relevant parties with the payment under the Servicing Agreement already received by the City. The final costs under the Developer Funding Agreement are to be invoiced upon substantial completion of the related works and the Developer is to pay within 30 days.

Award of Tender 252-2024

The University Crescent project is a large capital project and construction in the field was well underway. Amended Budget is $19,407,349 and Actual Costs as at December 31, 2024, were $9,950,779. Tender 252-2024 was the third of three constructions projects.

In 2024, the City issued Tender No. 252-2024 for University Crescent Land Drainage Sewer Installation and Pavement Reconstruction. The result of the competitive tender was that J.C. Paving Ltd submitted the lowest responsive bid meeting all the

requirements of the publisher tender. At the time of award, the City had previously awarded two construction contracts and the cost of previous commitments was estimated at $10.9 million.

The Adopted Budget at the time was $16.9 million and considering the previous awards as well as other costs that would accompany the work under this tender (e.g. – engineering, traffic signals, etc.), there was insufficient monies in the project to award. It should be noted that some of the funding deficiency was directly related to additional work being done under the developer agreements.

At the time of award, Council had dedicated Net Proceeds of the sale of a City property ($248,300) to the project (approved September 22, 2022), $1,129,190.84 were required contributions under Developer AG 15/22 Servicing Agreement under DASZ 15/2022 and $901,400.00 were required contributions under Developer Funding Agreement under DASZ 15/2022.

In summary, at the time of award, expectations were that additional funding of $2,278,890.84 from external sources were available to the project. However, as Council approval is required to increase the Capital budget for the project, the Public Service was unable to award against this funding.

For clarity, the developer agreements were approved by Council and the amounts from external parties were known. However, additional Council approval was also required to increase the capital project budgets.

In order to avoid delaying construction in the field (thereby stalling the project), the Public Service using administrative authority in place to move funds within the Regional and Local Streets Renewal program to put funding in place sufficient to award Tender No. 252-2024. It should be noted that, at the time of the award, the transfer between projects was intended to be an interim funding solution that would be reversed once the additional administrative approvals required to increase capital budgets were received.

On August 14, 2024, the CFO approved the award of Tender No. 252-2024 to J.C. Paving Ltd.

The purpose of this report is to obtain that administrative approvals necessary to increase capital budgets for the external amounts under the developer contributions. After the developer funding replaces Regional Street Renewal funding in the University Crescent project, the current budget for the University Crescent project will remain unchanged and the interim transfer will be returned to the original project.

There have been some minor adjustments to funding amounts receivable from time of interim transfer and date of this report.

Below is a summary of the transactions to date as well as the impact of approving this report.

Table 2 - Summary of Budget Transactions

	1804000221 University Crescent	1804004024 Reg St Renewal - Various locations	Total
Adopted Budget	**16,900,000**	**4,000,000**	**20,900,000**
interim transfer of funds between projects in order to award contract in a timely manner	2,280,000	(2,280,000)	-
net prior year surplus transferred within program to project	227,349	-	227,349
Amended Budget i.e. - (Current project budget)	**19,407,349**	**1,720,000**	**21,127,349**
add: developer contribution (recommendation of this report)	1,969,701	-	1,969,701
add: Net Proceeds of Sale of City Property - previously approved	209,123	-	209,123
return of funds to Reg St Renewal	(2,178,824)	2,178,824	-
Amended Budget after approval of this report	**19,407,349**	**3,898,824**	**23,306,173**

FINANCIAL IMPACT

Financial Impact Statement

Date: March 7, 2025

Project Name:

University Crescent – Budget Adjustment – Developer Funded Work

First Year of Program 2025

	2025	2026	2027	2028	2029
Capital					
Capital Expenditures Required	$ 23,306,173	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	21,127,349	-	-	-	-
Additional Capital Budget Required	$ 2,178,824	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants - Province of Manitoba	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Developer Funding	2,178,824	-	-	-	-
Total Funding	$ 2,178,824	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
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: See Table 2 in the body of this report. On an overall basis the Regional and Local Street Renewal Capital Program budget will be increased in the estimated amount of $2,178,823.32 to adjust capital budgets for developer funding receivable and proceeds of land sale.

J. Ruby, 2025-03-07

J. Ruby, CPA, CA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with: Legal Services

OURWINNIPEG POLICY ALIGNMENT

NA

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: Ryan Munro C.E.T.
Date: March 7, 2025
File No: 21-C-02