

**Agenda – Standing Policy Committee on Finance and Economic Development –
June 14, 2024**

REPORTS

**Item No. 5 North Garage Replacement
Project ID: 421000421
Quarterly Project Status Report No. 04
For the Period Ended March 31, 2024**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

That the financial status of the North Garage Replacement (“the Project”), as contained in this report, be received as information.

ADMINISTRATIVE REPORT

Title: North Garage Replacement
Project ID: 4210000421
Quarterly Project Status Report No. 04
For the Period Ended March 31, 2024

Critical Path: Standing Policy Committee on Finance and Economic Development

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Crowder	G. Ewankiw	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

Project On Schedule: Yes No

Project On Adopted Budget: Yes No

Percent of Schedule Complete:

Percent of Adopted Budget Spent:

This is the fourth quarterly report to the Standing Policy Committee on Finance and Economic Development for this project.

The City took possession of the required private properties and started the land assembly process. Expropriation negotiations are on-going.

Design has reached the 33 percent preliminary design stage. The updated drawings, project scope, schedule, and budget will continue to be refined as the information is reviewed by the Project team.

The Contribution Agreement under the Investing in Canada Infrastructure Program was signed by the City and the Province on March 19, 2024.

The Advisory Committee has reviewed this report and recommends that the report be sent to the Standing Policy Committee on Finance and Economic Development.

RECOMMENDATIONS

That the financial status of the North Garage Replacement ("the Project"), as contained in this report, be received as information.

REASON FOR THE REPORT

Major Capital Projects are required to report quarterly to the Standing Policy Committee on Finance and Economic Development. The threshold for reporting is reviewed at the beginning of each multi-year budget cycle and revised, if required, for Council consideration. For the 2024-2027 multi-year budget cycle Council approved that the threshold be maintained at \$25 million. The Standing Policy Committee on Finance and Economic Development may also request reporting on any capital project.

IMPLICATIONS OF THE RECOMMENDATIONS

No implications.

HISTORY/DISCUSSION

See Appendix C – Key Project Events (History)

Design Phase (Update from last report)

The Project team continues to work with the consulting team, Transit stakeholders, other City departments and Provincial agencies on the preliminary 33 percent design.

The team has completed various workshops and meetings with internal and external stakeholders to go over requirements and aspects of the garage. Workshops and meetings included topics such as bus movements inside the facility, location of the bus service area and fleet maintenance, administration space, energy modelling and feasibility studies, sustainability and LEED scoring, provisions for electric and hydrogen buses, land assembly and closure of the underdeveloped rights-of-way within the project site, environmental assessments, detention and retention water storage systems, location and size of an electrical substation, and public information sessions.

An application to Manitoba Hydro (Hydro) for a Load Interconnection Feasibility Study (LFIS) to bring the required power to the site has been completed. In previous conversations with Hydro, there was an understanding that the required demand is available at the location, but it must be formalized via this study.

After the preliminary 33 percent design submission, a Class 3 estimate will be provided when the design enters the detailed design phase, estimated in Q2 2024. The cost impact due to inflation, delays and scope change is still being determined.

A tender for goods that are expected to have long lead times such as electrical transformers will be drafted as well as a Request for Qualification to create a short list of General Contractors qualified to build the new facility.

Table 1 – Contracts

Bid Opportunity #	Company Name	Description	Original Contract Award Value (GST & MRST extra as applicable)	Total Approved Over-Expenditures (Over-Expenditure amount only)	Date of Award	Date of Total Completion	Estimated % Complete
980-2022	Dillon Consulting Ltd.	Professional Consulting Services for Owner Advocate Project Manager for North Garage Replacement	\$ 1,060,000.00	\$ 224,680	Feb 28, 2023		33%
520-2023	AECOM Canada Ltd.	Professional Consulting Services for Detailed Design, Tender for Construction and Contract Administration of the North Garage Replacement project	5,781,268.00	-	Nov 9, 2023		15%
Total			\$ 6,841,268.00	\$ 224,680			

Upcoming Procurements:

Description	Anticipated Award Date
Tender for Construction of the North Garage Replacement	2025 Q1

Schedule (Update from last report)

The key schedule milestones for the Project have been updated in Table 2.

Table 2 – Milestones

Milestones					
Deliverable		Original Targeted Completion Date	Revised Targeted Completion Date	Actual Completion Date	Estimated % Complete
1	Design Consultant Contract	2023 Q3	2023 Q4	10-Nov-23	100%
2	Preliminary Design	2024 Q1	2024 Q1	28-Mar-24	100%
3	Detailed Design	2024 Q2	2024 Q3		0%
4	Construction Contract	2024 Q3	2025 Q1		0%
5	Substantial Performance	2026 Q4	2027 Q1		0%
6	Total Performance	2027 Q1	2027 Q2		0%

Risk (Update from last report)

The impact of Federal and Provincial approval delays and increased inflation rates on the Project are still being determined. Two new risks regarding the high cost of soil remediation and improvement of Hyde Avenue have been added to the major project risks in Table 3.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Access from Hyde Avenue entails the opening and improvement of the road, which may require widening and purchase of the adjacent private property.	Evaluate alternatives for a narrower cross-section and avoid or minimize required land acquisition.
Cost of remediation of impacted soil.	Undertake further soil tests during construction, modify design to minimize impact and request keeping impacted soil on-site.
Ongoing:	
New building code will bring stricter rules in regards to sustainability, energy efficiency and carbon zero, among others.	New requirements may increase cost. Energy modelling is required to understand the full impact.
The scope of the project has changed to include an electrical sub-station and charging infrastructure for 24 buses.	Initiate discussions with MB Hydro to determine power requirements. Include new scope of work in detailed design RFP. Monitor additional costs and, if required, reduce other scope on areas to offset.
Delay in project approval has resulted in inflationary cost increases.	Request budget adjustment. Alternatively, reduce scope of work or procurement of process equipment to offset additional costs.
Mitigated:	
N/A	

Financial (Update from last report)

For further information, refer to Appendix B – Financial Forecast.

A Contribution Agreement under the Investing in Canada Infrastructure Program was signed by the City and Province on March 19, 2024.

As of March 31, 2024, the City of Winnipeg has submitted three financial claims to the Province of Manitoba for payment totaling \$243,059.48 for the Manitoba and Canada portion. The City had not received any payments for these claims as of March 31, 2024, however, all claims were paid in April 2024.

Funding (Update from last report)

The total anticipated budget is presented in Table 4 below.

As part of the 2024 budget process a portion of the Cash to Capital funding was replaced with External Debt.

For additional information, refer to Appendix C- Key Project Events for historical details.

Table 4 – Project Funding Forecast

Funding Forecast				
Funding Source	Adopted Budget ¹ (in thousands)	Amended Budget (in thousands)	Forecasted Budget (in thousands)	Committed ² (in thousands)
Class of Estimate	Class 5			
City of Winnipeg				
Cash to Capital	450	450		450
Retained Earnings	4,500	4,500		4,500
External Debt	60,542	60,542	705	61,247
Federal Government of Canada				
Investing in Canada Infrastructure Program (ICIP)	72,217	72,217	806	73,023
Province of Manitoba				
Investing in Canada Infrastructure Program (ICIP)	60,174	60,174	672	60,846
Total	197,883	197,883	2,183	200,066

¹ 2021 - 2024 adopted budgets.

² Total committed approved by Council on April 29, 2021.

Property Acquisition (Update from last report)

Expropriation negotiations are on-going with the owner of the 10-acre parcel. The City took possession of both the 4 and 10-acre-parcels and initiated the subdivision process to assemble the entire 28-acre site and intends to complete that later this year.

Stakeholder Engagements/Communications (Update from last report)

There will be public information sessions prior to start of construction. The first open house will be held May 27, 2024. The second session will occur at 100 percent design, if required, timing is still to be determined.

Subsequent Events after Report Period End Date

N/A

FINANCIAL IMPACT

Financial Impact Statement Date: May 3, 2024

Project Name:

North Garage Replacement

Project ID: 4210000421

Quarterly Project Status Report No. 04

For the Period Ended March 31, 2024

COMMENTS:

There is no financial impact from the recommendation in this report as it is for information only.

Laurie Fisher May 3, 2024

Laurie Fisher, CPA, CA

Manager of Finance & Administration

CONSULTATION

This Report has been prepared in consultation with:

N/A

OURWINNIPEG POLICY ALIGNMENT

Goal: Environmental Resilience

Objective 2: Prioritize sustainable transportation as the mobility options of choice

Policy: Prioritize sustainable transportation as the mobility options of choice. Transition to a sustainable transportation system that safely and efficiently moves people, goods and services, increases access to a variety of affordable mobility choices, encourages less reliance on personal vehicle travel, reduces travel time, mitigates congestion and related greenhouse gas emissions, and supports the development of denser, better-connected, healthy and complete communities.

Goal: Environmental Resilience

Objective 3: Promote low-carbon, energy-efficient buildings through low-energy building design, construction and retrofitting

Policy: Reduce energy demand, consumption and greenhouse gases associated with new and existing buildings, working towards carbon-neutral buildings. Provide facilitative tools, resources, and incentives, to support green building.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity #5: Low Carbon and Energy Efficient Buildings. In order to lower energy and greenhouse gases used in Winnipeg's new and existing buildings, the City and community need to find better ways to understand the energy use and emissions from buildings and provide builders with the tools and resources (where needed and feasible) to support these retrofits and designs.

Strategic Opportunity #3: Advancing Sustainable Transportation. Direction 3.1 Increase Use and Efficiency of Public Transit Systems.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Goal 5(b) Transportation System Equity is Enhanced – improvements to transportation and transit infrastructure and services prioritize areas of higher poverty, and increased interconnectivity to employment and affordable goods and services.

SUBMITTED BY

Department: Transit
Division: Asset Management Office
Prepared by: Adolfo Laufer, Project Manager
Date: May 3, 2024

Appendices

- Appendix A – Key Project Facts
- Appendix B – Financial Forecast
- Appendix C – Key Project Events (History)

Appendix A – Key Project Facts

Project Sponsor	Greg Ewankiw
Department Responsible for Project Delivery	Transit
Consultant Engineer (Company Name)	Dillon Consulting Ltd.
Adopted Budget	\$200.066M
Class of Estimate (Adopted)	5
Range of Estimate (Adopted)	-50% to +100%, \$100.033M to \$400.132M
Amended Budget	N/A
Class of Estimate (Amended)	N/A
Range of Estimate (Amended)	N/A
<u>Project Scope</u>	
North Garage Replacement - Project Overview	
<p>The North Garage Replacement project consists of the relocation and replacement of the existing North Garage facility located at 1520 Main Street. The project involves the construction of an approximately 39,500 square metre energy efficient bus storage and maintenance facility that is planned to include space for approximately 225-265 buses, indoor fueling stations, bus washing station, parts and storage receiving area, as well as bus maintenance and repairs shops. The facility will be designed to accommodate a new fleet of zero-emission buses and the required infrastructure for their fueling, maintenance and operation. Once completed, the Project will result in the improved capacity of public transit infrastructure and improved quality, and/or safety of existing and/or future public transit.</p>	
<p>North Garage is Winnipeg Transit's oldest facility, having opened in the 1950's as a streetcar storage facility called North Car House. The facility is functionality obsolete, and is in poor condition. The risk of North Garage becoming unusable due to further deterioration of the facility is likely Winnipeg Transit's most significant operational risk. North Garage was designed for vehicles of another era, and cannot accommodate articulated buses, buses with bike racks, or even the newer buses in Transit's fleet equipped with roof-mounted air conditioners. It cannot be upgraded to accommodate zero-emission buses. The design and construction of a new Transit bus parking, servicing, maintenance and repair garage to replace North Garage is vital in order to mitigate the current risks to Winnipeg Transit's operations, to allow for the replacement of 40-foot buses with 60-foot buses, and to allow for the expansion of the zero-emissions bus fleet beyond 2027. The added capacity of a replacement for North Garage is also needed for Winnipeg Transit to consider the adoption of new vehicle types. The land and design will have the required infrastructure for two dozen zero emission buses as well as provisions for a full electrified garage.</p>	

Appendix A – Key Project Facts

Appendix A - Key Project Facts - Continued
Major Capital Projects Advisory Committee Membership:
<p>The Asset Management Administrative Standard FM-004 requires all projects with a total estimated cost of \$25 million (2023) or more report quarterly to the Standing Policy Committee on Finance. This threshold is adjusted for construction inflation as part of the Multi Year Budget process. The Standing Policy Committee on Finance and Economic Development may also request reporting on any capital project.</p>
<p>Greg Ewankiw, Director, Transit (chair) Catherine Kloepfer, Chief Financial Officer Jesse Crowder, Manager, Asset Management Office, Transit Geoffrey Patton, Director, Assets and Project Management Danny Tooth, A/Manager, Major Projects Oversight Matt Dryburgh, Senior Manager, Economic Development and Policy Tim Shanks, Director, Water and Waste Marc Pittet, Manager, Real Estate and Land Development, Planning, Property & Development Cindy Desjardine, Traffic Assessment Engineer, Public Works</p>

Appendix B – Financial Forecast

Appendix B - North Garage Replacement Financial Forecast As at March 31, 2024

Project Component Deliverables	Budget (in 000's)			Actual Costs To Mar 31, 2024	Expenditure Forecast (in 000's)					Total Forecasted Costs	Surplus (Deficit) From Amended Budget	Variance Last Report	Change in Variance
	Adopted Budget *	Council Approved Change	Amended Budget *		Projected Costs								
					2024	2025	2026	2027					
Engineering, Design and Other	\$ 32,123	\$ -	\$ 32,123	\$ 1,448	\$ 5,510	\$ 10,446	\$ 7,690	\$ 7,029	\$ 32,123	\$ -	\$ -	\$ -	
Construction	\$ 115,601	\$ -	\$ 115,601	\$ -	\$ 2,158	\$ 30,363	\$ 63,277	\$ 19,803	\$ 115,601	\$ -	\$ -	\$ -	
Land Acquisition	\$ 9,835	\$ -	\$ 9,835	\$ 7,724	\$ 2,111	\$ -	\$ -	\$ -	\$ 9,835	\$ -	\$ -	\$ -	
Internal Financing/Overhead Costs	\$ 6,198	\$ -	\$ 6,198	\$ 340	\$ 591	\$ 1,284	\$ 2,316	\$ 1,667	\$ 6,198	\$ -	\$ -	\$ -	
Contingency	\$ 36,309	\$ -	\$ 36,309	\$ -				\$ 36,309	\$ 36,309	\$ -	\$ -	\$ -	
Total Project Budget	\$ 200,066	\$ -	\$ 200,066	\$ 9,512	\$ 10,370	\$ 42,093	\$ 73,283	\$ 64,808	\$ 200,066	\$ -			
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	5%		5%										

Project budget of \$200,066 as approved by Council on April 29, 2021

Project #	Adopted Budget ¹ (in thousands)	Forecasted Budget (in thousands)	Total Budget (in thousands)	Actual Costs (in thousands)
4210000421 ¹	197,883		197,883	9,512
4210000425		2,183	2,183	
Total	197,883	2,183	200,066	9,512

¹ 2021, 2022, 2023, and 2024 approved capital budgets consolidated into project 4210000421.

Appendix C – Key Project Events (History)

On April 29, 2021, Council directed the Public Service to submit the North Garage Replacement project to the Investing in Canada Infrastructure Program (ICIP) for Federal and Provincial funding under the Public Transit Infrastructure Stream (PTIS), subject to written confirmation of Federal and Provincial funding that is satisfactory to the Chief Financial Officer, including the 2021 Adopted Capital budget and 2022 to 2026 Five-Year forecast be amended to include \$200.066M for the project.

On December 16, 2021, Council approved the 2022 Capital Budget, and amended the 2023 to 2027 Five-Year budget to include \$198.415M allocated to the North Garage Replacement. The project total of \$200.066M also includes \$1.651M from the approved 2021 budget.

On November 16, 2022, the City received notification from the Province that the North Garage Replacement was approved for Federal and Provincial funding under the ICIP-PTIS stream. The notification outlined maximum eligible costs of \$182,557,000 with a maximum \$73,022,800 Federal and \$60,846,248 Provincial contribution, respectively.

On December 5, 2022, the Province provided interim information regarding the project contribution agreement, including an effective start date of October 25, 2022. Only expenditures signed on or after this date are eligible for reimbursement, with the exception of Climate Lens Assessments.

On January 9, 2023, the Standing Policy Committee on Property and Development approved the acquisition of the 4-acre property required for the project located at 100 Oak Point Highway.

On June 1, 2023, the Standing Policy Committee on Property and Development approved a report for the expropriation of the 10-acre property required for the project; lots 52, 56 and 57 Plan 24342 on the south side of Selkirk Avenue, west of Oak Point Highway.

On September 29, 2023, Council confirmed the expropriation of the 10-acre property required for the project; lots 52, 56 and 57 Plan 24342 on the south side of Selkirk Avenue, west of Oak Point Highway.

On November 9, 2023, the Standing Policy Committee on Public Works approved a report for the award of contract for Professional Consulting Services for Detailed Design, Tender for Construction and Contract Administration of the North Garage Replacement to AECOM Canada Ltd.

Contribution Agreement under the Investing in Canada Infrastructure Program was signed by the City and the Province on March 19, 2024.