

**Minutes – Standing Policy Committee on Finance – July 6, 2017**

**REPORTS**

**Item No. 4                      Servicing for St. Boniface Industrial Park Phase 2 – Financial Status  
Report No. 7 for the Period Ending April 30th, 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 – July 6, 2017**

DECISION MAKING HISTORY:

Moved by Councillor Gerbasi,

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. 7 for the Period Ending April 30th, 2017**

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

## AUTHORIZATION

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

## EXECUTIVE SUMMARY

This report identifies the financial status and significant events for the period February 1<sup>st</sup>, 2017 to April 30<sup>th</sup>, 2017.

Costs for this project are being funded from the Land Operating Reserve (209-163040-638089). Project costs continue to be within the approved budget of \$8.6 million.

Project status has not changed significantly since last report as no construction activity occurred on site from February through to April, 2017. Project scope had been increased to allow servicing of a second property sold within Phase 2 of the St. Boniface Industrial Park.

Servicing to Parmalat's site has largely been completed. Full commissioning of the lift station was finalized on February 1<sup>st</sup>, 2017 and Certificate of Substantial Performance was issued by the contract administrator.

The Funding and Servicing Agreement provided that Parmalat pay to the City the amount of \$520,000.00, representing Parmalat's share of lift station oversizing costs upon notification that the lift station construction reached Substantial Performance. Parmalat provided payment on April 26<sup>th</sup>, 2017.

Costs for engineering services for the original project assignment continue to be within budget. Additional engineering work was assigned to undertake design and contract administration for services and roadway required for an additional property being sold.

The conditions for purchase of an additional 8.52 acre property south of the Parmalat site were satisfied by the purchaser on September 27<sup>th</sup>, 2016. A Change in Work under Bid Opp. No. 1134-2015 was issued to Cambrian Excavators to continue with servicing work required for the additional property. Underground pipe services to the additional property were completed by February 1<sup>st</sup>, 2017. Pavement construction to the additional property is scheduled to commence in mid-May, 2017.

Arrangements with Manitoba Hydro for street lighting and Centra Gas for natural gas line extension to accommodate the additional property purchased have concluded.

## **RECOMMENDATIONS**

1. 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”.

## **IMPLICATIONS OF THE RECOMMENDATIONS**

None – report is to be received as information.

## **HISTORY/DISCUSSION**

Parmalat Canada Inc. is developing a new processing facility and required a suitable new location in Winnipeg to replace the current aging facility in St. Boniface. A site on an undeveloped City owned parcel on Mazonod Road south of the existing St. Boniface Industrial Park was selected.

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 September 30th, 2015, Council adopted Item No. 9 of the Report of the Executive Policy Committee dated September 23, 2015 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 be amended as follows:

“1. That Recommendation 2.A. be amended to delete the words “concurrently with the payment of the purchase price for the Site” and replace them with “on or prior to March 1, 2016”, so that Recommendation 2.A. reads as follows:

‘A. cash contribution by Parmalat Canada Inc. in the amount of \$1,500,000.00, to be paid to the City on or prior to March 1, 2016.’”

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 March 1, 2016 Parmalat provided a financial contribution to the Project in the amount of \$1,500,000.00 as stipulated by the Funding and Servicing Agreement.

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 Mazonod, Ray Marius and Public Roads 1 and 2, south of the Greater Winnipeg Water District Plan 2474 WLTO.

On September 27th, 2016, the solicitor representing the additional lot(s) purchaser advised that conditions of purchase had been satisfied.

On October 17th, 2016, a Change in Work was issued to Cambrian Excavators Ltd. under Bid Opportunity No. 1134-2015 for the St. Boniface Industrial Park Phase 2 – Stage 1 for the installation of underground pipes and pavements required to service the additional property acquired by a second purchaser.

## **1. MAJOR CAPITAL PROJECT ADVISORY COMMITTEE**

An Advisory Committee was determined to be unwarranted due to the lower dollar value (\$8.6 million compared to \$20 million stipulated by administrative policy) and also ad-hoc but regular involvement of senior management. As the servicing for the original project scope is substantially complete, an Advisory Committee was not considered further.

## **2. DESCRIPTION OF PROJECT**

The City sold 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 purchased is within the area now known as St. Boniface Industrial Park Phase 2 and needed to be fully serviced in accordance with City standards and Parmalat’s specifications. The City in

this instance took on the role of the land developer and arranged for installation of services required for the land.

The services 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 also arranged for the installation of electrical and natural gas services with Manitoba Hydro/Centra Gas and communications cables with Manitoba Telephone Systems.

Services installed to accommodate the Parmalat site are 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 supply reliability and fire protection follow that approved roadway layout.

Since the initial transaction selling a lot to Parmalat, a second purchaser has come forward to purchase both an 8.52 acre parcel in 2017 plus an additional 4.29 acres at a future date south of Parmalat. This sale requires extension of services and pavements past the point originally contemplated for Parmalat. The roadway layout approved by DAO 10/2015 also accommodates services installation required for the sale of the second 8.52 acre parcel and a third 4.29 acre parcel. Subdivision and title registration to create these two lots is nearing completion.

### **3. RISKS AND RISK MITIGATION STRATEGIES**

As the servicing works in Mazenod Road adjacent to the Parmalat site are mostly completed, the construction coordination risk is considered to be extremely low. Outstanding contract work includes drainage ditch sodding, boulevard sodding and active transportation path installation which will be done later in 2017 as weather permits.

Inspection and testing of the lift station has now been completed and Certificate of Substantial Performance was issued on February 1<sup>st</sup>, 2017. The Water and Waste Department has assumed operational responsibility for the lift station.

There will still be some construction activity taking place along Mazenod Road south of the Parmalat site and along the future east-west road (Black Diamond Blvd.) to complete services required for the second property sold. Underground pipes were completed by February 1<sup>st</sup>, 2017. Remaining construction involves completion of roadway pavement to the second property and connection of drainage ditch to the retention pond. Risk around remaining construction coordination and schedule is considered low.

There remains a very minor risk to contract costs from extra or unforeseen work that could arise during construction. Extra work to date continues to be minor and well within budget funds available. The risk is also low as the bulk of the work for Parmalat servicing has been completed and all underground pipes for the second property sold have been installed. Contingency allowances included in the projects' budget have been reduced accordingly.

Costs for additional work to service the second property sold were received from the City's contractor, Cambrian Excavators. As the costs for this additional work were favorable and have now been established, the cost risk is minimized.



Pavement work to the second property sold has been scheduled to start in mid-May, 2017. An early start is permitted due to favorable spring weather.

There continues to be a risk for increased costs for the gas line installed for Parmalat. Increased costs are due to additional pavement restoration that was necessary as a result of locating the gas line under the Camel Sys pavement rather than within the boulevard. Costs between Centra Gas and the City for the gas line installation will be reconciled by June, 2018, at the latest, per the agreement between both parties. An additional \$200,000 is still included in the project budget for gas line installation to account for future payments to Centra Gas as necessary.

Natural gas line extension and street lighting is required along Mazenod Road south of Parmalat and along the future east-west road (Black Diamond Blvd.) west of Mazenod Road for the additional property being purchased. Agreements with Manitoba Hydro and Centra Gas have been arranged and payments made by the City for both for street lighting and gas line installation. Construction of street lighting and gas services will not take place until roadway construction and boulevard grading is completed. Early discussions with Centra Gas and Hydro have occurred to arrange for installation to avoid delays this summer.

#### **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; as well as the supplementary payment of \$1,500,000 on March 1st, 2016. By agreement, \$520,000 was paid by Parmalat upon notification by the City that the wastewater lift station was substantially complete. Parmalat made this payment on April 26<sup>th</sup>, 2017.
- b. **Design and Contract Administration:** The City's engineering consultant for the servicing work is Stantec Consulting Ltd. (Stantec). The engineering work 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 municipal services, including wastewater lift station and stormwater retention basin, and pavements to service the Parmalat site on the west side of Mazenod Road. Costs to date for engineering services are within authorized funds.

As described in 4.h. below, an additional purchaser has come forward that will require services and pavement extension beyond the point that was required for Parmalat. Additional engineering for design and contract administration of that service and pavement extension was required. An over-expenditure for Stantec's assignment to undertake this additional design and contract administration work was approved by the Chief Financial Officer.

- c. **Building Permits:** On February 3rd, 2016, a building permit was issued to Man-Shield Construction, agent for Parmalat, for construction of the Parmalat milk processing plant and land title was transferred to Parmalat. The original Building Permit issued was for a building with a floor area of 8,691 m<sup>2</sup> (93,549 ft<sup>2</sup>). On October 25, 2016 a revised permit for a building expansion with a floor area of 2,825 m<sup>2</sup> (30,408 ft<sup>2</sup>) was applied for resulting in a total revised floor area of 11,516 m<sup>2</sup> (123,957 ft<sup>2</sup>).
- d. **Partial Retention Basin Excavation:** The contract with Man-Shield for this item is complete.

- e. **Services Agreement with Manitoba Hydro (Centra Gas):** Centra Gas (a subsidiary of Manitoba Hydro) installed a 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. Installation of the gas line to Parmalat was complete on July 28th, 2016.

The agreement with Centra Gas provides for a potential additional cost contribution from the City when Centra Gas completes cost reconciliation after one full year of Parmalat operation but no later than June 30th, 2018. The reconciliation takes actual construction costs compared to pre-construction cost estimates into consideration. A provision of \$200,000.00 for this additional cost contribution was made in the budget derivation for this item.

The City's obligation to pay future unknown sums/contributions under the agreement is unconditional.

To enable installation of two drainage culverts through Mazonod Road that are integral to the land drainage system for St. Boniface Industrial Park Phase 2, two hydro underground primary lines on the west side of Mazonod Road needed to be relocated. A contract with Manitoba Hydro for the relocation and deepening of two existing 25kV underground primary lines was entered into at a cost of \$66,022 plus GST.

Natural gas line extension and street lighting will also be required farther south along Mazonod Road and along a future east-west road (Black Diamond Blvd.) west of Mazonod Road for the additional property being purchased as described by Item 4. h. below. Agreements have been entered into with Manitoba Hydro and Centra Gas for installation of both street lighting and gas line. Contract amounts are outlined in Section 6 of this report. Installation will occur in late summer or early fall, 2017.

- f. **Reimbursement for work under previous Joint Venture:** On January 30, 2013, council adopted the Report of the Standing Committee on Policy 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. has advanced a Statement of Claim for work it undertook in pursuit of the proposed Joint Venture. The value of the work items and the merits of Terracon Development Ltd.'s claim for recovery of same have been reviewed by Legal Services and a Statement of Defence has been filed. 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 by way of the Province's Community Revitalization Tax Increment Financing Act. On December

19, 2016, the Province passed Regulation 156/2016 which designated Parmalat's location at 330 Mazenod Road (Roll #06093462220) effective January 1, 2016.

- h. **Additional Property Sales:** An additional purchaser has come forward to acquire both an 8.52 acre parcel plus a 4.29 acre parcel south of Parmalat that will require the extension of services and pavements beyond the limits originally established. The conditions for sale for the 8.52 acre parcel were satisfied by the purchaser on September 27th, 2016, while the purchase date for the 4.29 acre parcel will not occur until about 2019. The sale amount for the 8 acre parcel is \$1,400,000.00. The final purchase price for the 4.29 acre parcel will be based on the greater sum of: 1) prevailing market rates as approved by Council, or its delegate authority, at time of closing but not less than \$175,000.00 per acre; or 2) the actual cost of servicing plus \$1.00. A subdivision application has been processed to create these two lots. The sales transaction cannot be concluded until the lots are registered.

Services and pavements are being installed to the 8 acre parcel only. The required extensions are farther south along Mazenod Road and westerly along a roadway right-of-way named Black Diamond Blvd. that will be across the frontage of the 8 acre parcel. Services to the 4 acre parcel will not be undertaken until conditions for that purchase are satisfied.

Favorable pricing to extend services to the 8 acre lot was received from Cambrian Excavators under Bid Opportunity No. 1134-2015; therefore a Change in Work was issued. Underground services installation commenced in November 2016 and was completed by February 1<sup>st</sup>, 2017. Pavement construction has been scheduled to commence in mid-May, 2017. Estimated cost of servicing, including associated engineering; and natural gas line and street lighting, is estimated at \$1,143,691.00. 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. Net proceeds from the sale of approximately \$256,000 are projected.

- 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 opening was required for service installation for the Parmalat site, and the second site referenced as additional property sale, and for watermain looping for reliability and fire protection.

- j. **Construction Progress:**

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

- Approximately 98% complete after April 11th, 2016 award date.
- Commissioning completed.
- Certificate of Substantial Performance issued on February 1st, 2017.
- Work remaining in 2017 includes driveway access, grading and landscaping.

**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 –

**Original Contract:**

- Contract awarded April 14th, 2016
- All underground pipe and roadways complete.
- Ditching – 98% complete
- Sodding of retention basin complete
- Sodding of ditch side slopes to be undertaken as conditions permit in 2017

**Work to Service Additional Parcel:**

- Change in Work authorized October 17<sup>th</sup>, 2016
- Watermain – 99% complete
- Wastewater Sewers – 100% complete
- Land Drainage Sewers - 100% complete
- Ditching – 35% complete
- Roadways – 0% complete

## 5. PROJECT SCHEDULE

Activity	Target Date	Status
Construction Contract Award	Apr. 1, 2016	B.O. No. 983-2015 – April 11, 2015  B.O. No. 1134-2015 - April 14, 2015
Construction Start	Apr. 15, 2016	April 28th, 2016 (Actual)
Underground Piping Construction Completion	July 30, 2016	July 30, 2016 (Actual)
Lift Station Construction Completion	Oct. 31, 2016	Feb. 1, 2017 (Actual)
Pavement Completion	Oct. 31, 2016	Oct. 31, 2016 (Actual)
Landscaping and Final Grading (estimated)	July, 2017	July, 2017
Completion of Construction of Underground Services for additional lot	Dec. 15, 2016	Feb. 1, 2017 (Actual)
Pavement Completion for additional lot (estimated)	June 30, 2017	June 30, 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 for pipe services and roadways	Awarded to Stantec	\$850,000.00	\$28,695.00
Bid Opportunity	Contract for Partial Excavation of the Storm	Awarded to Man-Shield	\$166,600.00	Nil

No. 800-2015B Single Source	Water Retention Basin in the St. Boniface Industrial Park Phase 2 Development			
Contract Single Source- MM Ref. # 324-2016	Natural Gas for Parmalat-Centra Gas (Manitoba Hydro)	Awarded to Centra Gas	\$303,440.00	Nil
Contract Single Source- MM Ref. # 491-2016	Electrical Service - Manitoba Hydro - Street Lighting for Parmalat on Mazonod Road	Awarded to Manitoba Hydro	\$58,054.00	Nil
Bid Opportunity No. 1134-2015	Construction of watermains, wastewater and land drainage sewers, retention basin and pavements <b>including</b> Change in Work for Additional 8 acre lot	Awarded to Cambrian Excavators Ltd.	\$3,194,384.50	\$965,000.00 <b>Note: Amount of \$935,000.00 for servicing of additional lot included in over- expenditure amount above.</b>
Bid Opportunity No. 983-2015	Construction of wastewater lift station	Awarded to Rocky Road Recycling Limited	\$1,731,249.00	Nil
Contract Single Source- MM Ref. # 490-2016	Natural Gas for Additional Property - Centra Gas (Manitoba Hydro)	Awarded to Centra Gas	\$69,562.00	Nil
Contract Single Source- MM Ref. # 491-2016	Electrical Service – Manitoba Hydro - Street Lighting for Additional Property	Awarded to Manitoba Hydro	\$28,258.38	Nil
Contract Single Source- MM Ref. # 755-2016	Electrical Service - Manitoba Hydro - Primary Cable Lines Relocation	Awarded to Manitoba Hydro	\$66,022.00	
	<b>Total</b>		<b>\$6,467,569.88</b>	<b>\$993,695.00</b>

## 7. FINANCIAL ANALYSIS

The table included as Appendix 1 provides a financial summary for this project. The Council authority for expenditures required for servicing the St. Boniface Industrial Park Phase 2, primarily to service the Parmalat property, was provided on July 15th, 2015. The approved expenditure amount in that report was \$8.2 million. That amount was subsequently increased by \$400,000 in January, 2016 to address additional funding required for natural gas services. The revised budget shown is therefore \$8.6 million and the forecast expenditure of \$7.427 million is for the baseline services that were required for Parmalat's development. Therefore that part of the project is projected to be about \$1,172,922 under the approved budget. Note that as construction for this phase of the work is nearing completion, contingencies have been reduced to \$124,493 from the previously reported amount of \$388,596.

### 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 <sup>1</sup>	\$ (400,000)
2016	\$ 400,000	\$ 0	\$ 400,000
To Date	\$8,600,000	\$8,600,000	\$ 0

<sup>1</sup> Includes budget adjustment estimated at \$400,000 required for Manitoba Hydro's natural gas line installation approved by Council on January 27<sup>th</sup>, 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	\$ 3,248,468	\$ (838,713)	\$ -
- Lift Station	\$ 2,258,079	\$ 1,691,567	\$ (566,512)	\$ -
- Manitoba Hydro services	\$ 550,000	\$ 627,516	\$ 77,516	\$ -
- Man-Shield Partial Retention Basin Excavation	\$ 166,600	\$ 92,496	\$ (74,104)	\$ -
Contingencies		\$ 124,493	\$ 124,493	\$ -
Misc. -Temp. Access road, legal surveys, Internal Project Management, JV Reimbursement	\$ 688,140	\$ 855,913	\$ 167,773	\$ -
Total	\$ 8,600,000	\$ 7,427,078	\$ (1,172,922)	\$ -

## 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, 2017 it is expected that:

- Services and roadways to second property sold will be complete.
- Sale of second property to be finalized.



**FINANCIAL IMPACT**

**Financial Impact Statement**

**Date:** June 5, 2017

**Project Name:**

Servicing for St. Boniface Industrial Park Phase 2 – Financial Status  
Report No. 7 for the Period Ending April 30th, 2017

**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

This Report has been prepared in consultation with:

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 and Land Development

Prepared by: M. A. Shkolny

Date: June 6, 2017

File No:

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Attachments:

Appendix 1 – Servicing for St. Boniface Industrial Park Phase 2 as at April 30, 2017

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

**as at April 30, 2017**

Project Component (Original Scope)	Budget (Land Operating Reserve Account)			Expenditure Forecast					Surplus (Deficit)  From Revised Budget	Variance Last Report	Change in Variance
				Actual Costs		Forecast					
	Original	Adjustment	Revised	To April 30 2017	Remainder of 2017	2018	2019	Forecast			
Engineering, design and other costs	\$ 850,000	\$ -	\$ 850,000	\$ 743,317	\$ 43,308	\$ -	\$ -	\$ 786,625	\$ 63,375	\$ 63,375	\$ -
Construction:											
-Underground Piping, Pavements, and Retention Basin	\$ 4,087,181	\$ -	\$ 4,087,181	\$ 2,864,788	\$ 383,680	\$ -	\$ -	\$ 3,248,468	\$ 838,713	\$ 838,713	\$ -
- Lift Station	\$ 2,258,079	\$ -	\$ 2,258,079	\$ 1,634,909	\$ 56,657	\$ -	\$ -	\$ 1,691,567	\$ 566,512	\$ 566,512	\$ -
Manitoba Hydro Services <sup>1</sup>	\$ 150,000	\$ 400,000	\$ 550,000	\$ 427,516		\$ 200,000	\$ -	\$ 627,516	\$ (77,516)	\$ (77,516)	\$ -
Man-Shield Partial Retention Basin Excavation	\$ 166,600	\$ -	\$ 166,600	\$ 92,496	\$ -	\$ -	\$ -	\$ 92,496	\$ 74,104	\$ 74,104	\$ -
Contingencies <sup>2</sup>				\$ -	\$ 124,493	\$ -	\$ -	\$ 124,493	\$ (124,493)	\$ (124,493)	\$ -
Misc. -Temp. Access road, legal surveys, Internal Project Management, JV Reimbursement	\$ 688,140	\$ -	\$ 688,140	\$ 263,691	\$ 592,222	\$ -	\$ -	\$ 855,913	\$ (167,773)	\$ (167,773)	\$ -
<b>Total</b>	<b>\$ 8,200,000</b>	<b>\$ 400,000</b>	<b>\$ 8,600,000</b>	<b>\$ 6,026,718</b>	<b>\$ 1,200,360</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ 7,427,078</b>	<b>\$ 1,172,922</b>	<b>\$ 1,172,922</b>	<b>\$ -</b>

**Explanatory Notes:**

The above includes costs for original project scope only. Costs for servicing additional property sold are described in Section 4. h.

The above estimates are based on bid pricing received on January 29th, 2016 and February 5th, 2016.

<sup>1</sup> Includes a budget adjustment authorized by Council on January 27th, 2016 for a contract with Manitoba Hydro for natural gas line installation.

<sup>2</sup> Project Contingencies originally included in construction budgets above. Projected unused contingency amounts and reduction in project costs reflected in Surplus/(Deficit) Column total of \$1.173 million.