

Minutes - Standing Policy Committee on Finance - April 9, 2015

REPORTS

Item No. 3 Transit Building Replacement/Refurbishment (Major Project Component) – Financial Status Report No. 1 for the Period Ending December 31, 2014

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service that the financial status of the Transit Building Replacement/Refurbishment (Major Project Component) project, as contained in the report be received as information.

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DECISION MAKING HISTORY:

Moved by Councillor Pagtakhan,

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

Carried

David Sanders submitted a communication dated April 9, 2015, with respect to Transit Building Replacement/Refurbishment (Major Project Component) – Financial Status Report No. 1 for the Period Ending December 31, 2014

ADMINISTRATIVE REPORT

Title: TRANSIT BUILDING REPLACEMENT/REFURBISHMENT (MAJOR PROJECT COMPONENT) – FINANCIAL STATUS REPORT NO. 1 FOR THE PERIOD ENDING DECEMBER 31, 2014

Critical Path: STANDING POLICY COMMITTEE ON FINANCE

AUTHORIZATION

Author	Department Head	CFO	CAO
T. Dreolini	D. Wardrop		

RECOMMENDATIONS

That the financial status of the Transit Building Replacement/Refurbishment (Major Project Component) project as contained in the report be received as information.

REASON FOR THE REPORT

Administrative Standard No. FM-004 requires the department responsible for a capital project to report quarterly, or at any other interval, as determined by the Standing Policy Committee on Finance.

IMPLICATIONS OF THE RECOMMENDATIONS

None

HISTORY

Transit's operations are housed at three primary locations in four buildings. The Fort Rouge Garage (FRG) at 421 Osborne St. consists of two major buildings totaling 480,000 sq. ft. These buildings were completed in 1968 with a bus parking addition completed in 1978. FRG houses Transit's primary administrative offices, vehicle overhaul and maintenance facilities, bus parking and daily servicing facilities, support facilities and has a parking capacity for 420 buses. North Garage (NG) is located at 1520 Main St., is 100,000 sq. ft. in size and was constructed in two stages between the late 1930's and mid 1950's. NG is a parking, servicing and light maintenance garage with dispatch offices and has a capacity of 135 buses. Brandon Garage

(BG) at 600 Brandon Ave. is adjacent to FRG, is 135,000 sq. ft. in size and was completed in 2014. BG is a parking and servicing facility with dispatch offices and has a capacity of 153 buses.

The main facilities at FRG and NG are from 45 to 80 years of age. The maintenance of these facilities has been funded through the operating budget in the past; however, many of the building systems at both locations have reached the end of their economic lives.

The Transit Building Replacement/Refurbishment program began in 2007 with \$100,000 funding for a review of Transit's existing facilities and future requirements. This report was completed in 2009 and concluded that the facilities were being operated at capacity and that space deficiencies existed in bus parking, bus maintenance and operations support areas. It further concluded that substantial facility upgrades and updates were required at FRG and NG to ensure continued long term operation and to meet projected service growth requirements.

The volume of facility replacement/refurbishment needs dictates a multi-year approach due to resource constraints and the need to maintain operations while key parts of the facilities are refurbished.

The total budget approved for this program through 2015 is \$57.602 million allocated as follows:

- \$22.582 million for Brandon Garage (complete)
- \$29.470 million for a major project component (either Replacement/Refurbishment of North Garage or Expansion of FRG Heavy Overhaul & Repair Shop).
- \$5.550 million for various projects including the initial study for North Garage, roof replacement at FRG, ventilation system upgrades at FRG, etc.

The 2015 capital budget also includes forecasted amounts for 2016 through 2020 totaling \$26.651 million for continuation of ventilation system upgrade and roof replacement works, as well as concrete floor repair at FRG and other necessary building upgrades.

The program consists of a group of projects that will replace building systems that have reached the ends of their economic lives and will expand facilities to meet current and future requirements. Projects currently underway are funded by Capital approved in 2013 and 2014 but are valued below \$10 million.

At this time, the major project is expected to be either the Replacement/Refurbishment of North Garage or the Expansion of the FRG Heavy Overhaul & Repair Shop. Both of these projects are expected to exceed \$10 million in cost.

MAJOR CAPITAL PROJECT STEERING COMMITTEE

Administrative policy for projects with capital costs exceeding \$10 million requires formation of a Major Capital Project Steering Committee. The Committee has been formed and its members are:

Georges Chartier, Manager of Infrastructure Planning, Corporate Finance Department
Marc Pittet, Acting Director of Planning, Property and Development
Dave Wardrop, Director of Transit

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

OVERALL PROJECT STATUS

The major projects either to Expand the FRG Heavy Overhaul & Repair Shop or Refurbish/Replace the North Garage, are each expected to exceed \$10 million in value but are still in the definition & evaluation phase.

DESCRIPTION OF PROJECTS

Due to its age, the North Garage is antiquated and in poor condition. It requires extensive upgrades to meet current standards and its current site may not be suitable to accommodate an updated and efficient bus parking and maintenance garage. A conceptual design report has been initiated to analyze the suitability of the existing site, determine whether alternative locations would be more suitable to meet Transit's present and future needs and provide an estimate of the cost of a new facility. When this report is complete, Transit will be in a position to establish the best course of action to address issues with North Garage then fully define the scope and determine budget requirements for the project.

The Heavy Overhaul and Repair Shop at Fort Rouge Garage is the primary vehicle maintenance facility operated by Winnipeg Transit. Approximately 95% of the maintenance activities that support fleet operations are housed at this location and as a result, ensuring efficient and effective operations are critical to meeting Transit service requirements.

Since the facility was completed in the late 1960's, changes in the size of the fleet and the design of transit buses have increased the requirement for vehicle maintenance space. The room for expansion designed into the facility has been taken up to house the new equipment and resources necessary to support maintenance activities such as midlife structural refurbishments, electronics, engine emissions equipment and air conditioning. A consulting study was completed in 2009 that concluded that the Heavy Overhaul and Repair Shop had a space deficiency of approximately 20,000 sq. ft. in work and storage area and 11 vehicle maintenance bays when compared to industry standards at that time. The deficiency has grown more acute as the fleet has expanded from 545 to over 580 buses since that report was completed due to service demand growth.

Space constraints in recent years, especially since 2012, have impacted the efficiency of the maintenance operation and this has had an impact on employee overtime and the number of buses that are not available for service. An expansion and update of this facility is critical to support Transit operations in the near future.

Defining the scope of the projects will commence following the completion of the evaluation of alternatives and the conceptual design report and is expected to be complete by the end of 2015.

REFURBISHMENT/REPLACEMENT OF MAJOR PROJECT COMPONENT DETAIL

Description	Contract Awards to Date	Estimated Completion Date	Total Contract Amount
North Garage Conceptual Design Report	Dillon Consulting Ltd.	March 2015	\$98,500.00
Total Issued Contract Value			\$98,500.00

Note: Total Contract Amount includes all change orders and any PST if applicable.

The 2015 Preliminary Capital Budget includes a detail sheet (page 2-163) for the Program but includes the following statement:

“As the project budget for Replacement/Refurbishment of North Garage will exceed the \$10 million limit designated for a major capital project, the department will bring forward, before procurement begins, a separate capital project report to Council for approval upon completion of the functional design when the project budget and scope is determined.”

If the Heavy Overhaul & Repair Shop is the major project selected instead of North Garage the same process as above would occur with a separate capital project report being submitted to Council for approval.

FINANCIAL IMPACT

Financial Impact Statement

Date: **March 27, 2015**

Project Name: **First Year of Program** **2013**
TRANSIT BUILDING REPLACEMENT/REFURBISHMENT (MAJOR PROJECT COMPONENT) – FINANCIAL STATUS REPORT NO. 1 FOR THE PERIOD ENDING

Comments:

There is no financial impact as this report is for information only.

Original signed by:

Tanis Yanchishyn, CA
Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

None

SUBMITTED BY

Department:	Transit
Division:	Plant and Equipment
Prepared by:	Tony Dreolini, Manager of Plant & Equipment
Date:	March 27, 2015
File No.	2.1.1.4