

REPORTS

Item No. 4 Transit Building Replacement/Refurbishment (Expansion of Vehicle Overhaul and Maintenance Facilities) – Financial Status Report No. 5 for the Period Ending December 31, 2015

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and received as information the financial status of the Transit Building Replacement/Refurbishment (Expansion of Vehicle Overhaul and Maintenance Facilities) project, as contained in the report.

Minutes – Standing Policy Committee on Finance – March 3, 2016

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

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

Carried

ADMINISTRATIVE REPORT

Title: TRANSIT BUILDING REPLACEMENT/REFURBISHMENT
(EXPANSION OF VEHICLE OVERHAUL AND MAINTENANCE
FACILITIES) – FINANCIAL STATUS REPORT NO. 5 FOR THE
PERIOD ENDING DECEMBER 31, 2015

Critical Path: STANDING POLICY COMMITTEE ON FINANCE

AUTHORIZATION

Author	Department Head	CFO	CAO
T. Dreolini	D. Wardrop	M. Ruta	D. McNeil

RECOMMENDATIONS

That the financial status of the Transit Building Replacement/Refurbishment (Expansion of Vehicle Overhaul and Maintenance Facilities) 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.

EXECUTIVE SUMMARY

This project will address some of the space deficiencies that are being faced by the Transit Department, as increasing service demands and technology changes are putting pressure on existing facility resources. This Major Project Component is the Expansion of the Vehicle Overhaul and Maintenance Facilities at 421 Osborne Street.

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 Street, 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), located at 1520 Main Street, is 100,000 sq. ft. in size and was constructed, in two stages, between the late 1930s and mid-1950s. 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 Avenue 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 in funding allocated to a review of Transit's existing facilities and future requirements. Dillon Consulting Limited was the successful bidder and submitted a report in 2009 that concluded the facilities were being operated at capacity and that space deficiencies existed in bus parking, bus maintenance and operations support areas. The 2009 Dillon report also 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. In response, the Brandon Garage facility was constructed and increased bus storage capacity until the replacement of North Garage could occur.

In 2015, at a cost of \$100,000, Dillon Consulting submitted a second study examining the replacement options for North Garage with the view to increase the long-term capacity to store and maintain a bus fleet of 750 buses. The finding of these studies and increasing maintenance demands informed the decision to proceed with the expansion of vehicle overhaul and maintenance facilities as the immediate facilities priority for Transit. Doing so will increase bus maintenance capacity to better match the fleet storage capacity of 640 buses. This project will ultimately increase floor area for these purposes to 151,000 sq.ft., from the existing area of 113,000 sq.ft. Future stores/inventory space will also be increased from 26,000 sq. ft. to 35,000 sq.ft.

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

The total available funding for the Vehicle Overhaul and Maintenance Facilities is \$29.47 million, but is currently identified over two different budget years (4210000313 and 4210000314). The

budget requirement will be refined by the Owner Advocate/Project Manager during the functional design of the facility. Once the budget is refined a formal budget approval for the construction of this project will be brought forward.

MAJOR CAPITAL PROJECT STEERING COMMITTEE

Administrative policy for projects with capital costs exceeding \$20 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

John Kiernan, 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 RFP to select an Owner Advocate/Project Manager for the FRG Vehicle Overhaul and Maintenance Facility Expansion project closed on February 11, 2016, and not yet been awarded.

DESCRIPTION OF PROJECT

The vehicle overhaul and repair shop at FRG 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 1960s, increases in the size of the fleet and the design of transit buses have increased the requirement for vehicle maintenance space. A space deficiency has developed as 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. This deficiency has grown acute as the bus fleet has expanded from 545 to over 625 buses within the last ten years.

Expanding the vehicle overhaul and maintenance facilities at FRG is the preferred solution to the space deficiency issue as maintaining a centralized location will provide the greatest efficiency for staff, equipment and vehicle resources. The building expansion will occur in an area currently used for employee parking.

The project will be delivered using a design-build model. The first step is to select a consulting firm to act as the City's Owner Advocate/Project Manager to assist in the development of the specifications and Bid Opportunity, including functional design for the expanded space, assist in the selection of the design build consortium and manage the project through the construction and warranty phases to completion.

The project budget for the Expansion for the FRG vehicle overhaul and maintenance facility will exceed the revised \$20 million limit designated for a major capital project. Therefore, the

department will bring forward, before procurement begins, a separate capital project report for Council approval. This report will be produced upon completion of the functional design when the project budget and scope is determined.

PROJECT SCHEDULE

The project will be complex as it will have to be completed while the existing vehicle overhaul and repair facility remain in operation. Detailed schedules will be established as part of the Owner Advocate/Project Manager's assignment; however, at this early stage of the project, an aggressive schedule is desired.

RISKS AND MITIGATING FACTORS

There are several risks facing the project at this time. The drop in the value of the Canadian dollar could pose a budget risk as a substantial portion of the cost of the project will be to equip the expanded space with process equipment such as hoists, cranes, air systems and fluid dispensing systems. This type of equipment typically originates off-shore and will increase in cost. This risk will have to be mitigated by making the appropriate decisions on the type and amount of equipment specified during the definition phase of the project.

The expansion will occur on existing space at FRG that is currently used for employee parking. Alternative parking will have to be identified and established for employees before the expansion can commence. Securing the appropriate alternative employee parking space may add to schedule and budget risk. Providing alternatives to address this issue is part of the Owner Advocate/Project Manager's assignment.

Constructing an addition on a critical facility that is in operation 24 hours a day, 365 days a year, without affecting the efficiency of current maintenance operations will be a challenge. This risk will be mitigated by placing a high level of emphasis on project staging in the specifications, bid evaluations and management of the construction phases of the project.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 9, 2016

Project Name: Transit Building Replacement/Refurbishment (Major Project Component) – Financial Status Report No. 5 for the Period Ending December 31, 2015
First Year of Program 2013

Comments:

There is no financial impact associated with the recommendations to this report.

Original signed by:

Tanis Yanchishyn, CPA, CA
Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

None

OURWINNIPEG POLICY ALIGNMENT

01-1b Key Directions for the Entire City- Key directions for connecting and expanding our sustainable transportation and infrastructure network.

>Provide transportation infrastructure that is well maintained.

SUBMITTED BY

Department:	Transit
Division:	Plant and Equipment
Prepared by:	Tony Dreolini
Date:	February 9, 2016
File No.	2.1.1.4