

**Minutes – Standing Policy Committee on Finance and Economic Development–
January 17, 2025**

REPORTS

**Item No. 4 North Garage Replacement
Project ID: 4210000421
Quarterly Project Status Report No. 06
For the Period Ended October 31, 2024**

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance and Economic Development concurred in the recommendation of the Winnipeg Public Service and received the financial status of the North Garage Replacement (“the Project”), as contained in this report, as information.

**Minutes – Standing Policy Committee on Finance and Economic Development–
January 17, 2025**

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

That the recommendation of the Winnipeg Public Service be concurred in

Carried

ADMINISTRATIVE REPORT

Title: North Garage Replacement
Project ID: 4210000421
Quarterly Project Status Report No. 06
For the Period Ended October 31, 2024

Critical Path: Standing Policy Committee on Finance and Economic Development

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Crowder	G. Ewankiw	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

Project On Schedule: Yes ☒ No ☐

Project On Adopted Budget: Yes ☒ No ☐

Percent of Schedule Complete: 39%

Percent of Adopted Budget Spent: 6%

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

The 66 percent building design resulted in a Class 3 estimate of \$305 million, approximately \$105 million over budget due to a number of factors. The Public Service presented a recommended option to Council to bring the estimated budget shortfall down to \$80 million funded through borrowing. Council provided direction to bring the estimated project cost to the approved budget of \$200 million by deferring elements of the scope to future phases which may have an impact to Transit operations.

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

1. 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.

On September 26, 2024, Council concurred in the recommendation of the Standing Policy Committee on Public Works and directed the Public Service to report back to the Standing Policy Committee on Finance in January, 2025, to present a revised plan for the North Garage Replacement.

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 detailed design.

Based on the most recent Class 3 estimate received (range -20 percent to +30 percent) the project is expected to be over-budget by approximately \$105 million. As a result, the Public Service presented an administrative report at the SPC PW meeting on September 12, 2024, recommending deferral of scope elements to bring the estimated budget shortfall to \$80 million and plan to deliver deferred amenities in future phases.

SPC PW provided the following recommendation to Council (which was approved on September 26, 2024):

1. That Option 3 to reduce the scope of the current project to match the existing approved budget of \$200.066 million, as outlined in the report, be approved.
2. That the Public Service be directed to report back to the Standing Policy Committee on Finance in January 2025, to present a revised plan for the North Garage Replacement.
3. That the Public Service be directed to continue consultations with the Provincial and Federal Governments with regards to ICIP funding and principles to ensure future cost overruns are managed effectively.
4. That the Public Service be directed to report back to Council in January, 2025, on the implication the reduction in project scope has for the recently approved Winnipeg Transit Master Plan.
5. That the Proper Officers of the City be authorized to do all things necessary to fulfill the intent of the foregoing.

Following Council's direction, the project team has been working on modifications to the design to minimize the reduction of scope while bringing the estimated costs to the approved budget.

The proposed facility modifications may include, but are not limited to, the following:

- An overall reduction in the size of the facility to approximately 26,500 m² (285,000 ft²) from the original 43,000 m² (462,000 ft²);
- A reduction in the bus storage capacity of 40-ft equivalent spaces from 246 to an estimated 207;
- The number of repair and maintenance bus bays reduced from 20 to an estimated six 60-ft bays;
- Revision of the heating, cooling and ventilation system while keeping the facility net-zero carbon ready;
- The size of the administration portion of the building was decreased by removing the wellness center and training rooms; and
- Removal of elements related to storage and maintenance of future zero emission buses.

However, until the design is finalized along with the corresponding revised Class Estimate, more changes may be required.

The operational impacts of this option may include:

- The facility running out of bus storage space in approximately eight to ten years;
- Deferring future purchases of 60-ft articulating buses, due to a lack of storage space, which were planned to support the new Transit network and may adversely impact ridership and service; and
- The inability to repair buses stored at the facility, which would lead to increased operational costs of transporting buses back and forth to Fort Rouge Garage for repair.

The reduction of bus maintenance at the new facility is considered very high risk to Transit operations and the ability to provide service to the public.

In order to minimize the impact of not having enough space to park buses at this new garage, a facility assessment is underway for the existing North Garage, located at 1520 Main Street, to analyze the costs and requirements to keep it operational longer than expected.

Also, to mitigate the deferral of some of the construction of 60 ft bus repair bays, there is a plan to re-purpose a space in the existing Fort Rouge Garage to add four flat areas for maintenance and repair 40 ft or 60 ft buses.

Additionally, the deferral of the purchase of additional 60-foot buses to the fleet puts at the risk the Department's ability to reach new ridership targets and achieve the outcomes both in the Winnipeg Transit Master Plan and the Climate Change Action Plan. A reduction in the scope and size of the facility also does not meet the project description provided as part of the ICIP agreement and will require approval from the Provincial and Federal Governments.

A Request for Qualification to create a short list of General Contractors qualified to build the new facility was posted on August 15, 2024, and closed September 12, 2024, with four proponents submitting proposals. After evaluation was completed, three firms were deemed qualified to proceed to the next phase: Bird Construction Group, Graham Construction and Engineering LP, and PCL Constructors Canada Inc.

A tender for goods, for long lead times items such as electrical transformers and switchgears, is scheduled to be posted in Q1 2025.

At the end of October 2024, Manitoba Hydro submitted the Load Interconnection Feasibility Study to bring the required power to the site and it is under review by the project team.

Table 1 – Contracts

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
Single Source	Colliers Project Leaders Inc.	Professional Consulting Services for Procurement Options Qualitative Evaluation	\$ 65,600.00	-	May 4, 2022	Sep 15, 2022	100%
Single Source	WSP Canada Inc.	Professional Consulting Services for Conceptual Layout at New North Garage Location, Oak Point Highway	\$ 21,450.00	\$ 40,750	Jun 14, 2022	Mar 19, 2024	100%
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		49%
Single Source	Manitoba Hydro	Load Interconnection Facility Study	50,000.00		Apr 3, 2024		90%
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		46%
Total			\$ 6,891,268.00	\$ 224,680			

Upcoming Procurements:

Description	Anticipated Award Date
Professional Consulting Services for Construction and Post-Construction of the North Garage Replacement Project	2024 Q4
Tender for Long Lead Items for the North Garage Replacement	2025 Q1
Tender for Construction of the North Garage Replacement	2025 Q2

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 Q4		40%
4	Construction Contract	2024 Q3	2025 Q2		0%
5	Substantial Performance	2026 Q4	2027 Q3		0%
6	Total Performance	2027 Q1	2027 Q4		0%

Risk (Update from last report)

A new risk related to the project schedule due to the design of the revised facility has been added to Table 3.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Impact to the project schedule in order to bring the estimated cost of the project back to the approved budget.	Issue the Tender with 99% drawings to gain time and add the IFC package as an addendum. Consider a special meeting of SPC-PW for award.
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.
Codes for storing and repair FC-BEBs in garages not completed yet.	Working with the design consultants to incorporate features to have the facility ready for FC-BEBs anticipating future codes.
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:	
Cost of remediation of impacted soil.	Undertake further soil tests during construction, modify design to minimize impact and request keeping impacted soil on-site.

Financial (Update from last report)

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

As of October 31, 2024, the City of Winnipeg has submitted six financial claims to the Province of Manitoba for payment totaling \$1,948,440.87 for the Manitoba and Canada portion and the City has received \$1,356,334.77.

Funding (Update from last report)

The total current adopted budget is presented in Table 4 below.

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)

The City has possession of the required private properties. Land assembly and expropriation negotiations are ongoing.

Stakeholder Engagements/Communications (Update from last report)

A second information session will occur at 100 percent design, timing and format of the session is still to be determined.

Subsequent Events after Report Period End Date

N/A

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 25, 2024

Project Name:

North Garage Replacement

Project ID: 4210000421

Quarterly Project Status Report No. 06

For the Period Ended October 31, 2024

COMMENTS:

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

Laurie Fisher November 25, 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: November 28, 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 functionally 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) Tracy Graham, 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 October 31, 2024

Project Component Deliverables	Budget (in 000's)			Expenditure Forecast (in 000's)							Surplus (Deficit) From Amended Budget	Variance Last Report	Change in Variance
	Adopted Budget *	Council Approved Change	Amended Budget *	Actual Costs To October 31, 2024	Projected Costs				Total Forecasted Costs				
					2024	2025	2026	2027					
Engineering, Design and Other	\$ 32,123	\$ -	\$ 32,123	\$ 3,570	\$ 965	\$ 12,793	\$ 7,809	\$ 6,986	\$ 32,123	\$ -	\$ -	\$ -	
Construction	\$ 115,601	\$ -	\$ 115,601	\$ -	\$ -	\$ 27,406	\$ 51,860	\$ 36,335	\$ 115,601	\$ -	\$ -	\$ -	
Land Acquisition	\$ 9,835	\$ -	\$ 9,835	\$ 7,767	\$ 2,068	\$ -	\$ -	\$ -	\$ 9,835	\$ -	\$ -	\$ -	
Internal Financing/Overhead Costs	\$ 6,198	\$ -	\$ 6,198	\$ 562	\$ 155	\$ 1,194	\$ 2,374	\$ 1,913	\$ 6,198	\$ -	\$ -	\$ -	
Contingency	\$ 36,309	\$ -	\$ 36,309	\$ -				\$ 36,309	\$ 36,309	\$ -	\$ -	\$ -	
Total Project Budget	\$ 200,066	\$ -	\$ 200,066	\$ 11,899	\$ 3,188	\$ 41,393	\$ 62,043	\$ 81,543	\$ 200,066	\$ -			
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	6%		6%										

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	11,899
4210000425		2,183	2,183	
Total	197,883	2,183	200,066	11,899

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.

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