

Community Capital Program Manual	Community Management Series	
	Effective Date	
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	Page Number	1 of 31

What is the Capital Program?

The goal of the Capital Program is to improve local services to communities and address legislative and environmental issues. It meets the goal by providing and maintaining municipal infrastructure efficiently, effectively and equitably.

The program must be a part of the community’s long term planning. It must also be structured to meet the community’s needs over a multi-year period.

1.0 Definition of Municipal Services

Administration

- Office space for council chambers and administrative, office equipment/furniture, fax, copying, computers

Public Works

- Office space for public works employees
- Heated storage space for service vehicles
- Cold storage space for equipment
- Open air storage compound
- Street lights
- Community roads

Environmental Services

Water and Sewer

- Water and sewer facilities appropriate to community needs (all facilities classified according to environment standards)
- Standpipe buildings where there are no underground residential services
- Water and sewer distribution/collection lines

Solid Waste

- A secure site or a confinement area owned and/or operated by the community for the purpose of dry waste and solid waste disposal, storage, collection transfer or processing. This may include (but not limited to) waste disposal grounds, incinerators, transfer stations and recycling facilities.

Protective Services

Community Safety Officer/Preventative Policing

Office space for constable, not including lockup or temporary detention facility. *Fire Protection/Prevention*

- One or two bay fire hall to house fire trucks and/or emergency response vehicles, including ambulances where operated by fire personnel
- Fire equipment storage space
- Classroom/office training area

Recreation Services

- Office space for recreation staff and equipment
- Community hall
- Outdoor open spaces and recreation facilities (ball diamonds, parks, rinks and change houses, etc.)
- Indoor curling rink/arenas

Vehicles and Equipment

- Vehicles required for delivery of municipal service may be considered (where no viable alternative available for hiring service from private sector or other institutions)
- Where the use of the vehicle is not deemed critical, the cost benefits to be considered over the depreciated life of the vehicle, whereas critical needs are to be assessed on a critical event basis
- Anticipated use of the vehicle should meet critical needs of the community that cannot be achieved by alternative equipment, labour or hiring for vehicles with multiple uses or alternative uses, alternatives that may meet critical needs, and accessories/attachments that meet critical needs are to be considered
- Fire and emergency vehicles as recommended under the program for the community
- Vehicles must be operated by qualified personnel with appropriate operator certificates

1.1 Overview of the Delivery Process

Capital projects may be delivered by three different methods:

- Community Delivery
- Departmental Delivery
- Joint Delivery - a combination of community and department

Indigenous and Northern Relations (INR) encourages community councils to deliver as many community capital projects as possible. Administering projects locally allows for more autonomy and control.

For successful projects, departmental employees and community councils must understand the three methods of project delivery and the responsibilities of the parties concerned. The following guideline provides information to departmental employees, community councils and their employees for capital project planning and delivery.

2.0 Planning

Planning is the first step in every project. Communities identify their needs to the department in the form of a five-year capital plan and capital project applications.

The capital project application should be completed in detail, including identification of the work to be completed, justification for the project, required material, labour, equipment and an estimate of the project cost.

Planning begins with a **needs assessment** in the community in November of each year. This process identifies the requirements resulting from legislation, maintenance of existing infrastructure and other justified municipal infrastructure and equipment.

Based on the needs assessment, the five-year plan for infrastructure should be developed or updated annually. Requirements must be in order of priority. Consider legal, environmental and safe work responsibilities when prioritizing. Communities should consult other interested parties (for example, housing authorities, First Nations, adjoining communities, other government departments) to share their plans with the community. This will enable communities to co-ordinate projects and in some instances, share the costs. Other funding sources can also be accessed such as Community Places Program or Green Team for example.

This process allows time for technical input, drafting business plans, project justification, estimates, drawings and site investigations. Review annual infrastructure audits to identify infrastructure in need of major repairs or replacement. Infrastructure audits should be attached to all capital applications. Review previous unsuccessful capital applications along with departmental comments or justification for not recommending the application. Identify the previous application's shortfalls and address them in the new application. Plans will identify and determine projected operation and maintenance (O&M) costs. Cost recovery from user contributions should be investigated and any necessary agreements put into place.

**Better planned projects prevent delays and ensure successful,
efficient and effective project delivery.**

2.1 Departmental Employees' Involvement in Planning

Planning is the initial step in which departmental employees become involved. Technical assistance is available from the department throughout the planning process.

The need for technical assistance may come as a request by the community, from monitoring council’s activities or through a capital application.

Departmental staff provide communities with comments or reasoning for not recommending the previous application(s).

Some projects, such as water and sewer facilities, fire fighting and emergency facilities, **must** be referred to the Manager of Technical Engineering or Environmental Services for engineering and design. They are typically delivered by the department unless the project is joint delivered.

Technical assistance can be requested at any time of the year. If extensive or more complex services are required, the technical and public works consultant will arrange for assistance through the Manager of Technical Engineering or Environmental Services.

2.2 Capital Planning

Typically, the technical and public works/environmental services consultant takes the lead role in assisting councils with capital planning. However, all staff and councils should plan infrastructure requirements at least one year in advance. The five-year plans identify community priorities and should be reviewed annually.

Department Staff are available to assist councils throughout the planning and delivery process.

2.2.1 Five-Year Planning

Typical 5 Year Community Capital Management Plan

Council Prepares Five-Year Plan						
Project	2013/14	2014/15	2015/16	2016/17	2017/18	Comments
Road Upgrade	10,000	50,000				
One Ton Truck Replacement		25,000				Reserve \$5,000 in 2014/15
Tractor for WDS			50,000			
Subdivision Survey			20,000			
Subdivision Clearing				25,000		
Subdivision Road Base				40,000		
Computer Equipment Replacement						\$5,000 in future
Fire Truck Replacement						When sufficient in reserves
TOTAL	10,000	75,000	70,000	65,000		

Council Considers All Community Needs and Priorities

In preparing capital applications, consultants should encourage councils to explore all options while preparing estimates of capital and operating costs.

Communities should consult other interested parties (housing authorities, First Nations, adjoining communities, other government departments, etc.) to share their plans with the community.

Larger projects, such as sewer/water, may need to be phased in over several years to allow for adequate planning which include project design, plans, phasing delivery and the best use of funds.

In completing a capital project application, councils are encouraged to administer the delivery of the project where capability exists:

- Sound financial administration
- Project management
- Supervisory resources
- Experience and knowledge related to the project

2.3 Project Criteria

The following criteria are used throughout the entire process, ranging from five-year planning, preparing the application, planning and screening, right through to the project close out.

The criteria are listed by priority:

- Legislative requirements for:
 - Water (Canadian Drinking Water Standards as adopted by Manitoba Conservation and Water Stewardship – Office of Drinking Water along with Manitoba regulations)
 - Wastewater/Solid Waste (Manitoba regulations)
 - Building Codes/Standards and Safety Standards (Health and Safety)
- Maintenance of existing standards of service (vehicle replacement, building upgrades, road repairs, etc.)
- Other justified municipal infrastructure and equipment (new municipal infrastructure that does not currently exist in the community)
- Project must be included in community's current five-year plans

2.4 Applying for Projects

Five-year plans identify required capital projects. Regional office staff meet in September of each year. Councils should apply for projects for one fiscal year at a time (for example, the

2014/15 applications will be reviewed for delivery in 2015/16). Application for first intake is the **first Monday in May**.

Council must have applications submitted by this date in order to make application for the current fiscal year. No additional applications will be accepted after this date.

Councils must ensure that they have met the criteria, included backup documentation, proper justification and estimates when preparing the application. The project must provide a municipal service to the residents.

Local municipal services include projects found in the **Definition of Municipal Services** section of this manual.

A revised capital approval process was developed and presented in September 2009. The capital process remains as is with the exception of the following:

- An annual inflation allowance should be calculated and added to infrastructure, engineering and design estimates and quotations. Capital applications should show a 5-year projection of the inflation of costs so the regional offices see a more realistic amount. The contingency rate is determined by the Managers of Technical and Public Works and Environmental Services annually in February. Please contact your regional office for confirmation of the current rate.
 - For example, with a 7% annual inflation rate and if the quote comes in for \$10,000.00 in 2009, a table should be included to say the project will cost \$10,500.00 in 2010; \$11,025.00 in 2011, \$11,500.25 in 2012, etc.
- All capital projects associated with construction and design must have a contingency allowance included in the cost estimate for all infrastructure and engineering and design. The contingency rate is determined by the Managers of Technical and Public Works and Environmental Services annually in February. Please contact your regional office for confirmation of the current rate.

Some questions to ask are:

- How critical is the project? Is it a possible life-safety situation?
- Is this an environmental requirement?
- Is there a legal liability?
- Is there a prior commitment? Please note a reserve fund allocation is not considered a prior commitment.
- Is the sustainability planned for? Are the O&M costs recoverable?
- Will this be more efficient for the community?
- Can the service be shared/acquired another way?
- Is this a requirement for growth and development?
- Is the community prepared to provide the service after completion? Are there training requirements?

- Will the new infrastructure require a higher level of operator certification?
- Is there an internal report or requirement from an outside agency identifying a need for this project (for example, monitoring report)?
- Will this project serve more than one community? Ensure a letter of support is attached from the listed community.
- Are estimates up-to-date and accurate?
- Has all the information been provided? Are all the questions answered in the application?
- Is there a community contribution to the project?
- Is a business plan required? Note: New infrastructure not identified in the Definition of Municipal Services or vehicles not identified in the Vehicle Replacement Guidelines require a business case.

The first intake of completed capital applications must be submitted by the **first Monday in May** to allow time for:

- Review of applications by technical staff consultants
- Assisting communities if more project details are required
- Confirming the accuracy of estimates and costs
- Assessing the application's feasibility
- Identifying operational costs

2.5 Reviewing Applications

In May, the regional offices review or pre-screens the applications and provide feedback on how to strengthen the application by making changes and/or providing required (mandatory) or additional information. Applications are to be returned to communities with correspondence identifying what can be done to improve the application, should improvement be required; a deadline for resubmission (July 31) is identified in that correspondence.

Project applications will be screened in August to ensure that all the necessary information is available. Only complete project applications will be forwarded to the board in September.

2.6 Notice of Application Approval

Council will be notified in January, pending provincial budget approval of recommended projects, so arrangements for one of the three forms of delivery can be made:

- Community delivery
- Departmental delivery
- Joint delivery (community with departmental assistance)

Additional information can be found in the Local Government Manual of Policies and Procedures, Policy F8, Capital Program.

This policy includes the Capital Project Application, the Project Assessment Form, Capital Process Flowchart, Financial Summary Sheet and Checklist.

3.0 Project Pre-Delivery

3.1 Communication

Although communities are advised of project recommendations, communities must wait to be advised by the department for appropriate approvals. This typically occurs in April of each year.

Depending on available resources and capacity, councils are encouraged to administer capital projects. Where a community does not have the available resources or capability, the project may be delivered:

- By the department
- Jointly by the community and the department

The department will review and advise on the best delivery options.

The minister, through the department, intends to prepare and encourage community councils to deliver as many projects as feasible.

The key to the delivery of a successful project is good communication. Regardless of which delivery method is chosen, all interested parties must be kept informed on activities. Follow-ups with written progress reports and meetings must be provided.

The regional office should initiate a meeting with council to discuss the method of project delivery. The consultant attends to discuss:

- The scope of the project
- Community administration of the project
- Completion of a letter of understanding (LOU)
- Specific conditions of project delivery
- The Aboriginal Procurement Initiative (API)

The **Letter of Understanding (LOU)** is a key communication tool. It identifies who is responsible for certain actions. Attached to it is an outline of both general and specific project delivery conditions as well as specific responsibilities of departmental employees and the community.

- See the Local Government Manual of Policies and Procedures, Policy G5 - Contracting of Community Capital Projects

3.2 Project Contact Person & Community Project Supervisor

At the initial meeting with council, the need for a project contact and community project supervisor are discussed.

A project contact person is typically a technical and public works consultant appointed by the department to monitor a project being delivered by the community.

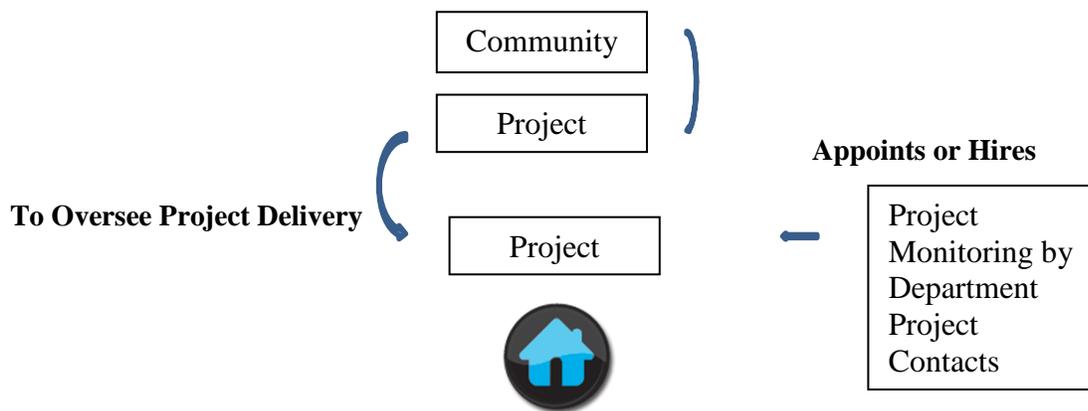
Council must ensure the costs associated with a local project contact person/supervisor (who is not currently employed by council), are accounted for within the administration portion of the capital application, ensuring additional expenses are not unforeseen.

A community project supervisor is the person appointed by or hired by the community to supervise the project on site. Joint delivered projects will be a combination of Methods 1 & 2 based on Community capacity.

3.3 Delivery Flow Chart

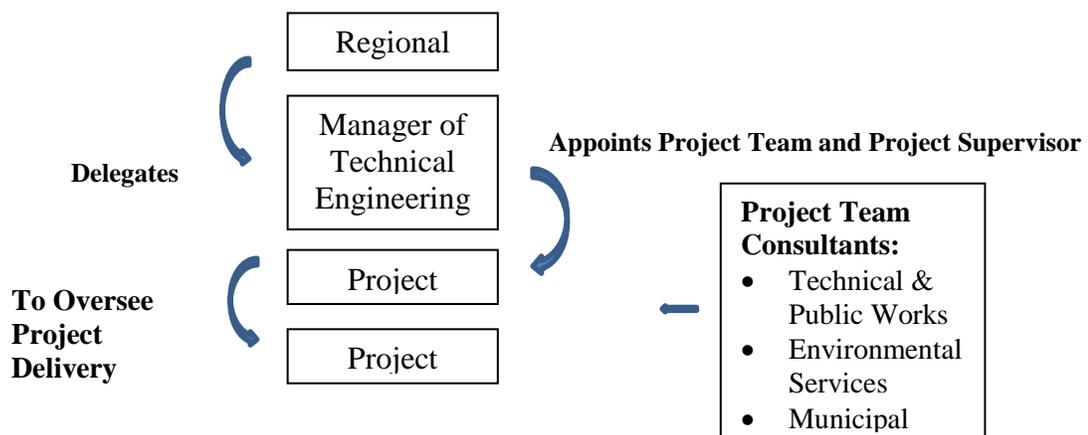
Method 1

Community Delivered Project



Method 2

Departmental Delivered Project



3.4 Regulatory Agency Approval

During the early stages of a project, complete the design (plans) for the work and obtain approvals from regulatory agencies:

- Manitoba Conservation and Water Stewardship - Office of Drinking Water for:
 - Permits to construct or alter water treatment plants, water distribution mains
 - Licenses to operate water treatment plants, chlorine booster stations and groundwater wells
- Manitoba Conservation and Water Stewardship – environmental approvals for:
 - Permits to construct or alter a wastewater treatment facility and discharge wastewater (backwash, etc.) from water treatment plants and wastewater collection lift stations
 - License to operate a wastewater treatment facility
 - Permit to construct a waste disposal site and license to operate a site
 - Work permits for exploration/cleaning and grubbing
 - Timber permits
- Manitoba Labour and Immigration for building and excavation permits
- Manitoba Infrastructure and Transportation for approaches, water distribution pipelines and service lines with provincial road right of ways
- Crown Lands to acquire land
- Manitoba Mineral Resources for quarry permits
- Fisheries and Oceans Canada for permits:
 - installation of intakes from surface waters
 - dredging waterways and lakes
 - drainage into waterways and lakes
 - pipelines crossing water bodies
- Manitoba Health for food preparation areas – community halls, arenas, canteens
- Office of the Fire Commissioner - building permit applications and performing building inspections

The designer provides a list of regulatory bodies, contact people, including addresses and permit date requirements on a specific project. If land is required for a project, the department project contact will assist to ensure that council acquire the necessary land.

3.5 Pre-Delivery Activities

Prior to proceeding with the actual work, some pre-delivery activities must be addressed:

- Determine the Aboriginal Procurement Initiative option relevant to the project (if any)
- Tendering
- Contract preparation
- Evaluation of bids
- Work schedule
- Building permits
- Prepare maintenance program including cost estimates (local operator training, schedule of work and activities, purchasing supplies and tools, budgeting of O&M)
- Excavation permits
- Requisition of funds

At this point in the project, the role of the technical and public works consultant varies, depending upon the delivery mode.

4.0 Aboriginal Procurement Initiative (API)

The Manitoba Government, through its Procurement Services Branch (PSB), has developed the Aboriginal Procurement Initiative (API) in order to increase the participation of Aboriginal businesses providing goods and services to Manitoba Government departments. **All** department delivered projects and purchases intended for communities must adhere to API.

The objective of API is to increase the participation of Aboriginal businesses and suppliers in providing goods and services to the Manitoba Government. The following table provides a broad overview of the application of API:

Aboriginal Procurement Initiative (API)	
Apply	Does Not Apply
All Government & Standing Offer Agreements	*MASH, Sector Entities, Crown Corporations
Goods	**Construction Related Procurement (facility repair)
Services	**Construction of Capital Projects (buildings)
Consulting and Professional Services	**Capital Works Programs (winter roads)
*Municipalities, Academics, Social Services, Health Authorities	
** Optional at the discretion of the Dept	

The API guidelines can be viewed at http://www.gov.mb.ca/mit/psb/api/ab_proc.html

5.0 Agreement on Internal Trade (AIT)

The Agreement on Internal Trade (AIT) was established to provide a framework to reduce and eliminate barriers to the inter-provincial movement of goods, services, labour and investment, and to bring about a more open and stable domestic trade within Canada.

AIT sets out a framework and defines the rules for procurement, which are based on the guidelines and principles of AIT and applies to tenders where procurement value equals or exceeds certain amounts. The following table provides an overview of the application of AIT to non-incorporated and incorporated communities:

Agreement on Internal Trade (AIT)		
	Provincial & Federal Government Community Delivery Unincorporated Communities	*MASH Departmental/Community/Joint Delivery Incorporated Communities
Goods	\$25,000 and over	\$100,000 and over
Services	\$100,000 and over	\$100,000 and over
Construction	\$100,000 and over	\$250,000 and over
	* Municipalities, Academics, Social Services, Health Authorities	

For more information on AIT please visit:

<http://www.gov.mb.ca/mit/psb/buysell/tradeagree.html>

6.0 Community Delivery

6.1 Role of the Departmental Employee

Once community council has resolved to administer a project and has signed the necessary documents, council takes on the role of managing and delivering the project. The role of the project contact becomes one of monitoring and advising on the following:

- Financial management
- Quality of project
- Building standards and regulations
- Matters requiring technical assistance

6.2 The Project Contact(s)

In the LOU project contacts are assigned to the project by the Manager of Technical Engineering and Environmental Services. This person is typically a technical and public works consultant, but may also include one or more departmental consultant for capital-related projects. The municipal development consultant can assist CAOs with the accounting component of capital projects.

The project contact is the department's representative on the project.

The contact must use discretion on site to promote the department's objectives and develop council's capacity to manage the project locally. At the same time, this person is responsible for monitoring the project to ensure it is completed in accordance with approved plans and within the approved budget.

- See the Local Government Manual of Policies and Procedures, Policy G5 - Contracting of Community Capital Projects

6.2.1 Pre-Construction Meeting

Before the project starts, the project contact and other staff as required, hold a pre-construction meeting with the council to discuss project details. Depending on council's experience in project delivery, the project contact may only need to inform council of project details by reviewing construction plans.

For councils unfamiliar with project development, the project contact provides direction to council or their representative on these project development activities:

- Work schedules
- Tendering
- Contractor selection
- Contract award
- Purchasing
- Local project supervision (where necessary)
- Cost controls
- Workplace safety & health plans
- Project monitoring
- Final inspection and acceptance

A checklist for the contract administration process is included in Appendix A–Checklist for Contract Administration Process.

At the beginning of a project, departmental employees need to be aware of the community's experience with project delivery. Their experience determines the level of assistance required from the project contact. The project contact's knowledge of the community is very helpful and subsequently allows him/her to be a resource at the meetings with council. The table for determining how a community matches the criteria for incorporation could be used in this aspect.

The project contact may also include other departmental technical staff to help explain the technical design of the project.

6.2.2 Release of Funds

The project contact arranges the signing of the letter of understanding (LOU). Funding is released as identified in the LOU.

On larger projects, where funds are released in several allotments, the community must provide a scope of work tied to the timeline of the project after the contract has been signed. As a general guideline, allotments of 1/3 project costs or the 90 day timeline estimate can be released. Where technical and engineering services are required for project delivery, costs are to be paid from the project budget. To develop local management of the project, the community administrative officer and project supervisory staff are encouraged to prepare regular cash-flow projections.

Where over-expenditure is anticipated, the community must identify shortfalls to the project contact and provide documentation and recommendations. The department may, on the advice of the project contact, make additional funds available for project completion if and when such funds are available. Good planning should prevent this situation. This may include additional wording after agreement is received or changes to the LOU.

6.2.3 Technical Assistance

The project contact arranges for the necessary departmental technical staff and other related assistance required for successful project delivery. This assistance may be requested by the community or identified through normal monitoring of the project. Other related assistance may be necessary for developing financial, project management and supervisory skills.

6.2.4 Technical Inspection

Building inspections by an engineer are mandatory for all buildings where the general public has access (community halls, administration buildings, etc.).

Critical inspections include:

- Foundation construction
- Framing
- Construction and installation of roof structure, specifically:
 - After erection of pre-engineered trusses and prior to cover-up
 - For on-site construction – after the first trusses is constructed
- Electrical
- Insulation and vapor barrier before the installation of wall covering (drywall, paneling, etc.)
- Those required for the type of building and to meet building codes and standards

The Manager of Technical Engineering or Environmental Services or designate is to be notified by the project contact when an inspection is required. Written inspection reports are to be completed and forwarded to the Manager of Technical Engineering or Environmental Services, through the technical and public works consultant.

6.2.5 Project Monitoring by Departmental Employees

The project contact is responsible for monitoring the project for the department. The amount of monitoring will depend upon the nature of the project. Small projects may require only periodic monitoring, while large complex projects may require daily monitoring.

Monitoring is carried out through inspections to ensure the project is progressing according to approved plans and within funding. The project contact needs to be fully conversant with the approved project plans. Although the community council manages the project, they must do so in accordance with established departmental policies.

If inspections identify the need for corrective actions or changes, the project contact provides the community personnel direction to ensure the project's successful completion. These directions and instructions may be verbal though **always followed up in writing**.

If the inspections identify that the project is not progressing toward successful completion, the department reserves the right to terminate the agreement with council (LOU). This decision is made by the regional director responsible for the project delivery, on the advice of the project contact.

The project contact is responsible for overall project monitoring, and is responsible for informing the project supervisor of matters that may affect delivery of the project. The financial reports are completed monthly and quarterly and provided to the regional director and director of finance.

- See the Local Government Manual of Policies and Procedures, Policy G5 - Contracting of Community Capital Projects

6.3 Tendering

Generally the tender package includes the following:

- Detailed description of the work to be performed
- Location
- Scope of work
- Evaluation criteria
- Quality of work expected
- Time frame
- Special conditions to the project (labour force, aboriginal procurement option, etc.)
- Bonding requirements and insurance

- Construction drawings, specifications, tender document form
- Contract form

The amount of detail describing the project varies from project to project. The more complex the project, the more detail is required. For example, the construction of a community hall requires detailed specifications about the type and quality of the materials to be used. These range from foundation material to electrical and mechanical materials.

Note: Before the actual tendering begins, approvals from regulatory agencies must be obtained, for example, Manitoba Conservation and Water Stewardship for water, sewer and solid waste; Manitoba Labour and Immigration for building and excavation permits; Manitoba Infrastructure and Transportation for approaches to provincial roads.

The schedule for tendering is as follows:

- 8-10 weeks minimum
- Once the tender package is prepared, advertising must proceed on the MERX tendering service or in newspapers
- Allow one week to set up advertising
- Close tenders on a certain date and time – at least 40 calendar days
- Contract award

This is a minimum time schedule. It may be lengthened if council feels more time is needed. For all community contracts/purchases over \$2,500, a minimum of two bids are required. All community contracts/purchases over \$2,500 but under \$5,000 may be tendered by invitational bids. This is allowable in circumstances where there are not enough available contractors or suppliers within the community to obtain competitive bids. A minimum of two bids must be sought.

All projects expected to cost over \$5,000 must be advertised for public tender in MERX.com or a major newspaper. The invitation to public tender is advertised once the LOU is signed. Where purchasing of materials is involved, such as building supplies, it is allowable to accept invitational bids versus following the public tendering system as long as the minimum two bids are obtained.

The table below simplifies tendering requirements for capital projects.

Informal Tendering	Formal Tendering
Purchases under \$2,500 are purchased by Department using a Purchasing Card or Purchase Order	All purchases over \$5,000 (including taxes) require formal tendering
Informal tender requires two bids via phone should be removed, fax or email	Formal Tender Types: <ul style="list-style-type: none"> • Request For Quotation (RFQ) • Request For Proposal (RFP) - 5 different API Options <ul style="list-style-type: none"> ▪ Invitation To Tender (ITT) ▪ Request For Information / Expression of Interest (RFI/EOI) Negotiated Request For Proposal (NRFP)
Purchases (Goods) over \$2,500 are sent to PSB	
Purchases (Consulting and Professional Services) are informally tendered by the Department	

- See the Local Government Manual of Policies and Procedures, Policy G5 - Contracting of Community Capital Projects

6.3.1 Bonds

There are many different types of contracts the department is involved in tendering, therefore the number and type of bonds required may vary.

Bond Type	Definition	Location
Bid Bond	A bond given to guarantee entry into a contract. The bid bond must accompany the contractor's tender submission with a certified cheque for 10 per cent actual tender submission.	Appendix B Bid Bond
Labour and Material Payment Bond	A bond given to guarantee the payment for labour or materials to be supplied in connection with a contract.	Appendix C Labour and Material Bond
Performance Bond	A bond given to guarantee the performance of a contract. The performance bond is normally for one year after the date on which the Certificate of Completion is issued in accordance with the terms and conditions of the contract.	Appendix D Performance Bond

6.3.2 Apprenticeship Policy Under the Apprenticeship Employment Opportunities Act (public works contracts)

Under the policy, contractors must employ or have employed apprentices within the past 12 months. In addition, contractors must commit to employing apprentices for the duration of a contract. Apprentices are not required to be working on the specific job site for the public works contract. The same requirements also apply to all subcontractors for work being performed relating to a public works contract under this policy. Out-of-province contractors and subcontractors must also meet the requirements under the policy.

6.3.3 Contractor and Subcontractor Exceptions

Under specific circumstances, and at the discretion of Apprenticeship Manitoba (AM), contractors and subcontractors may be exempt from the policy. These circumstances include but are not limited to the following:

- Contractor demonstrates a limited ability to provide a suitable scope of the designated trade
- Contractor demonstrates a limited ability to provide supervision to an apprentice
- Contractor demonstrates a limited ability to hire an apprentice

If a contractor or subcontractor can demonstrate these circumstances to AM, AM will issue an exemption letter. An exemption letter lets the contracting authority know the contractor or subcontractor is exempt from adhering to the policy, but they are still eligible to be awarded the contract. If AM says the contractor is not complying with the policy, the contractor is not eligible to be awarded the public works contract.

6.3.4 Tender Opening

All sealed tenders are to be received by the date and time and at the location specified by council. A record is to be kept of the time council receives each tender. It is to be kept in a secure place until the tender opening.

All sealed tenders may be opened in public view at the specified time, except where a request for withdrawal has been made. Upon opening the tender, the actual tender price for each bid is announced and noted in writing.

- See Appendix A – Checklist for Contract Administration Process in the Summary of Tender Form

For request for proposals (RFP), a separate sealed envelope containing the price bid will only be opened after the proposals have been scored and only if the proposal meets the minimum score. Proposals that contain the bid amount in the body of the proposal shall be disqualified.

All forms pertaining to the API that are requested in the RFP, RFQ or tender must be completed and attached as appendices or the RFP, RFQ or tender will be disqualified. RFP openings are closed to the public.

Copies of all documents including tender, bid bonds, contract price summary must be forwarded to the regional office within seven days of the tender opening.

6.4 Contractor Selection

The first step in selection of the successful bid is reviewing the bid of compliance with mandatory criteria.

These are requirements which are assessed on a “yes/no” basis; if the bid does not comply with any of these criteria, it receives no further consideration. Typical examples of mandatory criteria are receipt of bid prior to the submission deadline, the bid has been signed by the bidder, and the bid includes proof of required insurance and bonding.

Mandatory criteria should be identified as such in the procurement documents.

The second step in selecting the successful bid depends on the type of procurement process.

- In the case of an RFQ, the selection criteria is limited to price. Generally, the Bid submitted with the lowest price will be selected. The proposed section of the bid other than the lowest should be reviewed with departmental staff.
- In the case of an RFP, the selection criteria and relative importance of each should be identified in the procurement document. Price will be one of the selection criteria. Depending on the relative weighting of the selection criteria, and the scoring of each submission, the bid offering the lowest price may or may not be selected. RFP’s are awarded on best value or highest score.

If there are particular concerns about qualifications of bidders, these can be addressed in the procurement documents either as mandatory criteria, the bidder must provide proof that it has the specific equipment available to complete the project or in the case of an RFP departmental staff can assist in framing criteria appropriately, depending on the procurement process selected.

6.5 Contract Award

Note: Before the work has started, appropriate approvals must be obtained, the contract must be signed by the contractor, community council and the department. Standard contracts reviewed by the departmental solicitor are available from the department. Lead proponent (bidders), will not be advised until done until the above items have been met.

6.5.1 Contract Administration

In awarding a contract, an on-site meeting is held with the contractor, community council, the project supervisor and departmental project contact. The purpose is to review the contract and discuss the work schedule submitted by the contractor before the signing of the contract.

Minutes of this meeting and subsequent project site meeting are to be kept. They need to indicate who were involved, what was discussed and the contractor’s proposed work schedule, outlining activities and proposed time frames. Subsequent project site meetings are to be held not less than once every two weeks to discuss concerns, progress of the contract and corrective action, if necessary. These minutes are to be signed by the contractor, the project supervisor and the project contact. They are to be submitted to the regional office.

The project contact must emphasize that the project will be delivered according to the approved contract and plans. No alterations or changes to the plans will be accepted or paid for without prior written authorization by means of a change order.

- See Appendix A – Checklist for Contract Administration Process for a list of required activities as it relates to contract administration

6.5.2 Change Orders

All change orders to the contract must be approved by the signatories to the original contract (department, community council and contractor). As well, the consulting engineer in charge and, where required, the respective regulatory agencies should be given the opportunity to review the proposed changes as they may impact the nature of the project (Office of the Fire Commissioner with respect to building permits, etc). Where changes are not financial in nature, change orders are required.

- See Appendix E – Change Order- to identify a change from the approved contract

6.5.3 Holdback

Holdback of payment to the contractor must be made in accordance with the *Builders Liens Act*. Provided no builders' liens or trust claims have been filed within this 40 day period, the holdback may then be released.

A 'Crown contract' is when the owner of the land or structure is the Crown, a Crown agency or municipality. There is no requirement on the Crown to place the holdback into a joint account as per the *Builder's Liens Act*, instead the interest may be payable on the holdback in accordance with the amount prescribed by regulation.

The community administrative officer should contact the regional office for instructions on interest-earning accounts and subsequent payments. This will be handled by the Finance and Administration Branch.

6.5.4 Purchasing

As referred to in the **Tendering section** of these guidelines, the method for community purchasing is the same as for contracts. Purchasing expected to exceed \$2,500 but under \$5,000 may be handled through invitational bids. Those purchases expected to exceed \$5,000 must be awarded through public tendering (MERX). A minimum of two bids must be sought.

Provide the bidders with a scope of work for consistency in bidding. In awarding the purchase to a supplier, council should take into consideration the following:

- Type and quality of the material being supplied
- Date upon which the material may be supplied

- Aboriginal suppliers
- List of available companies to use
- Other related information that may be applicable to the project such as material shipping charges

Similar to a contract award, before the work has started, appropriate approvals must be obtained, the contract must be signed by the contractor, community council and the department. Communities have been provided authority through the process outlined in the Local Government Manual of Policies and Procedures, Policy G5, Contracting of Community Capital Projects.

6.6 Local Project Supervisor

All projects require supervision. How a project is supervised and who supervises it depends on the complexity of the project. Projects vary from the straight forward purchase of a vehicle to the complex construction of a water treatment facility. The supervision of any project requires administrative skills as well as sufficient knowledge about what is being purchased or constructed.

A very small project may be supervised by one of the council's employees such as the community administrative officer, or the public works employee. Large projects needing more supervision on the job site require a project supervisor.

A supervisor is an employee/representative of council for the duration of the project. Council must be prepared to assign tasks, provide direction and be responsible for employee administration. A written position description must be completed to advise the employee of their authority, responsibilities, salary and reporting duties. A copy of a position description is attached as an example of items that may be included in a description for a major water/sewer project.

On larger projects, council may delegate authority to the project supervisor to order building materials on behalf of council, organize work activities, arrange for tendering, etc. These duties and responsibilities must be given in writing to the employee and authorized by a council resolution within council's limitations. Assistance in drafting the position description will be provided by departmental staff on request.

- See Appendix F – Position Description Project Supervisor

6.7 Cost Control

As per the LOU, the community agrees to manage and expend approved project funds, keeping quality and economy in mind. This is accomplished by council:

- Ensuring a financial plan is in place before the start of the project. The financial plan includes a budget of estimated costs and a cash-flow projection.

This planning step assists council in avoiding problems that may otherwise arise, such as meeting payroll costs before actual funds are received.

- Preparing an accounting ledger for each project
- Checking all invoices to ensure all materials are received in good condition before processing for payment
- Avoiding cost over-runs (council and staff must monitor expenditures to ensure that the budgeted cost of the project is not exceeded)
- Altering the project plan to avoid cost overruns. This may be accomplished by changing materials, reducing the labour force, obtaining additional funding or phasing in the project. The department must approve any changes to the original project plan.
- Directing project supervisory staff to report any unusual circumstances arising during construction

6.8 Monitoring by Council

Project monitoring must be completed regularly by the community council and/or community staff to ensure the project runs smoothly. On large projects, monitoring may be required on a daily basis.

On-site inspections are necessary to ensure that construction conforms to the contract drawings and specifications. This may be accomplished by:

- Having the project supervisor prepare and submit a **bi-weekly project status** report to council.
- Holding **bi-weekly job meetings** with council, their supervisory staff and the contractor(s) for larger projects.

According to the LOU, council is required to submit regular **monthly financial reports** to the regional office. These monthly financial reports are extremely important as they are reviewed for further funding releases.

- See Appendix H – Monthly/Final Capital Project Financial Report

6.9 Progress Payments

Progress payments to the contractor are to be initiated monthly by the project supervisor who completes progress reports indicating whether the project is on target with the proposed work schedule. A copy of the project report goes to the bonding company, where applicable.

- See Appendix G – Progress Payment

6.10 Final Inspections and Acceptance

In addition to regular site inspections throughout the project, a final inspection is required. It ensures the project has been completed according to the approved plan. Technical assistance may be obtained through the department.

If the work is not completed according to the plans and specifications, then final approval for payment is withheld until changes, alterations or completions occur. The project supervisor must describe such deficiencies to the contractor in writing. The project contact must ensure the deficiencies are recorded and addressed with the contractor and that the bonding company is informed of deficiencies.

If the work is satisfactory, the contractor must submit a Statutory Declaration to council indicating that all his/her liabilities have been paid in full. A letter from Workers' Compensation is also required to ensure that the contractor is in good standing.

Holdback of payment to the contractor must be made in accordance with the *Builders Liens Act*. Provided no builders' liens or trust claims have been filed within this 40 day period, the holdback may then be released.

A 'Crown contract' is when the owner of the land or structure is the Crown, a Crown agency or municipality. There is no requirement on the Crown to place the holdback into a joint account as per the *Builder's Liens Act*, instead the interest may be payable on the holdback in accordance with the amount prescribed by regulation.

The community administrative officer should contact the regional office for instructions on interest-earning accounts and subsequent payments. This will be handled by the Finance and Administration Branch.

6.11 Project Close Out

Upon completion of the project, council is to ensure staff:

- Prepare a final report to be submitted to the department using the Monthly Capital Project Report (See Appendix H – Monthly/Final Capital Project Financial Report)
- Establish a file for pertinent documents and maintenance procedures
- Update community inventory records and arrange for insurance coverage (See the Local Government manual of Policies and Procedures, Policy G8, Community Inventory)
- Review the maintenance program including cost estimates (local operator training, schedule of work and activities, purchasing supplies and tools, budgeting for O&M)
- Ensure documentation for cost recovery of items such as GST is prepared
- Obtain the necessary occupancy permits for all public buildings
- Upon project close out, provide memo to the director of finance indicating the project is closed and finalized

7.0 Departmental Delivery

Where a community council chooses not to administer and deliver a project, or the department determines the capability does not exist, the department delivers the project.

Departmental delivery means that the department hires and supervises the necessary project labour and trades, purchases and tenders services and materials according to government policy, maintains cost control and conducts final inspection and conveys acceptance where contracts are used.

The Aboriginal Procurement Initiative (API) guidelines must be adhered to for all department delivered capital projects, and purchases intended for communities. Please refer to the **API section** of these guidelines for more information or visit:

http://www.gov.mb.ca/mit/psb/api/ab_proc.html

The Agreement on Internal Trade (AIT) sets out a framework and defines the rules for procurement, which are based on the guidelines and principles of AIT and applies to tenders where procurement value equals or exceeds certain amounts. Please refer to the **AIT section** of these guidelines for more information or visit:

<http://www.gov.mb.ca/mit/psb/buysell/tradeagree.html>

A project team may consist of the following consultants depending on the nature of the project:

- Technical & Public Works
- Municipal Development
- Environmental Services
- Workplace Safety & Health
- Community and Resource Development
- Protective Services
- Recreation and Wellness

The project team reports to the Manager of Technical Engineering or Environmental Services, and holds progress meetings bi-weekly on all active projects.

7.1 General Approval for Departmental Financial Commitments

Financial commitments, by way of contract, purchase or agreement, entered into on behalf of the Province of Manitoba must be consistent with applicable government policy.

Specific authority is delegated by the minister through Order-In-Council. Departmental employees are provided with certain limits of authority; within them they may commit public funds. All staff should be familiar with their authority limits. This information is available from Finance and Administration Branch.

7.2 Departmental Tendering

All financial commitments must be tendered, unless tendering is not feasible. If not feasible approval to waive tenders must be obtained from the minister or designate. The tender package will contain the same information found in the **Tendering section** of these guidelines. All departmental advertising must be done by requisition for advertising purposes.

7.2.1 Bonds

Bonding will be required for complex projects. Refer to **Bonds section** in these guidelines for clarification of Material and Labour Payment Bonds and Performance Bonds.

7.3 Contract Award

In awarding contracts or purchasing, obtaining the proper approval to enter into a financial commitment is necessary. Appropriate approvals must come from authorized personnel within government, depending upon the amount of the financial commitments and whether it was tendered.

7.3.1 Contract Administration

Upon award of a contract, an on-site meeting is to be held with the contractor, the community council or representative and technical and public works consultant. The purpose is to review the contract and discuss the work schedule submitted by the contractor before signing the contract.

Minutes of this meeting and the subsequent project site meeting are to be kept. They need to indicate who were involved, what was discussed and the contractor's proposed work schedule outlining activities and proposed time frames.

Subsequent project site meetings are to be held not less than once every two weeks to discuss concerns, progress of the project and corrective action, if required. Minutes are to be signed by the contractor and the technical and public works consultant. They are to be submitted to regional office.

The technical and public works consultant must emphasize that the project will be delivered according to the approved specifications and plans. No alterations to the plans will be accepted or paid for without prior written authorization by means of a change order.

All change orders to the contract must be approved by the signatories to the original contract (department, community council and contractor). The consulting engineer in charge and where required, the respective regulatory agencies should be given the opportunity to review the proposed changes as they may impact the nature of the project (Office of the Fire Commissioner with respect to building permits).

Where changes are not financial in nature, Change Orders are required to identify a change from the approved contract.

- See Appendix E – Change Order

Note: All design changes must be approved by the engineer in charge and/or respective regulatory agencies

7.3.2 Holdback

Holdback of payment to the contractor must be made in accordance with the *Builders Liens Act*. Refer to the **Holdback section** of these guidelines for more details.

The project contact is responsible for record keeping and deposits to an interest-earning account as well as subsequent payments. Consultants should contact Financial and Administrative Services for assistance.

7.3.3 Purchasing of Goods

Purchasing is a financial commitment, similar to a contract. Payment is made when goods are received. The same government policy applies to purchasing as indicated in the above **Contract Award section** of these guidelines.

Purchases by the department are to be made through the Procurement Services Branch of the Province of Manitoba. Most purchases for capital projects are made with a requisition through the regional administrator.

7.4 Cost Control

The departmental employee assigned to a project manages it on behalf of the province within the approved project funds, keeping quality and economy in mind.

The project contact must ensure that the following takes place:

- Work schedules are prepared
- Financial plan (cash flow) is prepared
- Accounting ledgers are established
- On-site inspections occur to ensure construction conforms to contract drawings and specifications
- All invoices are checked to ensure all materials are received in acceptable condition prior to processing payment
- Expenditures are monitored to avoid cost over-runs
- Necessary on the job alterations are made to avoid cost over-runs
- Council is kept informed

7.5 Progress Payments

Progress payments to the contractor are to be initiated monthly by the technical and public works consultant. Progress reports indicate whether the project is on target with the proposed work schedule.

A copy of the project report is submitted to the bonding company where applicable. Progress payments must include the statutory declaration and Workers Compensation Board (WCB) clearance.

- See Appendix G – Progress Payment

7.6 Final Inspection and Acceptance

In addition to regular site inspections throughout the project, a final inspection is required to ensure the project has been completed according to approved plans. Where required, the Manager of Technical Engineering or Environmental Services makes a final inspection of the project.

If work is not acceptable according to the plans and specifications, then final approval for payment is withheld until changes, alterations or completions occur. The technical and public works consultant must describe such deficiencies to the contractor in writing, with a copy to the bonding company, where applicable.

If the work is satisfactory the contractor must submit a statutory declaration indicating that all his/her liabilities have been paid in full. A letter from WCB must also be obtained indicating that the contractor is in good standing.

Technical & public works project contact consultants are responsible for record keeping and deposits to an interest-earning account as well as subsequent payments. Consultants should contact Financial and Administrative Services for instructions.

7.7 Project Close Out

The technical & public works project contact assigned to the project is responsible for completing a final Capital Project Financial Report.

- See Appendix H – Monthly/Final Capital Project Financial Report, which includes financial detail

The Project Contact will also complete the API Record of Assessment and submit to the regional administrator.

The regional administrator will submit record of assessments for all API projects or purchases to the Procurement Services Branch on a semi-annual basis.

As per Policy G8, Community Inventory, found in the Local Government Manual of Policies and Procedures the technical and public works consultant is responsible for completing the new asset input form as well as ensuring the council is updating their inventory. This ensures that the database is up-to-date for insurance purposes. The technical and public works consultant assists the community in establishing a maintenance program, including local operator training, schedule of maintenance activities and purchasing of necessary O&M supplies and tools.

8.0 Joint Delivery (Community and Department)

This method of delivery combines the approaches outlined in **Community Delivery Section** and **Departmental Delivery Section** of these guidelines.

A Letter of Understanding (LOU) is the source document used to enter into this special arrangement. Attached to the LOU is an outline of the special conditions that defines who is responsible for each segment. This step will ensure everyone is aware of their responsibilities.

Depending upon the agreement, the appropriate information in either the community delivery or departmental delivery sections will apply.

It may be necessary to retain funds in the departmental capital appropriation if departmental engineering services (inspection costs) are required for advice or assistance.

9.0 Summary of Community Council Responsibilities

- Community councils should deliver as many community capital projects as required and feasible.
- Communities identify their needs to the department in the five-year capital plans and capital project applications.
- To obtain funding for projects, councils should apply for projects from the five-year plan and forward the first intake of applications by the **first Monday in May**. Councils must ensure they have applied the criteria and included documentation, proper justification and estimates when preparing the application.
- Communities should consult other interested parties (housing authorities, First Nations, adjoining communities, other government departments, etc.) to share their plans with the community.

- Although it is the community council who is responsible for managing the project, the project must be carried out in accordance with established legislation, regulation and departmental policies, within budget and design, and in consultation with the project contact.
- The community council must hire or appoint a project supervisor and ensure that the project supervisor carries out his/her duties accordingly. Council must be prepared to assign tasks, provide direction and be responsible for employee administration.
- Council should direct the project supervisor to prepare and submit a **bi-weekly project status report** to council. Bi-weekly project meetings should occur with council, supervisory staff and contractor(s) for larger projects.
- Council must ensure all contractors submit a workplace safety and health plan to the regional office within seven days.
- Holdback of payment to the contractor must be made in accordance with the *Builders Liens Act*. Refer to the **Holdback section** of these guidelines for more details. The project contact is responsible for record keeping and deposits to an interest-earning account as well as subsequent payments. Consultants should contact Financial and Administrative Services for assistance.
- As per the LOU, the community agrees to manage and expend approved project funds, keeping quality and economy in mind. Council and their staff must monitor expenditures to ensure that the project does not go over budget. Where an over-expenditure is anticipated, the community must inform the project contact and provide documentation and recommendations.
- Project monitoring must be completed regularly by the community council and/or staff to ensure the project runs smoothly. On large projects, monitoring may be required on a daily basis.
- Council is required to submit regular **monthly financial reports** to the department.
- Upon completion of the project, council is to ensure staff:
 - Prepare a final report to submit to the department using the Monthly Capital Project Report (see Appendix H – Monthly/Final Capital Project Financial Report)
 - Establish a file for pertinent documents and maintenance procedures
 - Update community inventory records and arrange for insurance coverage (see the Local Government Development Manual of Policies and Procedures, Policy G8, Community Inventory)

- Prepare a maintenance program, including cost estimates (local operator training, schedule of work and activities, purchasing supplies and tools, budgeting for operations and maintenance)
- Ensure documentation for cost recovery of items such as GST is prepared
- Obtain the necessary occupancy permits for all public buildings

10.0 Summary of Departmental Employee Responsibilities

Manager of Technical Engineering or Environmental Services

- Coordinates project team
- Chairs bi-weekly project meetings
- Recommends legislative capital projects
- Monitors activities and assists community councils in preparing a five-year plan
- Works in consultation with the project team to establish awareness of what is taking place, ensuring problems may be picked up at an early stage

Technical and Public Works Consultant

- Has overall project management responsibility to see that council completes the project in accordance with approved design and within project funding
- Monitors activities and assists community councils in preparing five-year capital plan
- Liaise with Manitoba Labor and Immigration during construction
- Works in consultation with the project team to establish awareness of what is taking place, ensuring problems may be picked up at an early stage
- Assists the community in preparing designs and estimates of capital applications
- Arranges for engineering assistance or advice for the community
- Assists the Manager of Technical Engineering or Environmental Services, in delegating the delivery of capital projects to communities
- Arranges for job-site meetings with the council to discuss method of project delivery, once project funds are approved
- Monitors all assigned projects within the region for quality and budget
- Provides regular progress reports to the department for each assigned project
- Assists councils in establishing and maintaining a preventative maintenance program which includes identifying funds for operation and maintenance, training operators, developing maintenance schedules, purchasing maintenance tools and updating the database
- Submits Record of Assessment (API) to the regional administrator upon completion of the project or as requested
- Initiates LOU in consultation with municipal development consultant
- Monitors financial activities of council to ensure finances are in place and being spent in accordance with project plans
- Reviews and certifies invoices for payment in consultation with the municipal development consultant and submits to regional director for payment
- Conducts workshops on project planning and delivery

Environmental Services Consultant

- Initiates water, wastewater and solid waste license and permit applications
- Ensures compliance with existing license and permits
- Provides input on new and proposed changes to environmental regulations
- Provides input on legislative capital requirements

Workplace Safety & Health Consultant

- Provides input on construction safety plans
- Ensures safety equipment, personal protective equipment and excavation permits are in place
- Receives and files safety meeting minutes
- Performs periodic safety inspections during excavations and construction

Municipal Development Consultant

- Provides input in assessing the capability of council and the administration to determine the best method of delivery
- Initiates pre-meeting with departmental consultants to determine project roles and responsibilities
- Assist community administrative officer with accounting for capital projects, as required
- Initiates LOU in consultation with technical and public works consultant
- Reviews and certifies invoices for payment in consultation with the technical and public works consultant and submits to regional director for payment
- Monitors financial activities of council to ensure finances are in place and being spent in accordance with project plans

Protective Services Consultant

- Provides input on fire hall requirements with regards to fire truck storage, training areas, etc.
- Provides building fire code requirements
- Initiates building permit application with the Office of the Fire Commissioner and performs periodic inspections during building construction

Community Resource and Development Consultant

- Initiates land reservations
- Provides current land leases, reservations, sub divisions and easement information for the project area

Recreation and Wellness Consultant

- Provides community with information on available grants, such as Community Places Program, etc.
- Assists the project team with arena/rink sizes, etc.

- Provides community with information on recreational infrastructure such as playgrounds, ball diamonds, soccer fields, etc.