

Minutes - Standing Policy Committee on Finance - June 24, 2016

REPORTS

**Item No. 12 Servicing for St. Boniface Industrial Park Phase 2 – Financial Status
Report No. 3 for the Period Ending April 30th, 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 - June 24, 2016

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

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. 3 for the Period Ending April 30th, 2016

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
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 February 1st, 2016 to April 30th, 2016.

Servicing costs for this project are being funded by the Land Operating Reserve (209-163040-638089).

Earlier cost estimates prepared for the St. Boniface Industrial Park Phase 2 and the Parmalat site servicing suggested that funds allocated to this project were adequate except for an additional \$400,000 required for the contribution by the City to Centra Gas (subsidiary of 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.

Engineering design work for municipal services and roadways required to service Parmalat’s site was completed in January 2016. Costs for engineering services continue to be within budget.

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 bid opportunities were less than the pre-tender estimates and within budget.

The adjusted project budget available, equal to \$8.6 million, will be adequate based on bid pricing received for two servicing contracts recently awarded. Based on expenditure projections, it appears that the original project scope, which was to install services to the Parmalat site, will be completed for about \$900,000 under the adjusted budget available.

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 provided that Parmalat provide a financial contribution to the Project in the amount of \$1,500,000.00 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 \$520,000.00, representing Parmalat's share of wastewater 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 was concluded on April 7th, 2016. Contract awards for the two bid opportunities for service installation have been made following the execution of the Provincial agreement. As the contract awards were delayed, the construction schedule remains very aggressive and requires increased coordination between the City's contractors, Parmalat's contractors, and Centra Gas' contractors. It was also necessary to extend contract completion dates.

An agreement with Centra Gas for the installation of a gas line into the St. Boniface Industrial Park Phase 2 and as required by Parmalat was completed on May 10th, 2016. Payment to Centra Gas for the City's share of the natural gas line installation was made on May 17th, 2016.

Manitoba Hydro further advised of an increased cost contribution required from the City for installation of street lighting along Mazonod Road in front of the Parmalat lot.

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, and natural gas line and street lighting, beyond that originally contemplated for the Parmalat site will be required. The purchase transaction for the second lot is still in progress, and a final commitment from the purchaser is required. The estimated proceeds of the pending sale to be deposited to the Land Operating Reserve have been reduced to approximately \$321,000 from \$431,000 as a result of additional charges for street lighting and natural gas servicing from Manitoba Hydro/Centra Gas.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications associated with receiving this report as information.

HISTORY / DISCUSSION

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

Boniface). A site on an undeveloped City owned parcel on Mazenod Road was selected south of the existing St. Boniface Industrial Park.

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;”
- D. the Land Operating Reserve will receive an inter-company transfer of \$4,110,000.00 from the General Capital Fund to facilitate the foregoing.

“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 Consulting Ltd. 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.”

On February 2nd, 2016, the agreements with Parmalat Canada Inc., consisting of an Offer To Purchase and a Funding & Servicing Agreement were fully executed.

On April 7th, 2016, the agreement between the Province of Manitoba and the City of Winnipeg was fully executed.

On April 11th, 2016 a contract was awarded to Rocky Road Recycling Limited for Bid Opportunity No. 983-2015, for the construction of the wastewater lift station in St. Boniface Industrial Phase 2.

On April 14th, 2016 a contract was awarded to Cambrian Excavators Ltd. for Bid Opportunity No. 1134-2015 for the St. Boniface Industrial Park Phase 2 – Stage 1 Servicing that included all underground piping, stormwater retention basin, and pavements.

On April 27th, 2016, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development and approved Development Application for DAO 10/2015: Proposed Opening of Mazenod, Ray Marius and Public Roads 1 and 2, south of the Greater Winnipeg Water District Plan 2474 WLTO.

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. An Advisory Committee was determined to be unwarranted due to the lower dollar value of this project. In addition, there is also ad-hoc but regular involvement of senior management at the Planning, Property and Development Department, being the Director, and the Manager of Real Estate, and also from the Chief Administrative Officer, the Chief Financial Officer, and the City Solicitor/Director of Legal Services.

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/Centra Gas 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 within Phase 2 has been partially developed and received Council approval (DAO 10/2015). 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. Since the initial arrangement to sell a lot to Parmalat, a second purchaser has come forward to purchase an approximate 8 acre parcel south of Parmalat. This sale will require extension of services and pavements past the point originally contemplated for Parmalat. The roadway layout also accommodates services installation required for the sale of the second 8 acre lot.

3. RISKS AND RISK MITIGATION STRATEGIES

Schedule remains aggressive and the delay in making the contract awards, as reported in Status Report No. 2, has elevated the risk of delay to the project schedule. The schedule and coordination for completion of the services installation by forces contracted by the City and by Centra Gas remains the paramount risk, plus the need to coordinate with Parmalat's contractors such that their work is not impeded. Parmalat requires access to City and Centra Gas installed services to conform to their facility construction and commissioning schedule.

The agreement with the Province that identified repayment of \$2.0 million being front ended by the City was concluded on April 7th, 2017, and allowed the award of two construction contracts. As the original adoption by Council on July 15, 2015 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 delayed two contract awards longer than anticipated.

Bid Opportunity No. 983-2015 for the lift station indicated that an award of contract was projected to occur by March 4th, 2016 or about 5 weeks after the bid period closed. Actual award did not occur until April 11th (delayed by 38 days). The substantial completion date for the lift station contract was therefore extended by 38 days to October 24th, 2016. This substantial completion date is later than the October 12th, 2016 date prescribed by Parmalat's schedule. However in anticipation of possible delays with lift station construction, facilities that would permit temporary by-pass pumping had been included and can be ready for use before the October 12th date. This approach has been discussed with Parmalat and will be sufficient for their needs on an interim basis, and before their plant starts full production in January, 2017.

Bid Opportunity No. 1134-2015 indicated that the contract award was anticipated by April 1st, 2016. Actual award date was April 14th, 2016 (delayed by 13 days). Certain critical stage dates included in the contract were therefore extended by 14 days. Critical stage date deadlines included in the contract documents were actually earlier than required by Parmalat, and therefore the estimated completion dates will still conform to Parmalat's schedule needs and the City's commitment for services availability.

Both Contractors are working closely with their suppliers, and with the City's consultant Stantec, to ensure schedules are maintained. Of particular concern is the availability of long delivery items required for the lift station construction. Shop drawing review and approval had been completed in advance of award, but the contractor could not place an order for the materials until a contract award had officially been made. The contractor is working closely with the main pumping equipment supplier to facilitate delivery of required components as early as possible to minimize delays.

There is also a considerable amount of construction activity taking place and that will continue until October along Mazenod Road and at the Parmalat site. This construction involves the City's contractors, Parmalat's contractors, and Centra Gas, Manitoba Hydro and MTS. There is a need for regular coordination and communication to ensure that respective organizations' schedules are not adversely impacted, and that site safety is maintained. An introductory and coordination meeting has been held, and are planned to continue through to project completion.

While there is considerable focus on meeting schedule, and construction coordination and cooperation, there is still a risk that the schedule could be adversely impacted by wet weather conditions.

As indicated in Status Report No. 2, 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 for installation of the natural gas supply line required for the Parmalat site development. The agreement for installation of the work between Centra Gas and the City was concluded on May 10th, 2016, and payment for the City's share of the gas line cost was made on May 17th, 2016. Manitoba Hydro is installing gas lines using their own forces/contractors.

There had been complications with gas line installation design approvals within the Camel Sys St. right-of-way as the right-of-way contains many other underground services and is extremely congested. A workable alignment was finally determined and approved through efforts of Centra Gas, and the City's Underground Structures, and Water and Waste Departments. The gas line was moved from within the boulevard to under the Camel Sys pavement. Although Centra Gas has indicated that costs estimates for the work are still valid, there is a risk for increased costs due to additional pavement restoration that will be required.

The proposed gas line will be installed within the Mazenod 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

have commenced with Centra Gas to minimize conflicts. This discussion involved the two contractors that have been retained by the City to undertake servicing work.

4. PROJECT STATUS/ CHANGES FROM LAST REPORT

a. **Agreements with Parmalat:** The two agreements between the City and Parmalat in connection with the sale and servicing of the land were finalized on February 2nd, 2016. 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 was received on March 1st, 2016. 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.

b. **Design and Contract Administration:** The City's consultant for the servicing work is Stantec Consulting Ltd. (Stantec). 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 Mazonod Road right-of-way to service the proposed Parmalat development on the west side of Mazonod Road. Contract administration services during construction commenced with award of two contracts on April 11th, and 14th, 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. An over-expenditure for Stantec's assignment to undertake this additional work was approved by the Chief Financial Officer. Stantec has been authorized to proceed with design of service and pavement extensions required to accommodate the additional lot sale.

c. **Building Permits:** On February 3rd, 2016, the final building permit was issued to Man-Shield Construction, agent for Parmalat, for construction of the Parmalat milk processing plant. Land title was transferred to Parmalat.

d. **Partial Retention Basin Excavation:** The contract with Man-Shield for this item is complete, with an award amount of \$166,600. The final amount paid under this contract was \$92,496, as 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.

e. **Services Agreement with Manitoba Hydro:** The agreement with Centra Gas was executed on May 10th, 2016 for installation of a major 3-kilometre-long gas pipeline extension to accommodate Parmalat and the balance of the St. Boniface Industrial Park Phase 2 lands. The City's share of the approximate \$800,000 project is \$303,440.00 plus GST to be paid before start of construction. Centra Gas has advised that they are prepared to commence construction as soon as payment for service is received. Payment was made on May 17th, 2016. With suitable weather conditions, installation may be complete by about the end of July, 2016, which would conform to Parmalat's requirements.

The agreement with Centra Gas provides for a potential additional cost contribution from the City in 2018 when Centra Gas reconciles their actual construction costs with their pre-construction cost estimates. A provision of \$200,000.00 for this additional cost contribution was made in the budget derivation for this item, resulting in a potential total natural gas servicing cost of \$503,440.00.

A report to Council was approved on January 27th, 2016 authorizing additional budget of \$400,000 to cover the natural gas cost increase and to seek increased delegated authority for the CAO to enter into an agreement with Manitoba Hydro/Centra Gas for installation of the gas line.

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/Centra Gas 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, acting as developer, will be required to pay for street lighting along Mazenod Road. This lighting will be installed along the frontage of Parmalat's lot with Mazenod Road. The cost for the street lighting had been previously estimated at \$46,500.00. On May 2nd, 2016, Manitoba Hydro provided an updated cost estimate for street lighting fronting the Parmalat lot of approximately \$60,000.00. An agreement with Manitoba Hydro to have street lighting installed is under preparation.

Natural gas line extension and street lighting will also be required along a future east-west road west of Mazenod Road for the second lot being purchased as described in Item 4. h. below. Manitoba Hydro has estimated the cost for street lighting for the second lot at \$65,000.00. Centra Gas has provided a cost estimate of \$44,548.00 for the gas line extension to service the second lot. Additional agreements for installation of both of these services are under preparation. No agreements will be executed or payments made until the purchase transaction for the additional lot has been confirmed.

f. **Reimbursement for work under previous Joint Venture:** On January 30, 2013, council adopted the Report of the Standing Committee on Property and Development dated January 15, 2013, respecting the City entering into negotiations with Terracon Development Ltd. for a possible Joint Venture Agreement concerning the development of City-owned lands as shown on Misc. Plan 14362 (the proposed "Prairie Industrial Park"). Thereafter, Terracon Developments Ltd. undertook certain work in pursuit of the proposed Joint Venture. Negotiations between the City and Terracon Developments Ltd. ultimately stalemated and no Joint Venture Agreement was entered into between the City and Terracon Developments Ltd. On July 15, 2015, Council rescinded its previous decision of January 30, 2013.

Terracon Developments Ltd. is advancing a claim for work it undertook in pursuit of the proposed Joint Venture. An allowance for payback to Terracon Developments Ltd. has been included in the project budget. The value of the work items and the merits of Terracon Development Ltd.'s claim for recovery of same are undergoing review by Legal Services. The

City's legal position is subject to litigation privilege such that its disclosure cannot be made, as to do so otherwise would jeopardize the City's legal position.

g. **Project Contribution Agreement with Manitoba:** An agreement with Manitoba specifying the Provincial contribution to this project was finalized on April 7th, 2016. 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.

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. The required extension is farther south along Mazenod Road and westerly along an unnamed roadway right-of-way that will be across the frontage of the new lot. The amount of the pending sale is valued at \$1,400,000.00. The estimated cost of servicing, excluding associated engineering and excluding natural gas and street lighting, is estimated at \$876,855.00. Engineering is estimated at \$92,070.00; street lighting estimated at \$65,000.00, and natural gas at \$45,000.00 for a total servicing cost of \$1,078,925.00. 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 total servicing cost reported in Status Report No. 2 was \$968,925.00; however this previous estimate did not include costs for natural gas and street lighting.

The Offer to Purchase for the additional lot has yet to be finalized and the deposit on the lot purchase yet to be paid, however the purchase transaction process is advancing. 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. Based on progress with the purchase transaction, Stantec has been authorized to undertake design services for the required services and pavement extensions. Bid Opportunity No. 1134-2015 (underground services, retention basin, and roadway works) 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. The above servicing estimate for the additional lot is based on pricing submitted by Cambrian Excavators, the successful low bidder to Bid Opportunity No. 1134-2015.

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 the Greater Winnipeg Water District Plan 2474 WLTO has been approved. The roadway openings are required for service installation for the Parmalat site, the second site referenced as additional lot sale, and for watermain looping for reliability and redundancy.

j. **Construction Progress:**

Bid Opp. No. 983-2015 for the construction of the wastewater lift station –

- Less than 5% complete after April 11th, 2016 award date.
- Site activities included filling and grading; establishing a working pad, and drainage control
- Contractor coordinating material orders, and aligning and scheduling sub-contractors

Bid Opp. No. 1134-2015 for the St. Boniface Industrial Park Phase 2 – Stage 1 Servicing that included all underground piping, stormwater retention basin, and pavements –

- Contract awarded April 14th, 2016
- Site dewatering commenced April 20th, 2016
- Watermain, Wastewater Sewers/Forcemain – 0% complete
- Roadways – 0% complete
- Land Drainage Sewers - 20% complete
- Lake Excavation - 20% complete
- Ditching – 20% complete

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	NA
Report to Council if bids exceed budget (meeting dates estimated)	Mar. 23, 2016	NA
Alternate Construction Contract Award	Apr. 1, 2016	B.O. No. 983-2015 –April 11, 2016 B.O. No. 1134-2015- April 14, 2016
Construction Start (estimated)	Apr. 15, 2016	Actual - April 28th, 2016
Underground Piping Construction Completion (estimated)	July 30, 2016	July 30, 2016
Lift Station Construction Completion (estimated)	Oct. 31, 2016	Oct. 31, 2016
Pavement Completion (estimated)	Oct. 31, 2016	Oct. 31, 2016
Landscaping and Final Grading (estimated)	July, 2017	July, 2017

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 for Parmalat-Centra Gas (Manitoba Hydro)	Awarded to Centra Gas	\$303,440.00	Nil
Contract Single Source	Electrical Service - Manitoba Hydro for Parmalat and second lot	To be awarded	\$125,000.00	Nil
Bid Opportunity 1134-2015	Construction of watermains, wastewater and land drainage sewers, retention basin and pavements	Awarded to Cambrian Excavators Ltd.	\$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	Awarded to Rocky Road Recycling Limited	\$1,731,249.00	Nil
Contract Single Source	Natural Gas for second lot-Centra Gas (Manitoba Hydro)	To be awarded	\$45,000.00	
	Total		\$7,214,028.50	\$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	\$ 0	\$ 400,000
To Date	\$8,600,000	\$8,600,000	\$ 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)	\$ -
Construction:				
-Underground Piping, Pavements, and Retention Basin	\$ 4,087,181	\$ 3,194,385	\$ (892,796)	\$ -
- Lift Station	\$ 2,258,079	\$ 1,731,249	\$ (526,830)	\$ -
- Manitoba Hydro services	\$ 550,000	\$ 561,494	\$ 11,494	\$ 11,494
- 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	\$ -
Total	\$ 8,600,000	\$ 7,627,309	\$ (972,691)	\$ 11,494

Additional Project Component*				
-Engineering for service extension	\$ 92,070	\$ 92,070	\$ -	\$ -
-Service Extension for Additional Lot Sale**	\$ 876,855	\$ 986,855	\$ 110,000	\$ 110,000
-Additional Lot Sales Revenue	\$ (1,400,000)	\$ (1,400,000)	\$ -	\$ -
Total	\$ (431,075)	\$ (321,075)	\$ 110,000	\$ 110,000

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

** Additional funds required in the amount of \$110,000 for natural gas line extension and street lighting for second lot being sold.

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: 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 to July 31st, 2016 it is expected that:

- Agreement will be entered into with Manitoba Hydro for street lighting along Mazonod Road fronting Parmalat and along unnamed east-west road west of Mazonod adjacent second lot being sold.
- Agreement with Centra Gas to extend natural gas service to second lot will be entered into.
- The purchase agreement for the second lot in St. Boniface Industrial Park Phase 2 will have been executed.
- Construction of underground pipelines will be 80-90% complete, excavation of partial stormwater retention basin will be complete, pavement construction will have commenced.
- Construction of wastewater lift station will be about 40% complete.

FINANCIAL IMPACT

Financial Impact Statement

Date:

May 20, 2016

Project Name:

Servicing for St. Boniface Industrial Park Phase 2 – Financial Status Report No. 1 for the Period Ending April 30, 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).

SUBMITTED BY

Department: Planning, Property and Development
Division: Real Estate
Prepared by: J. Zabudney/M. Shkolny
Date: May 24, 2016
File No.: o:\reports directive\real estate\sales\finstatspc_st
boniface_parmalatreportno3toapril302016(rev1).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 April 30, 2016

Project Component (Original Scope)	Budget (Land Operating Reserve Account)			Expenditure Forecast					Surplus (Deficit)	Variance Last Report	Change in Variance
	Original	Adjustment	Revised	Actual Costs To April 30 2016	Remainder of			Total Forecast			
					2016	2017	2018				
Engineering, design and other costs	\$ 850,000	\$ -	\$ 850,000	\$ 449,128	\$ 303,026	\$ 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 ²	\$ 150,000	\$ 400,000	\$ 550,000		\$ 361,494	\$ -	\$ 200,000	\$ 561,494	\$ (11,494)	\$ -	\$ (11,494)
Man-Shield Partial Retention Basin Excavation	\$ 166,600	\$ -	\$ 166,600	\$ 92,496	\$ -	\$ -	\$ -	\$ 92,496	\$ 74,104	\$ 74,104	\$ -
¹ Misc. -Temp. Access road, legal surveys, Internal Project Management, JV Reimbursement, and Contingencies	\$ 688,140	\$ -	\$ 688,140	\$ 169,035	\$ 1,092,025	\$ -	\$ -	\$ 1,261,060	\$ (572,920)	\$ (572,920)	\$ -
Total	\$ 8,200,000	\$ 400,000	\$ 8,600,000	\$ 710,659	\$ 6,435,897	\$ 280,753	\$ 200,000	\$ 7,627,309	\$ 972,691	\$ 984,185	\$ (11,494)
Project Component (Revised Scope)											
-Engineering for service extension ³	\$ 92,070	\$ -	\$ 92,070		\$ 92,070	\$ -	\$ -	\$ 92,070	\$ -	\$ -	\$ -
-Service Extension for Additional Lot Sale (includes street lights and natural gas) ⁴	\$ 876,855		\$ 876,855		\$ 899,170	\$ 87,686	\$ -	\$ 986,855	\$ (110,000)	\$ -	\$ (110,000)
-Additional Lot Sales Revenue	\$ (1,400,000)		\$ (1,400,000)		\$ (1,400,000)		\$ -	\$ (1,400,000)	\$ -	\$ -	\$ -
Total	\$ (431,075)	\$ -	\$ (431,075)		\$ (408,761)	\$ 87,686		\$ (321,075)	\$ (110,000)	\$ -	\$ (110,000)

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.

¹ Contingencies included above equal \$534,318

² Includes a budget adjustment authorized by Council on January 27th, 2016 for a contract with Manitoba Hydro for natural gas line installation.

³ Additional engineering costs are for a service extension beyond original scope of work to service 2nd lot purchaser.

⁴ Additional funds required in the amount of \$110,000 for natural gas line extension and street lighting for second lot being sold.