

Minutes – Standing Policy Committee on Finance – April 7, 2016

REPORTS

**Item No. 6 Servicing for St. Boniface Industrial Park Phase 2 – Financial Status
Report No. 2 for the Period Ending January 31st, 2016**

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 servicing for the St. Boniface Industrial Park Phase 2 and in particular for Parmalat Canada Inc. (Parmalat).

Minutes – Standing Policy Committee on Finance – April 7, 2016

DECISION MAKING HISTORY:

Moved by Councillor Gillingham,

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

Carried

ADMINISTRATIVE REPORT

Title: Servicing for St. Boniface Industrial Park Phase 2 – Financial Status Report No. 2 for the Period Ending January 31st, 2016

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Zabudney M. McGinn	J. Kiernan	M. Ruta	D. McNeil

RECOMMENDATIONS

That the financial status of the servicing for the St. Boniface Industrial Park Phase 2 and in particular for Parmalat Canada Inc. (Parmalat) be received as information.

REASON FOR THE REPORT

On July 15th, 2015 Council adopted a report regarding the land sale to Parmalat that specified “That the Winnipeg Public Service submit quarterly status reports with respect to this matter to the Standing Policy Committee on Finance”.

EXECUTIVE SUMMARY

This report identifies the financial status and significant events for the period November 1st, 2015 to January 31st, 2016.

Class 3 cost estimates (-20% to +30%) suggested that funds allocated to this project were adequate except for an additional \$400,000 required for the contribution by the City to Manitoba Hydro for the extension of natural gas service to Parmalat’s site. An additional budget authorization for these funds was authorized by Council on January 27th, 2016.

Class 1 cost estimates (-5% to +10 %) that were produced in early January as pre-tender estimates indicated that it was expected that the project would be completed within the adjusted budget available equal to \$8.6 million.

After Council approval of the land sale to Parmalat in July, 2015, engineering consultants were assigned design work and design proceeded immediately for municipal services and roadways required to service the site. Design work was completed in January 2016 and two bid opportunities were advertised with the first closing on January 29th, 2016 and the second on February 5th, 2016. The bids submitted by the lowest responsive bidder for both opportunities were less than the pre-tender estimates and within budget.

Agreements for the land purchase with Parmalat have been finalized. The agreements with Parmalat Canada Inc., consisting of an Offer To Purchase and a Funding and Servicing Agreement were fully executed on February 2nd, 2016. The Funding and Servicing Agreement provides that Parmalat shall provide a financial contribution to the Project in the amount of One Million, Five Hundred Thousand (\$1,500,000.00) Dollars payable to the City on or before March 1, 2016. This payment has been received. It also provides that Parmalat shall pay to the City the amount of Five Hundred, Twenty Thousand (\$520,000.00) Dollars, representing Parmalat's share of Lift Station oversizing costs within thirty (30) days of the City providing notice to Parmalat that the Lift Station has reached substantial performance.

An agreement with the Province of Manitoba respecting their contribution is still being drafted. A draft of the agreement was received on February 19th, 2016 and it is expected that the agreement will be finalized and executed in March 2016.

An agreement with Manitoba Hydro for the installation of a gas line into the St. Boniface Industrial Park Phase 2 and as required by Parmalat is pending. A revised draft agreement was provided by Manitoba Hydro on February 24th, 2016 for consideration by the City.

Contract award for the two bid opportunities required for service installation are on-hold pending execution of the agreement with the Province. All other conditions for contract award have been satisfied.

An additional lot purchaser has come forward to acquire approximately 3.25 hectares (8 acres) immediately to the south of the Parmalat lot and west of the existing Mazonod Road right-of-way. To facilitate this land sale extension of underground services and pavements beyond that originally contemplated for Parmalat will be required.

IMPLICATIONS OF THE RECOMMENDATIONS

None – report is to be received as information.

HISTORY / DISCUSSION

Parmalat Canada Inc. is pursuing an expansion proposal and requires a suitable new location in Winnipeg to establish a new fluid milk processing plant replacing the current aging facility in St. Boniface.

On July 15, 2015, Council adopted Item 1 of the Report of the Standing Policy Committee on Property and Development dated July 14, 2015, which included the following:

- “2. That in order to facilitate the sale of the City-owned property shown hatched on Misc. Plan No. 14362/6, attached (the “Site”), to Parmalat Canada Inc., Council approve the installation of the necessary services as described herein with a net cost of \$5.61 million to be funded as follows:
 - A. cash contribution by Parmalat Canada Inc. in the amount of \$1,500,000.00, to be paid to the City concurrently with the payment of the purchase price for the Site;

- B. contribution by the Province of Manitoba in the amount of \$2,000,000.00 plus interest at the RBC prime rate, to be front-ended by the City and reimbursed by the Province of Manitoba over an estimated 18 year period through the Province's annual Community Revitalization Levy with respect to the Site; and
 - C. \$2,110,000.00 contribution from the City, to be funded from the Land Operating Reserve and reimbursed with: (i) the net sale proceeds of the balance, or any portion of the balance of the City-owned property identified on Misc. Plan No. 14362/6; and (ii) municipal property taxes and business taxes with respect to the Site;"
- “4. That the Chief Administrative Officer be delegated the authority:
- A. to negotiate and approve the sale of the Site in favour of Parmalat Canada Inc. (or its Nominee), for the purchase price of \$2,625,000.00, in accordance with the City's standard terms and conditions of Offer to Purchase and upon such additional terms and conditions that the Director of the Planning, Property and Development Department and the Director of Legal Services and City Solicitor consider necessary to protect the interests of the City.
 - B. to proceed with the installation of the necessary services as described herein in order to facilitate the sale of the Site to Parmalat Canada Inc., subject to fully executed funding agreements between:
 - i. the City and Parmalat Canada Inc., setting out the terms and conditions of Parmalat Canada Inc.'s contribution to wastewater oversizing costs in the amount of \$520,000.00 and site servicing costs in the amount of \$1,500,000.00; and
 - ii. the City and the Province of Manitoba, setting out the terms and conditions of the Province's agreement to reimburse the City for site servicing costs in the amount of \$2,000,000.00 plus interest at the RBC prime rate.
 - C. to negotiate and approve the terms and conditions of the agreements referenced in clause b. hereof, in accordance with the terms and conditions set forth herein and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.
 - D. to negotiate on a single source basis, approve the terms and conditions and award an engineering consultant contract to Stantec Engineering Ltd., for the conceptual, preliminary and detailed design and Contract Administration of the roadways, water mains, wastewater collection, and land drainage servicing requirements in the proposed development (St. Boniface Industrial Park Phase 2 Development) in an amount not to exceed \$850,000.00.
 - E. to negotiate on a single source basis, and approve the terms and conditions of contract and award a contract to Manitoba Hydro in an amount not to exceed \$150,000, plus P.S.T and G.S.T. as applicable for the installation of electricity and natural gas utility servicing requirements to facilitate the sale of the subject site.

- F. to negotiate, on a single source basis, and approve the terms and conditions and award a contract to Man-shield Construction Inc. (Man-shield) if required for the partial excavation of the storm water retention basin in an amount not to exceed \$240,000, plus P.S.T. and G.S.T. as applicable.
- G. To negotiate, and approve the sale of any other City land adjacent to the new services, if such sale does not require extension of the services, or if extension of the services is required, that the cost of the extended services does not exceed the purchase price of the land.”

On August 7th, 2015, an award of contract to Stantec was made for the conceptual, preliminary and detailed design, and contract administration of the roadways, water mains, wastewater collection, and land drainage servicing requirements in the St. Boniface Industrial Park Phase 2 Development.

On October 8th, 2015, an award of contract was made to Man-shield Construction Inc. for Partial Excavation of the Stormwater Retention Basin in the St. Boniface Industrial Park Phase 2 Development – Bid Opportunity No. 800-2015B in the amount of \$166,600.00, GST extra as applicable.

On November 5th, 2015, the Province confirmed their approval in principle to provide funding to this project further to 4. B. ii above.

On January 27th, 2016 Council adopted Item 15. of the Standing Policy Committee on Property and Development, Heritage and Downtown Development which included the following:

- “1. That Item No. 1 of the Report of the Standing Policy Committee on Property and Development dated July 14, 2015, as adopted by Council on July 15, 2015 and amended by Council on September 30, 2015, be amended as follows:
 - A. Recommendation 2.C. be amended by deleting the amount of “\$2,110,000.00” in the first line and replacing it with the amount of “\$2,510,000.00”.
 - B. Recommendation 2.D. be amended by deleting the amount of “\$4,110,000.00” in the first line and replacing it with the amount of “\$4,510,000.00”.
 - C. Recommendation 4.B. be amended to add subparagraph iv. as follows:
 - iv. notwithstanding the foregoing, the Chief Administrative Officer shall be authorized to proceed with the negotiation, on a single source basis, and award and approval of contract with Manitoba Hydro as contemplated by Recommendation 4.E. hereof in advance of fully-executed funding agreements between the City and Parmalat and the Province of Manitoba respectively.”; and
 - D. Recommendation 4.E. be amended by deleting the amount of “\$150,000” in the third line and replacing it with the amount of “\$550,000”.
- 2. That the use of any or all of the additional funds in the amount of \$200,000, that are included herein as an allowance for a future contract payment to Manitoba Hydro, be

subject to the approval of the Standing Policy Committee on Property and Development, Heritage and Downtown Development.”

1. MAJOR CAPITAL PROJECT ADVISORY COMMITTEE

Administrative policy for projects with capital cost exceeding \$20 million requires the formation of a Major Capital Project Advisory Committee. Although the value of this project is now estimated at \$8.6 million and funded from the Land Operating Reserve, not the capital budget, an Advisory Committee has been considered and determined to be unwarranted due to the lower dollar value of this project.

2. DESCRIPTION OF PROJECT

This project consists of the City selling to Parmalat approximately 6 hectares (15 acres) of surplus land in the area west of Mazonod Road and south of the existing Greater Winnipeg Water District rail line. The land to be purchased is within the area now known as St. Boniface Industrial Park Phase 2 and is to be fully serviced in accordance with City standards and Parmalat’s specifications. The City in this instance has taken on the role of the land developer and is arranging for installation of services required for the land.

The services to be installed consist of watermains, wastewater sewers, land drainage sewers and surface drainage ditches, a partial stormwater retention basin, a wastewater lift station, and roadway pavements. The City is also arranging for the installation of electrical and natural gas services with Manitoba Hydro and communications cables with Manitoba Telephone and Shaw Cable Systems.

Services to be installed to accommodate the Parmalat site will be capable of being integrated and extended into the servicing of the balance of the lands within St. Boniface Industrial Park Phase 2. A conceptual layout for roadways with Phase 2 has been developed and certain of the works being a watermain required for looping of supply and to provide adequate flows for fire protection will follow that roadway layout.

3. RISKS AND RISK MITIGATION STRATEGIES

The agreements for sale of the land and the Funding and Servicing Agreement between Parmalat and the City have been executed therefore that risk has been removed. Parmalat’s contractor Man-Shield was issued their final building permit after agreements were signed and required payments made.

The agreement with the Province that identifies repayment of \$2.0 million being front ended by the City is still under development. As the original adopted report by Council required that both the agreements with Parmalat and the Province be fully executed before any contract awards could be made, the absence of this agreement is currently holding up two contract awards. The inability to make the contract awards has elevated the risk to the project schedule for completion of the work to provide Parmalat access to services to conform to their facility construction and commissioning schedule. To address this risk the

Public Service has given priority to reviewing the draft agreement from the Province such that the turnaround will be expedited and the agreement can be revised and signed by appropriate Provincial and City officials. The Province has been advised of this award condition and agreement preparation is progressing such that contract award is not unduly delayed. In addition award reports for the two contract awards are prepared and undergoing review such that as soon as the Provincial agreement is executed awards can be made and Letters of Intent issued.

To also address schedule risk, pre-award meetings were held with both lowest responsive bidders to discuss schedule. Both contractors are anxious to start work and can do so immediately upon award.

The capital cost risks for this project have reduced as bids that have been submitted for firstly, the lift station; and secondly, the services and roadway to the Parmalat property are lower than budget estimates. Although there remains a risk to contract costs from extra or unforeseen work that could arise during construction, allowing for construction contingencies within acceptable or usual range results in contract costs still well within budget funds available.

There remains a project schedule and cost risk associated with Centra Gas (a subsidiary of Manitoba Hydro) for installation of the natural gas supply line required for the Parmalat site development. The agreement for installation of the work is still being negotiated between Centra Gas and the City. Certain clauses that have been included that expose the City to potential future unknown costs are of concern. Costs for natural gas line extension have been identified by Centra Gas as preliminary and their agreement makes provision for an adjustment to the cost contribution required from the City if actual costs exceed their estimates. In addition if for some reason, Parmalat should not complete their facility and use the gas supply as envisioned, Centra may seek to recover costs for their gas line installation or removal from the City. Although the likelihood of this occurring is fairly remote, the City is seeking to have these clauses removed from the agreement.

The proposed gas line will be installed within the Mazonod Road right-of-way in proximity to the watermain and the wastewater lift station to be installed by the City's contractor(s). The construction sequencing and scheduling of the City's work is being reviewed and discussions will be undertaken with Centra Gas to minimize conflicts. This discussion can be better facilitated now that the City knows the lowest responsive bidders to the bid opportunities that were advertised.

Increased funding required to allow execution of the agreement with Manitoba Hydro (Centra Gas) were approved by Council On January 27th, 2016.

4. PROJECT STATUS/ CHANGES FROM LAST REPORT

- a. **Agreements with Parmalat:** Since last report, the two agreements between the City and Parmalat in connection with the sale and servicing of the land have been finalized. The first is the Offer to Purchase that sets out the conditions and purchase price for the sale of the land. The second is a Funding and Servicing Agreement that sets out the terms for the payment by Parmalat of funding specified by 4.B.i. above and also deals with service capacities and target dates for completion. Payment for the land purchase

has been received from Parmalat and title for the land has been transferred. In addition, the supplementary payment of \$1,500,000 due March 1st, 2016 has been received. By agreement, the \$520,000 to be paid as Parmalat's share of the wastewater lift station oversizing will be paid upon notification that the lift station is substantially complete. Substantial completion is anticipated in October 2016. Final building permits were issued to Parmalat's contractor for the erection of the structure on February 3rd, 2016.

- b. **Design and Contract Administration:** The City's consultant for the servicing work is Stantec Consulting Ltd. The engineering work for Stantec's assignment includes conceptual and preliminary engineering for the entire 200+ acre site now known as the St. Boniface Industrial Park Phase 2; and the detailed design and contract administration for the installation of all underground municipal services, including wastewater lift station and stormwater retention basin, and pavements within the Mazenod Road right-of-way to service the proposed Parmalat development on the west side of Mazenod Road. Since last report, the design work for all services for Parmalat has been completed. Bid Opportunities were posted, with the first for the lift station closing on January 29th, 2016 and the second for the underground services, stormwater retention basin, and pavement closing on February 5th, 2016. No services for contract administration have been provided by Stantec yet and will not be until contracts for construction are awarded in 2016. Costs to date for engineering services are within authorized funds.

As described in 4.h. below, an additional lot purchaser has come forward that will require service and pavement extension beyond the point that was required for Parmalat. Additional engineering for design and contract administration of that service and pavement extension will be required. This will necessitate an over-expenditure approval for Stantec's assignment to undertake this additional work which is within the approval authority of the Chief Financial Officer.

- c. **Building Permits:** Since last report and on February 3rd, 2016, the final building permit has been issued to Man-Shield Construction, agent for Parmalat, for construction of the Parmalat milk processing plant. Land title has been transferred to Parmalat.
- d. **Partial Retention Basin Excavation:** It was recognized that fill would be required for Parmalat's site as it was low lying and contained swampy areas. To facilitate the sale and recognizing the City's current role as the site developer, the City agreed to supply reasonable quantities of fill material to Parmalat for their use in grading of the site. An award in the amount of \$166,600 to Man-Shield was made. The work began in mid-October and continued as weather permitted into November. The final amount paid to Man-Shield under this contract was \$92,496. Man-Shield excavated less material than originally estimated largely due to weather conditions. The Parmalat site will still need additional fill that will be provided as retention basin and ditch excavation takes place in 2016 by the City's contractor to be retained. Disposal of material excavated from the retention basin will also be done over remaining vacant lands within the St. Boniface Industrial Park Phase 2 and is normal construction practice.
- e. **Services Agreement with Manitoba Hydro:** As reported previously, Manitoba Hydro indicated on October 19th, 2015 that due to the increase in natural gas consumptive load from earlier Parmalat estimates, that provision of natural gas supply to the site would be more complex and require larger diameter gas line and extension from a major feed point some 3.1 kilometres away. Manitoba Hydro has provided their preliminary cost estimate for gas line extension into St. Boniface Industrial Park Phase 2 at

\$800,000, and that the City's share to be paid in 2016 is \$303,440, which was in excess of preliminary costs estimates from earlier this year. In addition there is potential for an additional cost contribution from the City in 2018 when Hydro completes a cost reconciliation that takes actual construction costs compared to pre-construction cost estimates into consideration. A provision of \$200,000 for this additional cost contribution was made in the budget derivation for this item resulting in a potential total natural gas servicing cost at \$503,440.

A report to Council was approved on January 27th, 2016 authorizing additional budget of \$400,000 to cover the potential cost increase from Manitoba Hydro and to seek increased delegated authority for the CAO to enter into an agreement with Manitoba Hydro for installation of the gas line and street lighting. It will be ensured that the gas line to be installed for Parmalat can be readily extended to service the balance of the lands within St. Boniface Industrial Park Phase 2.

It should be noted that although a condition of the Council approval was "That the use of any or all of the additional funds in the amount of \$200,000, that are included herein as an allowance for a future contract payment to Manitoba Hydro, be subject to the approval of the Standing Policy Committee on Property and Development, Heritage and Downtown Development.", that Legal Services have advised that once the City/Hydro agreement is executed, the City is bound and required to pay all monies owing under the agreement. The City's obligation to pay future unknown sums/contributions under the agreement is unconditional, and is not subject to any prior approval of Council.

In addition to the gas service, the City will be required to pay for street lighting along Mazonod Road. This lighting will only be installed along the frontage of Parmalat's lot with Mazonod Road. Lighting will also be required along a future east-west road west of Mazonod Road should the second lot purchase be finalized. The estimated cost for the street lighting will be about \$46,000.

- f. **Reimbursement for work under previous Joint Venture:** The previous joint venture for the "Prairie Industrial Park" was rescinded by Council on July 15, 2015. Certain activities were undertaken under the previous joint venture agreement that benefited the City's current work for servicing the property being sold to Parmalat. This work included legal and other surveys, geotechnical investigations; and preliminary and conceptual engineering. An allowance for payback to the joint venture partner has been included in the project budget. Since last report the value of these work items was reviewed for possible reimbursement and an additional meeting held with the previous joint venture partner. At present there are certain items and activities included in the request for reimbursement by the joint venture partner which the City strongly disagrees with that require additional consideration.
- g. **Project Contribution Agreement with Manitoba:** An agreement with Manitoba specifying the Provincial contribution to this project is still under development, although since last report a draft of the legal agreement has been received, reviewed, and comments provided back to the Province for consideration. The City is front-ending the Provincial contribution of \$2.0 million, which will be repaid to the City by way of the Province's annual Community Revitalization Levy generated from the sale of the 15 acre site to Parmalat. Repayment to the City is estimated to occur over an approximate 18-year period. Although there are still points requiring clarification, at present they are not considered to be major items that will delay execution of this agreement. As indicated

under Section 3. above, the construction contract awards are on hold pending execution of this agreement.

- h. **Additional Lot Sales:** An additional prospective purchaser has come forward to acquire an approximate 8 acre lot south of the lot purchased by Parmalat that will require the extension of services and pavements beyond the limits originally established to facilitate just the Parmalat lot sale. The required extension is farther south along Mazenod Road and westerly along a future roadway right-of-way that will be across the frontage of the new lot. A purchaser has come forward and the amount of the pending sale is valued at \$1,400,000.00. The estimated cost of servicing excluding associated engineering is estimated at \$876,855.00. Engineering is estimated at \$92,070.00 for a total servicing cost of \$968,925.00. Therefore, the cost of servicing does not exceed the purchase price of the land and conforms to recommendation 4.G. as adopted by Council on July 15, 2015.

The Offer to Purchase for the additional lot has yet to be finalized and the deposit on the lot purchase yet to be paid. In addition, the Offer to Purchase includes a provision that the purchaser has 60 days to either satisfy or waive the clause covering their due diligence site review by undertaking an environmental site assessment. However, in order to maintain schedule, such that detailed design drawings can be prepared and submitted for construction approval, it is intended to authorize design services with Stantec immediately. This is also required to confirm pricing from the successful contractor to Bid Opportunity 1134-2015 (services and roadway works). The specifications for that Bid Opportunity provided that the City could add up to an additional 50% to the Work of the Contract within 3 months of the award based on the prices submitted.

- i. **Application for Roadway Opening:** A Development Application for DAO 10/2015: PROPOSED OPENING OF MAZENOD, RAY MARIUS AND PUBLIC ROADS 1 AND 2, SOUTH OF GREATER WINNIPEG WATER DISTRICT PLAN 2474 WLTO has been filed for consideration by Council. The roadway openings are required for service installation for the Parmalat site, the above site referenced as additional lot sale, and for watermain looping for reliability and redundancy.

5. PROJECT SCHEDULE

Activity	Target Date	Status
Class 3 Estimate	Nov. 6, 2015	Complete
Pre-tender (Class 1) Estimate	Jan. 15, 2015	Complete
Report to Council if Class 1 Estimate projects budget shortfall (meeting dates estimated)	Feb. 24, 2016	Not Required
Invitation to Bid (2 Bid Opportunities)	Jan. 15, 2016	Complete

Bid Review	Feb. 19, 2016	Complete
Construction Contract Award (if within budget)	Feb. 26, 2016	On-Hold
Report to Council if bids exceed budget (meeting dates estimated)	Mar. 23, 2016	NA
Alternate Construction Contract Award	Apr. 1, 2016	TBA
Construction Start (estimated)	Apr. 15, 2016	TBA
Underground Piping Construction Completion (estimated)	July 30, 2016	TBA
Lift Station Construction Completion (estimated)	Oct. 31, 2016	TBA
Pavement Completion (estimated)	Oct. 31, 2016	TBA
Landscaping and Final Grading (estimated)	July, 2017	TBA

6. MAJOR CONTRACTS

The status of current Requests for Proposal and Bid Opportunities issued and to be issued are as follows:

Request for Proposal or Bid Opportunity	Description	Current Status	Contract Value (GST and MRST extra as applicable)	Total Approved Over-Expenditures
RFP – Single Source	Conceptual, preliminary and detailed design, and contract administration of the roadways, water mains, wastewater collection, and land drainage servicing requirements	Awarded to Stantec	\$850,000.00	\$28,695
Bid Opportunity No. 800-2015B Single Source	Contract for Partial Excavation of the Storm Water Retention Basin in the St. Boniface Industrial Park Phase 2 Development	Awarded to Man-Shield	\$166,600.00	Nil
Contract Single Source	Natural Gas - Centra Gas (Manitoba Hydro)	To be awarded	\$303,440.00	Nil

Contract Single Source	Electrical Service - Manitoba Hydro	To be awarded	\$46,500.00	Nil
Bid Opportunity 1134-2015	Construction of watermains, wastewater and land drainage sewers, retention basin and pavements	To be awarded	\$3,194,384.50	Nil
	Change in Work for Additional Lot	To be awarded	\$876,855.00	Nil
Bid Opportunity 983-2015	Construction of wastewater lift station	To be awarded	\$1,731,249.00	Nil
	Total		\$7,169,028.50	\$28,695

7. FINANCIAL ANALYSIS

Project funding

The approved budget funds for this project are as follows:

YEAR	Funding Source - Land Operating Reserve	ACTUAL + PROJECTED CASH FLOWS	CUMULATIVE BUDGET REMAINING
2015	\$8,200,000	\$8,600,000 ¹	(-\$400,000)
2016	\$400,000	\$400,000	0

¹ Includes budget adjustment estimated at \$400,000 required for Manitoba Hydro's natural gas line installation approved by Council on January 27th, 2016.

Project Component	Budget	Value/Cost Estimate	Variance Revised Budget to Value/Cost Estimate	Change in Variance from Last Report
Engineering, design and other costs	\$ 850,000	\$ 786,625	\$ (63,375)	\$ (63,375)
Construction:				
-Underground Piping, Pavements, and Retention Basin	\$ 4,087,181	\$ 3,194,385	\$ (892,796)	\$ (892,796)
- Lift Station	\$ 2,258,079	\$ 1,731,249	\$ (526,830)	\$ (526,830)
- Manitoba Hydro services	\$ 550,000	\$ 550,000	\$ -	\$ (400,000)
- Man-Shield Partial Retention Basin Excavation	\$ 166,600	\$ 92,496	\$ (74,104)	\$ -
Misc. -Temp. Access road, legal surveys, Internal Project Management, JV Reimbursement, and Contingencies	\$ 688,140	\$ 1,261,060	\$ 572,920	\$ 498,816
Total	\$ 8,600,000	\$ 7,615,815	\$ (984,185)	\$ (1,384,185)

Additional Project Component*				
-Engineering for service extension	\$ (92,070)	\$ (92,070)	\$ -	\$ -
-Service Extension for Additional Lot Sale	\$ (876,855)	\$ (876,855)	\$ -	\$ -
-Additional Lot Sales Revenue	\$ 1,400,000	\$ 1,400,000	\$ -	\$ -
Total	\$ 431,075	\$ 431,075	\$ -	\$ -

*Additional Project Component is as a result of pending second lot sale

8. PROJECT FINANCING

	Contribution (in millions)	Cumulative Project Budget (in millions)
Parmalat Canada Inc.		
- Parmalat Site Preparation	\$ 2.07	
- Wastewater Oversizing	\$ 0.52	
- Industrial Park Site Preparation	\$ 1.50	\$ 4.09
Province of Manitoba*	\$ 2.00	\$ 6.09
City of Winnipeg**	\$ 2.51	\$ 8.60

* Province of MB contribution will be interim financed by the City of Winnipeg and repaid over an 18 year term plus interest

** City of Winnipeg Contribution Increased Pursuant to Council Approval of January 27, 2016

Note that the above excludes funding for additional project component that will be funded from sale of the second lot in St. Boniface Industrial Park Phase 2.

9. ANTICIPATED PROGRESS DURING NEXT REPORTING PERIOD

During the next reporting period it is expected that:

- Agreement will be entered into with Manitoba Hydro for extension of natural gas service to the site and for street lighting along Mazonod Road.
- Agreement with the Province regarding their contribution will be finalized.
- Two construction contracts will have been awarded and construction will have commenced.
- The purchase agreement for the second lot in St. Boniface Industrial Park Phase 2 will have been entered into.

FINANCIAL IMPACT

Financial Impact Statement

Date:

March 14, 2016

Project Name:

Servicing for St. Boniface Industrial Park Phase 2 – Financial Status Report No. 1 for the Period Ending October 31, 2015

COMMENTS:

As this report is submitted for informational purposes only, there is no financial impact associated with this recommendation.

"Original Signed By"

M. McGinn, CPA, CA
Manager of Finance

CONSULTATION

None required.

OURWINNIPEG POLICY ALIGNMENT

OURWINNIPEG AND COMPLETE COMMUNITIES DIRECTION STRATEGY

- The subject lands are located within the General Manufacturing Policy Area under the Complete Communities Direction Strategy. Supporting Direction and Enabling Strategies include:
 - “Consider options to encourage development of under-utilized parcels and obsolete sites” (p.94).
 - “Maximize the economic development potential of existing and future employment lands” (p.96).

ZONING BY-LAW

- The proposed use conforms with the current zoning of the subject lands which are zoned M3 PDO-2 – Prairie Industrial Park Manufacturing Heavy District. The purpose of this overlay is to provide flexibility for “M3” Manufacturing Heavy Zoning District uses for the area defined as the PDO-2 Prairie Industrial Park.
- M3 lands are intended to accommodate light or heavy industrial development, including heavy manufacturing, storage, major freight terminals, waste and salvage, resource extraction, processing, transportation, major utilities, and other related uses, particularly those that require very large buildings, frequent heavy truck traffic for supplies or shipments, or that may require substantial mitigation to avoid sound, noise, and odour impacts to neighbouring properties.

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate
Prepared by: J. Zabudney/M. Shkolny
Date: March 14, 2016
File No.: o:\reports directive\real estate\sales\finstatspc_st
boniface_parmalatreportno2tojan312016 (2).docx

ATTACHMENTS:

Appendix 1 – Servicing for St. Boniface Industrial Park Phase 2 as at January 31, 2016

Appendix 1 - Servicing for St. Boniface Industrial Park Phase 2

as at January 31, 2016

Project Component (Original Scope)	Budget (Land Operating Reserve Account)			Expenditure Forecast						Surplus (Deficit)	Variance Last Report	Change in Variance
				Actual Costs		Forecast						
	Original	Adjustment	Revised	To Oct 31 2015	2015	2016	2017	2018	Forecast	From Revised Budget		
Engineering, design and other costs	\$ 850,000	\$ -	\$ 850,000	\$ 212,281	\$ 188,004	\$ 351,869	\$ 34,471	\$ -	\$ 786,625	\$ 63,375	\$ -	\$ 63,375
Construction:												
-Underground Piping, Pavements, and Retention Basin	\$ 4,087,181	\$ -	\$ 4,087,181	\$ -	\$ -	\$ 3,034,666	\$ 159,719	\$ -	\$ 3,194,385	\$ 892,796	\$ -	\$ 892,796
- Lift Station	\$ 2,258,079	\$ -	\$ 2,258,079	\$ -	\$ -	\$ 1,644,687	\$ 86,562	\$ -	\$ 1,731,249	\$ 526,830	\$ -	\$ 526,830
Manitoba Hydro services	\$ 150,000	\$ 400,000	\$ 550,000	\$ -	\$ -	\$ 350,000	\$ -	\$ 200,000	\$ 550,000	\$ -	\$ (400,000)	\$ 400,000
Man-Shield Partial Retention Basin Excavation	\$ 166,600	\$ -	\$ 166,600	\$ -	\$ 92,496	\$ -	\$ -	\$ -	\$ 92,496	\$ 74,104	\$ 74,104	\$ -
*Misc. -Temp. Access road, legal surveys, Internal Project Management, JV Reimbursement, and Contingencies	\$ 688,140	\$ -	\$ 688,140	\$ 88,000	\$ 60,000	\$ 1,113,060	\$ -	\$ -	\$ 1,261,060	\$ (572,920)	\$ (74,104)	\$ (498,816)
Total	\$ 8,200,000	\$ 400,000	\$ 8,600,000	\$ 300,281	\$ 340,500	\$ 6,494,281	\$ 280,753	\$ 200,000	\$ 7,615,815	\$ 984,185	\$ (400,000)	\$ 1,384,185
Project Component (Revised Scope)												
-Engineering for service extension**	\$ (92,070)	\$ -	\$ (92,070)	\$ -	\$ -	\$ (92,070)	\$ -	\$ -	\$ (92,070)	\$ -	\$ -	\$ -
-Service Extension for Additional Lot Sale	\$ (876,855)	\$ -	\$ (876,855)	\$ -	\$ -	\$ (789,170)	\$ (87,686)	\$ -	\$ (876,855)	\$ -	\$ -	\$ -
-Additional Lot Sales Revenue	\$ 1,400,000	\$ -	\$ 1,400,000	\$ -	\$ -	\$ 1,400,000	\$ -	\$ -	\$ 1,400,000	\$ -	\$ -	\$ -
Total	\$ 431,075	\$ -	\$ 431,075	\$ -	\$ -	\$ 518,761	\$ (87,686)	\$ -	\$ 431,075	\$ -	\$ -	\$ -

Explanatory Notes:

The above estimates are based on Class 1 estimates developed on Dec. 22nd, 2015 and bid pricing received on January 29th, 2016 and February 5th, 2016.

*Contingencies included above equal \$534,318

The above includes a budget adjustment authorized by Council on January 27th, 2016 for a contract with Manitoba Hydro for natural gas line installation.

**Additional engineering costs are for a service extension beyond original scope of work to service 2nd lot purchaser.