

**Minutes – Standing Policy Committee on Finance – June 8, 2017**

**REPORTS**

**Item No. 7                    Expansion of Transit Vehicle Overhaul and Maintenance Facilities  
Capital Project – Financial Status Report No. 10 for the Period  
Ending March 31, 2017**

**STANDING COMMITTEE DECISION:**

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and received the report as information.

**Minutes – Standing Policy Committee on Finance – June 8, 2017**

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

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

Carried

# ADMINISTRATIVE REPORT

**Title: Expansion of Transit Vehicle Overhaul and Maintenance Facilities Capital Project – Financial Status Report No. 10 for the Period Ending March 31, 2017**

**Critical Path: Standing Policy Committee on Finance**

## AUTHORIZATION

Author	Department Head	CFO	CAO
S. Payne	G. Ewankiw	M. Ruta	D. McNeil

## EXECUTIVE SUMMARY

The Expansion of the Vehicle Overhaul and Maintenance Facilities will address bus maintenance capacity deficiencies faced by the Transit Department, as increasing service demands, increased bus fleet, and technology changes are putting pressure on existing facility resources. The project will also address issues with the age and design of the Fort Rouge site electrical system and the provision of backup electrical service in the event of a power outage. Lastly, the opportunity to relocate some of the geographically remote Transit operations to the Fort Rouge Transit Base will be realized by repurposing the existing Public Works Traffic Services area.

The Request for Proposal (RFP) was issued on March 7, 2017 and will close on May 16<sup>th</sup>, 2017. Award and construction mobilization remain subject to confirmation of Federal and Provincial funding.

## RECOMMENDATIONS

1. That the financial status of the Expansion of Transit 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/DISCUSSION**

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.

The main facilities at FRG are approximately 50 years of age. The maintenance of this facility has been funded through the operating budget in the past; however, many of the building systems 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 the North Garage 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 identified the need to proceed with the expansion of vehicle overhaul and maintenance facilities at the FRG as the immediate facilities priority for Transit. By doing so Transit will increase bus maintenance capacity to better match the existing and projected fleet size.

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 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.

On December 14, 2016, Council approved a report submitted by Transit titled Expansion of Transit Vehicle Overhaul and Maintenance Facilities Capital Project.

- That the Expansion of Transit Vehicle Overhaul and Maintenance Facilities Capital Project be approved with an approved 2017 capital budget of \$53.2 million.
- That the Winnipeg Public Service be authorized to proceed with the Expansion of Transit Vehicle Overhaul and Maintenance Facilities Capital Project as a Design-Build delivery model.
- That the Standing Policy Committee on Infrastructure Renewal and Public Works be delegated authority to approve the contract, upon confirmation satisfactory to the Chief Financial Officer of federal and provincial funding.

### **OVERALL PROJECT STATUS**

A cost estimate and conceptual plans has been developed for this project through the City's Owner Advocate/Project Manager.

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

A Request for Qualifications (RFQ) has been completed. The following three proponents have been shortlisted to participate in the request for proposals.

- PCL Constructors Canada Inc.
- Graham Design Builders LP
- Bockstael Construction Limited

### **DESCRIPTION OF PROJECT**

The project will be delivered using a design-build model and the project scope will include;

- An increased shop floor area to 174,000 sq. ft., from the existing area of 113,000 sq. ft.
- The stores/inventory space will also be increased from 26,000 sq. ft. to 30,000 sq. ft.
- Eighteen additional in-floor hoists - twelve for 40' buses, six can accommodate 60' buses as well as 30' and 40'.
- Consolidating and relocating the refurbishment area service, which includes; the welding shop, the fabrication shop, the body shop and paint operations to the expansion area. These changes will optimize the existing services and improve overall efficiencies of the refurbishment process.
  - Approximately 4,500 sq. ft. of welding shop/body shop storage space.
  - The original Stores area will be reconfigured to accommodate the future needs of the Transit maintenance group.
  - New paint booths with current bake technology to improve efficiency.
  - New preparation booths.
- Construction of a parking area to replace the existing parking lost due to the expansion.

Additional projects are included in the scope of the building expansion project in order to take advantage of design and construction efficiencies, these include:

- Electrical System Upgrade
- Backup Generator Installation
- Relocation of a Transit division to the Traffic Services Area

## **PROJECT COST AND FUNDING**

This project will only proceed to construction upon confirmation that a Class 3 cost estimate or better has been developed and there is sufficient approved budget for the project.

In July 2016, the Federal government announced funding of 50% of the eligible expenses for this project through the Public Transit Infrastructure Fund of \$24.5 million. In addition, it announced additional amounts for a Power Backup Generator at 421 Osborne, for a total expected combined contribution of \$26 million. This new Federal funding has provided an opportunity to integrate previously identified Transit building improvement projects with the Expansion project.

The Province of Manitoba through previous announcements has committed to 25% of eligible project expenses and will utilize the funding previously committed towards the Transit Building Replacement/ Refurbishment program through the Manitoba/Winnipeg Infrastructure Agreement. The provincial share of the project costs is estimated to be \$13 million.

On December 13, 2016, Council adopted the 2017 Capital budget which included authorization of \$53.2 million for the Expansion of Transit Vehicle Overhaul and Maintenance Facilities contingent on Federal and Provincial contributions.

This project will be financed through a combination of the following:

Government of Canada – Public Transit Infrastructure Fund - \$26 million

Province of Manitoba – Manitoba Winnipeg Infrastructure Fund - \$13 million

City of Winnipeg – Retained Earnings and Cash to Capital - \$14.2 million

The Public Transit Infrastructure Fund program requires project completion dates of March 31, 2018 with extensions being granted in some cases to March 31, 2019. The City has formally requested the project completion date of March 31, 2019 and is awaiting confirmation. A March 2019 completion date would be challenging to achieve, and as such, should be reviewed prior to the finalization of any funding agreements or award of contracts.

## **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.

The delivery of the project is being accomplished through separate contracts as shown below. Award amounts include any approved change orders.

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	\$842,340

### **RISKS AND MITIGATING FACTORS**

<b>Risk Matrix<sup>1</sup></b>	
<b>Risk Statement and Explanation</b>	<b>Mitigation</b>
Schedule risk to meet the deadline of March 2019 for Public Transit Infrastructure Fund.	The RFP was released in advance of Council budget approval. Transit has initiated the planning of the project in advance of Council Approval of the project details.
The timely execution of the Federal and Provincial funding agreements.	Efforts to expedite formalization of Provincial and Federal funding agreements are underway.
The maintenance facility operates 24 hours per day, 365 days per year, and the efficiency of this operation cannot be compromised.	A high level of emphasis on project staging was included in the RFP specifications, bid evaluations and management of the construction phases of the project.
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.
Area residents may be concerned with the proposed expansion and impacts on neighborhood traffic.	The project will be designed to minimize impacts on the neighborhood. The project will also undertake a number of Public Engagement events which will include direct stakeholder meetings and Public Open House.

<sup>1</sup>Risk 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 including Amendments Issued to Date:	\$842,340
Spent to Date:	\$367,757
Remaining Costs:	\$474,583

The project cash flow is included in Appendix 1 (attached).

## **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, Chief Asset & Project Management Officer, Office of the CAO  
John Kiernan, Director of Planning, Property and Development  
Greg Ewankiw, Acting Director of Transit  
Scott Payne, Manager, Asset Management Office

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

## **PUBLIC TRANSIT INFRASTRUCTURE FUND**

In 2016, the Federal Government introduced a Public Transit Infrastructure Fund (PTIF) Program to help accelerate municipal investments to support the rehabilitation of transit systems, new capital projects, and planning and studies for future transit expansion to foster long-term transit plans. Under PTIF, the Federal Government can fund up to 50% and the Province would contribute an additional 25% to eligible project costs to the projects listed below.

The City of Winnipeg has received approval from the Federal and Provincial Government on two of the four projects applied for under the PTIF Program. All four projects were approved, but due to the strict project deadlines completion date of March 31, 2018, extension approvals were requested to March 31, 2019 for all four projects.

The four projects are:

<b>Project</b>	<b>Federal Share (50%)</b>	<b>Provincial Share (25%)</b>	<b>Municipal Share (25%)</b>	<b>Municipal Share (ineligible costs)</b>	<b>Project Total</b>	<b>Status</b>
Garage Expansion	\$24,500,000	\$12,250,000	\$12,250,000	\$1,000,000	\$50,000,000	Extension Approved
Backup Generator	\$1,500,000	\$750,000	\$750,000	\$200,000	\$3,200,000	Pending Extension Approval
Buses	\$23,500,000	\$11,750,000	\$11,750,000	\$4,660,000	\$51,660,000	Extension Approved
Garage Improvements	\$2,700,000	\$1,350,000	\$1,350,000	\$200,000	\$5,600,000	Pending Extension Approval (scope & cost further reduced)



The Expansion of Transit Vehicle Overhaul and Maintenance Facilities Project, along with the Buses Project extension approval, has been received. The Garage: Backup Generator and the Garage Improvements Project's extension approval has not been received to date.

The Garage Improvements project includes ventilation upgrades, roof replacements and general repairs. Due to the delay in funding, the scope of this project has previously been reduced to meet the extension deadline, which resulted in a total project cost reduction of \$1.5 million, of which approximately \$1.1 million was contributions from the two other levels of government.

Under the assumption that federal funding would be received, a portion of roof repair was tendered earlier this year with Bids closing Monday February 27, 2017. A total of nine (9) bids were received.

The tender date for the roof work was extended to May 29, 2017, however, due to the delay of receiving the necessary federal funding approval for the PTIF program, as well as the accompanying contribution from the Province of Manitoba, has caused the tender bids to lapse. As a result the work will now be deferred to 2018 and will result in a further reduction of scope to meet the proposed PTIF project extension deadline of March 31, 2019. The further reduction will result in project costs be reduced by an additional \$1.7 million of which approximately \$1.3 million was contributions from the two other levels of government.

<b>FINANCIAL IMPACT</b>
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**Financial Impact Statement Date:** [May 5, 2017](#)

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**Project Name:**

**Expansion of Transit Vehicle Overhaul and Maintenance  
Facilities Capital Project – Financial Status Report No. 10 for  
the Period Ending March 31, 2017**

**COMMENTS:**

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

**original signed by**  
T. Yanchishyn, CPA, CA  
Manager of Finance & Administration

## CONSULTATION

This Report has been prepared in consultation with:

None.

## OUR WINNIPEG 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: Asset Management Office  
Prepared by: Scott Payne, Manager of Asset Management Office  
Date: May 5, 2017  
File No: 2.1.1.4

Attachments:

**Appendix I**

**EXPANSION OF TRANSIT VEHICLE OVERHAUL AND MAINTENANCE FACILITIES  
TRANSIT DEPARTMENT  
As of March 31, 2017**

Project Component	Capital Budget			Capital Expenditure Forecast				Surplus (Deficit)	Variance Last Report	Change in Variance
	Council Approved Changes			Actual Costs	Forecast		Total			
	Original	Revised	To Mar 31, 2017	2017	2018	Forecast	From Revised Budget			
A CONSTRUCTION COSTS	\$ 41,500,000	\$ -	\$ 41,500,000	\$ -	\$ 26,746,000	\$ 14,754,000	\$ 41,500,000	-	-	-
B PROFESSIONAL SERVICES	1,100,000	-	1,100,000	367,757	732,243	-	1,100,000	-	-	-
C OVERHEADS AND OTHER	500,000	-	500,000	25,758	274,242	200,000	500,000	-	-	-
D CONTINGENCY	10,100,000	-	10,100,000	-	-	10,100,000	10,100,000	-	-	-
	<b>\$ 53,200,000</b>	<b>\$ -</b>	<b>\$ 53,200,000</b>	<b>\$ 393,515</b>	<b>\$ 27,752,485</b>	<b>\$ 25,054,000</b>	<b>\$ 53,200,000</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>

**Explanatory Notes**