

**Minutes – Standing Policy Committee on Finance – October 15, 2021**

**REPORTS**

**Item No. 2                    North District Police Station (NDPS) and Archival and Exhibit Building**

**STANDING COMMITTEE DECISION:**

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and received the financial status of the North District Police Station (NDPS), as contained in the report, as information.

**Minutes – Standing Policy Committee on Finance – October 15, 2021**

**DECISION MAKING HISTORY:**

Moved by Councillor Rollins,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

# ADMINISTRATIVE REPORT

**Title:** North District Police Station (NDPS),  
Project ID: 6322003016,  
Quarterly Project Status Report No. 13  
For the Period Ended May 31, 2021

**Critical Path:** Standing Policy Committee on Finance

## AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	G. Patton	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:

The North District Police Station project budget, financial status and procurement schedule have been updated to reflect current status resulting from completion of the schematic design phase and a Class 3 cost estimate by consulting services firm Number Ten Architectural Group. The forecasted total project cost has increased to \$27.870 million from the previous estimate of \$25.675 million and is attributable to updated consultant services and administrative/overhead costs, and global Covid-19 impacts affecting the local construction industry.

At present, construction costs and associated financial forecasts are considered volatile and subject to fluctuation in the coming months. As such, it is recommended that cost estimate refinement be performed and assessed at future stages of design in order to more accurately predict industry trends and local market conditions at the time of construction tender, and any resulting impact on the project capital budget. Following the recommendations received with the Class 3 cost estimate, the construction contingency funding requirement is established as 7.5% or \$2.019 million.

A schedule adjustment of approximately six (6) months has been incorporated to allow for regulatory review and approval of rezoning and subdivision of the land at Old Exhibition Grounds. A public Tender for the associated construction contract was planned for fall, 2021 and is now expected in spring, 2022.

New project risks associated with Covid-19 impacts on the construction industry, a potential for uncovering undocumented subsurface conditions at the development site, and timeline requirements for the zoning review/approval process, are addressed in this report.

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

## **RECOMMENDATIONS**

That the financial status of the North District Police Station (NDPS), as contained in this report, be received as information.

## **REASON FOR THE REPORT**

The Asset Management Administrative Standard FM-004 requires all projects with a total estimated cost of \$24 million (2021) or more report quarterly to the Standing Policy Committee on Finance. This threshold is adjusted annually for construction inflation as part of the annual Capital Budget approval. The Standing Policy Committee on Finance may also request reporting on any capital project.

## **IMPLICATIONS OF THE RECOMMENDATIONS**

No implications.

## **HISTORY/DISCUSSION**

See Appendix C – Key Project Events (History)

Current Project Phase: Preliminary Works (Update from last report)

Within the current reporting period two new consulting services contracts have been engaged (Table 1):

- Number Ten Architectural Group was retained as the project design architect and contract administrator, and has since completed the preliminary (30%) design stage and provided associated design documents and a Class 3 cost estimate to the City for review. Design development will continue through September 2021.
- WSP Canada Inc. was retained to perform an advanced Environmental Site Assessment (ESA) respecting the land at Old Exhibition Grounds that is to be developed in this project. An ESA Report will assist the City in identifying and mitigating any potential environmental risks that may be attributed to past uses of the subject land.

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
N/A	Number Ten Architectural Group	Consultant Services - Stakeholder & Development Site Metrics Analyses	\$ 223,400.00	Nil	28-May-18	26-Nov-20	100%
902-2020	Number Ten Architectural Group	Consultant Services - Design & Contract Administration Services	\$ 1,249,458.24	Nil	20-May-21		4%
N/A	WSP Canada Inc.	Environmental Site Assessment	\$ 10,250.00	Nil	15-May-21		86%
		<b>Total</b>	<b>\$ 1,483,108.24</b>	<b>Nil</b>			

**Upcoming Procurements:**

Description	Anticipated Award Date
N/A	

**Schedule** (Update from last report)

The project schedule has been updated with a new Deliverable (Table 2, Item 4) respecting land assembly zoning and subdivision requirements. Due process associated with land assembly may delay tendering of the construction contract to 2022 Q1 from 2021 Q3/Q4. A second new Deliverable (Table 2, Item 5) respecting the construction tender process has also been included. As a result of the potential scheduling impacts respecting land assembly, NDPS construction, commissioning and opening forecasts (Table 2, Items 5,6) have been adjusted accordingly.

Table 2 – Milestones

	Deliverable	Original Targeted Completion Date	Revised Targeted Completion Date	Actual Completion Date	Estimated % Complete
1	NPDS Development Site Selection	2017 Q4	2020 Q4	2020 Q4	100%
2	NDPS Development Site Acquisition	2017 Q4	2021 Q2	2021 Q1	100%
3	NDPS District Station Building Design	2018 Q2	2021 Q3		85%
4	NDPS Zoning/Subdivision/Variance Approval	2021 Q4	2022 Q1		5%
5	NDPS Construction Tender Process	2021 Q3	2022 Q1		25%
6	NDPS Construction (commences 2022 Q2)	2018 Q3	2023 Q3		0%
7	NDPS Facilities Commissioning, Opening	2019 Q4	2023 Q4		0%

**Risk** (Update from last report)

New risks that may impact the cost and schedule of the project have been identified since the previous reporting period, as follows:

## Covid-19 Impacts on the Construction Industry

Hanscomb Quantity Surveyors, the firm providing the cost estimating services in this project, is reporting industry wide Covid-19 impacts to the availability and cost of both building materials and labour “resulting in a bid price increase by a minimum of 5 to 10% or in extreme situations as much as 10 to 20%”.

In terms of building materials, a number of industries such as those producing electronics, electrical distribution equipment, structural steel and manufactured wood products have experienced significant cost increases, which in turn has negatively impacted local suppliers, producers and vendors.

In terms of construction labour, Covid-19 has the potential to further impact jobsites, including:

- lack of availability of labour for sickness and other reasons,
- delays related to recruiting or unavailability of replacement workers,
- social/physical distancing requirements,
- site shutdowns due to outbreaks among site workers,
- government-mandated industry shutdowns,
- delays in delivery of materials and equipment to the site,
- unavailability of materials due to factory closure or shipping interruption,
- delays related to acquiring substitutions for unavailable materials,
- effect of reduced site productivity on project schedule,
- effect of project schedule delays on overheads.

It is predicted that the construction industry will continue to experience Covid-19 attributable impacts. The recommended strategy for mitigating these market conditions is to increase contingency funding within a project budget.

The current Class 3 cost estimate prepared by Hanscomb in June, 2021 addresses presently quantifiable Covid-19 impacts. With this being the most current cost data available, the Public Service is currently forecasting the total project cost at \$27.870 million which exceeds the previous estimate and current budget allocation by \$2.195 million.

- Risk Mitigation Plan (Project Cost): Refine class of estimate as design proceeds through to completion. Obtain Class 1 cost estimate prior to issuance of Tender. Increase construction contingency funding amount as per industry recommendation (subject to Council approval).
- Risk Mitigation Plan (Project Schedule): Consult with market stakeholders to monitor Covid-19 impacts in the construction industry. Assess timing of tender issuance, re-evaluate progress milestones and examine project deadlines and contract liquidated damages. Assess operational issues in terms of maintaining existing Police operations at Station 13.

## Environmental Liabilities

Due diligence investigation into past uses of the Old Exhibition Grounds, the development site for North District Police Station, has identified a former housing development within the subject area. The housing tract was subsequently vacated and then demolished by the Province of Manitoba prior to 2010. As there is potential for the presence of hazardous materials associated with this past use, a Phase 2 Environmental Site Assessment has been commissioned to ascertain and quantify any associated risks or liabilities prior to commencement of construction.

- Risk Mitigation Plan: Evaluate and act upon any recommendations arising from forthcoming environmental study/report. Reassess environmental mitigation contingency funding as warranted.

**Zoning and Subdivision Requirements**

Upon completion of the preliminary design of the NDPS in June, 2021, the physical limits of site development were affirmed and an application was made to the Zoning Authority for approval. While the application is under review at the time of report preparation, the specific requirements and associated approval timelines required for land rezoning and subdivision are unconfirmed. Consultation with the Authority has indicated this process may take several months and potentially, in extreme circumstances, up to one year from the time of application. This in turn represents a potential delay to project tendering and construction activities, and the project completion schedule overall.

- Risk Mitigation Plan: NDPS Project team to work closely with the Authority to monitor/manage procedural requirements. Evaluate and adapt the scheduling of other concurrent project activities to mitigate delay.

Table 3 – Significant Risks and Mitigations Strategies

<b>Significant Risks and Mitigation Strategies</b>	
<b>Risk Statement and Explanation</b>	<b>Risk Mitigation Management Plan</b>
<b>Ongoing:</b>	
Covid-19 industry impacts to cost & schedule	Reassess market conditions with refined cost estimates and market trend analyses
Environmental liabilities attributable to pre-existing site conditions	Perform ESA study/report on subject land; develop remediation strategy prior to construction as warranted
Delay attributable to Zoning approval process	Ensure close coordination with Authority; adjust scheduling of concurrent activities to minimize net project delay
<b>Mitigated:</b>	
Site selection delayed	Development site approved in 2020 Q4

**Financial** (Update from last report)

Current and forecasted expenditures in this reporting period are provided in Appendix B - Financial Forecast. The total project cost is presently forecast at \$27.870 million (Class 3 cost estimate). This represents a net increase of \$2.195 million relative to the previous reporting period which identified a forecasted cost of \$25.675 million (Class 5 cost estimate). Incremental forecasted costs are attributable to:

- Consultant services: \$0.406 million
- Construction (Covid-19 impacts): \$0.430 million
- Administrative/Overhead charges, fees: \$0.093 million
- Contingency increase to 7.5% (Covid-19 impacts): \$1.266 million

**Funding** (Update from last report)

No update – see Table 4

Table 4 – Project Funding Forecast

<b>Funding Forecast</b>			
<b>Funding Source</b>	<b>Adopted Budget (in millions)</b>	<b>Amended Budget (in millions)</b>	<b>Committed (in millions)</b>
<b>Class of Estimate</b>	<b>Class 5</b>	<b>Class 5</b>	
External Debt	20.0	22.3	-
Cash-to-Capital	3.4	3.4	-
	-	-	-
	-	-	-
<b>Total</b>	<b>\$ 23.4</b>	<b>\$ 25.7</b>	<b>\$ -</b>

**Property Acquisition** (Update from last report)

No update

**Stakeholder Engagements/Communications** (Update from last report)

**Stakeholder Assessment**

No stakeholder assessment activities were undertaken in the current reporting period.

**Public Engagement**

No public engagement activities were undertaken in the current reporting period.

**Subsequent Events after Report Period End Date**

The preliminary design phase has concluded and detailed design services have commenced.

Number Ten Architectural Group submitted a Plan of Subdivision and Rezoning (DASZ) Application to the City Zoning and Permits Office in July, 2021 respecting the proposed site development at Old Exhibition Grounds. Regulatory review/approval is pending.

FINANCIAL IMPACT

**Financial Impact Statement**

Date: [September 16, 2021](#)

**Project Name:**

**North District Police Station (NDPS), Project ID: 6322003016,  
Quarterly Project Status Report No. 13**

**COMMENTS:**

As this report is to be received as information only, there is no associated financial impact.

*Mike McGinn September 16, 2021*

Mike McGinn, CPA, CA

Manager of Finance

## CONSULTATION

This Report has been prepared in consultation with:  
Winnipeg Police Service

## OURWINNIPEG POLICY ALIGNMENT

01-3 Prosperity Direction 1: Provide efficient and focused civic administration and governance. This report supports demonstration of accountability through service performance measurement and reporting.

## WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

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

## SUBMITTED BY

**Department:** Assets & Project Management  
**Division:** Municipal Accommodations  
**Prepared by:** B. Piniuta  
**Date:** September 16, 2021

## Appendices

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

## Appendix A – Key Project Facts

Appendix A – Key Project Facts	
<b>Project Name</b>	North District Police Station (NDPS)
<b>Business Owner (Department)</b>	Winnipeg Police Service
<b>Project ID</b>	6322003016
<b>Project Sponsor</b>	M. Jack
<b>Department Responsible for Project Delivery</b>	Planning, Property and Development
<b>Consultant Engineer</b> (Company Name)	Number Ten Architectural Group
<b>Adopted Budget</b>	\$23,379,000.00
<b>Class of Estimate (Adopted)</b>	Class 5
<b>Range of Estimate (Adopted)</b>	\$11,689,500 - \$46,758,000
<b>Amended Budget</b>	\$25,675,000.00
<b>Class of Estimate (Amended)</b>	Class 5
<b>Range of Estimate (Amended)</b>	\$12,837,500 - \$51,350,000
<b><u>Project Scope</u></b>	
<b>Identify and procure a project development site (project location)</b>	
<b>Construct new civic assets: North District Police Station</b>	
<b>Major Capital Projects Advisory Committee Membership:</b>	
M. Jack, Chief Administrative Officer (Chair)	
C. Kloepfer, Chief Financial Officer	
S. Halley, Deputy Chief, WPS (Business Owner Department Representative)	
G. Patton, Director, Assets & Project Management	
D. Tooth, Manager Capital Projects, Assets & Project Management	

## Appendix B – Financial Forecast - Project ID 6322003016

As at May 31, 2021

Project Component Deliverables	Budget (in 000's)			Actual Costs To 05/31/2021	Expenditure Forecast (in 000's)					Total Forecasted Costs	Surplus (Deficit) From Amended Budget	Variance Last Report
	Adopted Budget	Council Approved Change	Amended Budget		Projected Costs							
					2021	2022	2023	2024	2025			
Engineering, Design and Other	\$ 460	\$ 790	\$ 1,250	\$ 288	\$ 535	\$ 417	\$ 416	\$ -	\$ -	\$ 1,656	\$ (406)	
Construction	\$ 18,650	\$ 4,461	\$ 23,111		\$ -	\$ 10,341	\$ 13,079	\$ 121	\$ -	\$ 23,541	\$ (430)	
Land Acquisition	\$ 3,130	\$ (3,130)	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Internal Financing/Overhead Costs	\$ 486	\$ 75	\$ 561		\$ 175	\$ 202	\$ 215	\$ 36	\$ 26	\$ 654	\$ (93)	
Contingency	\$ 653	\$ 100	\$ 753		\$ -	\$ 870	\$ 1,149	\$ -	\$ -	\$ 2,019	\$ (1,266)	
<b>Total Project Budget</b>	<b>\$ 23,379</b>	<b>\$ 2,296</b>	<b>\$ 25,675</b>	<b>\$ 288</b>	<b>\$ 710</b>	<b>\$ 11,830</b>	<b>\$ 14,859</b>	<b>\$ 157</b>	<b>\$ 26</b>	<b>\$ 27,870</b>	<b>\$ (2,195)</b>	
<b>% of Project Budget Spent</b> (Actual Costs to Date / Adopted & Amended Budget)	1%		1%									

## Appendix C – Key Project Events (History)

On July 23, 2003, Council approved implementation of the WPS Four District Model. The current WPS six district service delivery model is based on a municipal structure which existed prior to 1971. Contemporary policing issues led the WPS to review this service delivery structure and recommend realignment from six to four districts. The Four District Model encompasses replacement of five existing police stations with three newly constructed police stations within realigned service districts.

On February 21, 2006, Council approved the 2006 Capital Budget and the 2007 to 2011 Five-Year Forecast and recommended, along with the budget, that the Administration identify, investigate, and recommend Private - Public Partnerships (P3's) for the Four District Model project.

East District Police Station (EDPS) located at 1750 Dugald Road was substantially completed in September 2007.

West District Police Station (WDPS) located at 2321 Grant Avenue followed with substantial completion occurring in November 2013.

The Downtown District Station opened as part of the new Police Headquarters facility, 245 Smith Street, in October 2016.

Upon adoption of the 2017 Capital Budget on December 13, 2016, Council approved funding for the North District Police Station (NDPS) in the amount of \$20M for the facility build plus \$3.13M for land assembly, thereby enabling the NDPS project to proceed.

On June 21, 2017, Council ruled automatic referral of the following motion to the Standing Policy Committee on Property and Development, Heritage and Downtown Development:

WHEREAS the city's Old Exhibition Grounds has been used for recreation and leisure purposes for over one hundred years;

AND WHEREAS there is a shortage of sport fields in the Lord Selkirk West Kildonan Community Committee area;

AND WHEREAS whether crime prevention is achieved through sport or other measures, prevention needs to be facilitated to reduce the load on the Winnipeg Police Service;

AND WHEREAS the City of Winnipeg needs to play a role in crime prevention;

AND WHEREAS the North District police station needs to provide the same functionality as the other district stations to the public; 3

AND WHEREAS Winnipeg's perception of what area makes up the North End has grown to encompass West and old Kildonan;

AND WHEREAS Winnipeg Transit's north garage has come to its end of life, and the east rapid transit BRT corridor has a new bus garage in its plans on city owned property;

AND WHEREAS unlike the other district stations, there was no RFP put out to the private sector to identify privately owned property and to build the stations;

AND WHEREAS Property, Planning and Development leases buildings to the Winnipeg Police Service as Municipal Accommodations basically owns the assets under their portfolio of city assets;

THEREFORE BE IT RESOLVED that the Winnipeg Public Service undertake the needed activities to find a different property than the Old Exhibition Grounds for the North district police station.

On July 4, 2017, the Standing Policy Committee on Property and Development, Heritage and Downtown Development recommended to Council that the Council Motion of June 21, 2017 be referred to the Winnipeg Public Service for report back to the Standing Committee within 180 days, and be forwarded to the Executive Policy Committee and Council.

On July 19, 2017, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development Committee and directed the Winnipeg Public Service to undertake the needed activities to find a different property than the Old Exhibition Grounds for the North District police station and report back to Standing Committee in 180 days.

Stakeholder assessment and public engagement activities were undertaken by the Public Service during the summer and fall months of 2017. Results were compiled and received as information by SPC on Property and Development, Heritage and Downtown Development on June 8, 2018.

As part of the 2018 Capital Budget planning/development process, the 'Archival and Exhibit Building' project was consolidated with the pre-existing 'North District Police Station' project.

At its February 2, 2018 meeting, the Standing Policy Committee on Property and Development, Heritage and Downtown Development granted an extension of time to its meeting on June 8, 2018, for the Winnipeg Public Service to report back on the June 21, 2017 Council Motion.

At its June 8, 2018 meeting, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred with the recommendations of the Public Service:

- That the Real Estate Branch of Planning, Property and Development Department undertake to issue a Request for Proposal (RFP) to solicit private land sale opportunities as a means of identifying a preferred development site for the North District Police Station project.
- That the Public Service perform an evaluation of proposals received to validate the project program of requirements at alternate site(s), prepare associated development cost estimate(s) and assess capital funding requirements, and report back to convey results and provide recommendation as to a preferred project development site.

Per direction received from the Standing Policy Committee on Property and Development, Heritage and Downtown Development on June 8, 2018 a public Request for Proposal (RFP) was issued by the City to solicit private land sale opportunities as a means of identifying a development site for the project. The RFP was posted November 2, 2018 and closed January 31, 2019.

The City received RFP submissions and performed a score-based evaluation for the purpose of identifying shortlisted proponents; this phase is complete. A second phase of evaluation to verify program and technical development conformance at the prospective sites and prepare associated capital cost estimates, was completed in August 2020.

At its November 26, 2020 meeting, Council adopted the Public Service's recommendation (referred by the Executive Policy Committee on November 18, 2020) to construct North District Police Station at the Old Ex Grounds site using an optimized development plan, and to increase the project budget to \$25.675 million from the previously approved \$23.379 million. The Winnipeg Police Service Archival and Exhibit Building was also separated out from the North District Police Station project for standalone procurement.