

Minutes - Standing Policy Committee on Finance - September 15, 2016

REPORTS

Item No. 5 Transit Building Replacement/Refurbishment (Expansion of Vehicle Overhaul and Maintenance Facilities) – Financial Status Report No. 7 for the Period Ending June 30, 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 Transit Building Replacement/Refurbishment (Expansion of Vehicle Overhaul and Maintenance Facilities) project, as contained in the report.

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DECISION MAKING HISTORY:

Moved by Councillor Gillingham,

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. 7 FOR THE
PERIOD ENDING JUNE 30, 2016

Critical Path: STANDING POLICY COMMITTEE ON FINANCE

AUTHORIZATION

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

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.

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.

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 complete 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 174,000 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 30,000 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 currently \$29.47 million, but is currently identified in two capital projects (4210000313 and 4210000314). Additional project elements will be combined into this project.

In July 2016 the Federal government announced funding of 50% for this project through the Public Transit Infrastructure Fund of \$24.5 million. This will enable further enhancements to the project scope, including new paint booths including one for 60' buses, electrical system upgrade, backup generator etc.

The Province of Manitoba had previously announced funding of \$20 million towards the Transit Building Replacement Refurbishment program through the Manitoba Winnipeg Infrastructure Agreement. Some of this funding has been allocated to other projects within this program, but it is estimated that approximately \$15 million will be allocated to this Garage Expansion project.

The net impact to the City's contribution towards this project is expected to be a reduction of \$3.8 million as well as the ability to reallocate \$1.1 million in Federal Gas Tax funding.

A refined budget for the project is now moving forward to Council for consideration.

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 on April 7, 2016 was awarded to Colliers Project Leaders in the amount of \$759,918.00.

Environmental Site Assessments (Phase I and II) were conducted on the site, as well as a geotechnical site investigation.

Parking lot options, both temporary and permanent, were reviewed with the City and PP&D Planning division.

Architectural, Mechanical, Electrical and Structural site reviews have taken place.

Two Architectural workshops and two Electrical/Mechanical workshops have taken place.

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 was 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 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. In addition, the Public Transit Infrastructure Fund has a deadline for substantial completion of March 31, 2018.

The delivery of the project is being accomplished through separate contracts as shown in the table below.

Bid Opportunity Number	Description	Date of Contract Award	Estimated Completion Date	Award Amount
1158-2015	Colliers Project Leaders – Owner Advocate/Project Manager	April 7, 2016	December 2018	\$759,918

RISKS AND MITIGATING FACTORS

Risk Matrix¹	
Risk Statement and Explanation	Mitigation
Employee parking will be displaced by the building expansion. Temporary parking off-site needs to be prepared.	Identify potential sites and initiate temporary parking approvals and installation
The maintenance facility operates 24 hours per day, 365 days per year, and the efficiency of this operation cannot be compromised.	Place a high level of emphasis on project staging in the RFP specifications, bid evaluations and management of the

	construction phases of the project.
Schedule risk to meet deadline for Public Transit Infrastructure Fund.	Release RFQ in advance of Council budget approval. RFP may be released, but not awarded until after budget approval.
Budget risk from drop in value of Canadian dollar as much of the equipment originates off-shore, such as hoist, cranes, paint booths and fluid dispensing systems.	Making appropriate decisions on the type and amount of equipment specified during the definition phase of the project.

¹Risk Matrix is arranged vertically from higher to lower assessed risk

FINANCIAL ANALYSIS

Only one contract has been awarded to date as identified above.

Summary

Contracts Issued to Date:	\$759,918.00
Spent to Date:	\$77,066.40
Remaining Costs:	\$682,851.60

FINANCIAL IMPACT

Financial Impact Statement

Date: August 22, 2016

Project Name:

First Year of Program 2013

Transit Building Replacement/Refurbishment (Major Project Component) – Financial Status
Report No. 7 for the Period Ending June 30, 2016

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:	Tim VanDekerkhove
Date:	August 22, 2016
File No.	2.1.1.4