

Minutes – Standing Policy Committee on Finance – February 11, 2019

REPORTS

Item No. 5 North District Police Station & Archival and Exhibit Building (NDPS)

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 North District Police Station & Archival and Exhibit Building (NDPS), as contained in this report.

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DECISION MAKING HISTORY:

Moved by Councillor Gilroy,

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

Carried

ADMINISTRATIVE REPORT

Title: North District Police Station & Archival and Exhibit Building (NDPS),
Project ID: 6322003016,
Quarterly Project Status Report No. 3
For the Period Ended 10/31/2018

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	J. Kiernan	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

Project On Schedule: Yes No

Project On Adopted Budget: Yes No

Percent of Schedule Complete:

Percent of Adopted Budget Spent:

The North District Police Station project has no established development site as an opportunity to repurpose civic land in Police District 3 could not be ascertained. The project will not advance until such time that land assembly is secured by the Public Service. The Public Service was mandated to tender a Request For Proposal (RFP) to solicit private land purchase opportunities as a means of acquiring a development site for the project; the RFP closes January 31, 2019.

An updated capital cost estimate for North District Police Station & Archival and Exhibit Building indicates a total project cost of approximately \$37.3 million, Class 5 cost estimate (Station \$28.7M, Archival and Exhibit Building \$8.6M), which exceeds the current approved budget of \$23.4 million. Incremental costs are attributed to land acquisition requirements, inclusion of the Archival and Exhibit Building into project scope, and inflation/escalation resulting from a change to procurement respecting land assembly.

Scheduling uncertainty respecting procurement of the Archival and Exhibit Building is a new project risk, as the Winnipeg Police Service forecast that existing facilities may not support Archival and Exhibit storage requirements beyond Q4 2020.

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

RECOMMENDATIONS

That the financial status of the North District Police Station & Archival and Exhibit Building (NDPS), as contained in this report, be received as information.

REASON FOR THE REPORT

The Asset Management Administrative Standard FM-004 requires all projects with a total estimated cost of \$22 million (2018) or more report quarterly to the Standing Policy Committee on Finance. This threshold is adjusted annually for construction inflation as part of the annual Capital Budget approval. The Standing Policy Committee on Finance may also request reporting on any capital project.

IMPLICATIONS OF THE RECOMMENDATIONS

No implications.

HISTORY/DISCUSSION

See Appendix C – Key Project Events (History)

Design stage (Update from last report)

No update.

Table 1 – Contracts

Bid Opportunity #	Company Name	Description	Original Contract Award Value (GST & MRST extra as applicable)	Total Approved Over-Expenditures (Over-Expenditure amount only)	Date of Award	Date of Total Completion	Estimated % Complete
N/A	Number 10 Architectural Group	Consultant Services - Stakeholder & Development Site Metrics Analyses	\$ 223,400.00	Nil	28-May 2018		85%
			-	-			
			-	-			
			-	-			
			-	-			
		Total	\$ 223,400.00	\$ -			

Upcoming Procurements:

Description	Anticipated Award Date
N/A	

Schedule (Update from last report)

Schedule shall be confirmed once a project development site has been selected and acquired. Milestones are subject to change.

Table 2 – Milestones

Milestones					
	Deliverable	Original Targeted Completion Date	Revised Targeted Completion Date	Actual Completion Date	Estimated % Complete
1	NPDS Development Site Selection	Q4 2017	Q3 2019		20%
2	NDPS Development Site Acquisition	Q4 2017	Q4 2019		0%
4	NDPS District Station Building Design	Q2 2018	Q2 2020		75%
5	NDPS Archival & Exhibit Building Design	Q2 2018	Q2 2020		0%
8	NDPS Construction (commences Q4 2020)	Q3 2019	Q4 2021		0%
9	NDPS Facilities Commissioning/Opening	Q4 2019	Q1 2022		0%

Risk (Update from last report)

Two (2) new Risk items have been identified in the current reporting period:

1. The project cost is anticipated to increase to \$37.3 million based on an updated Class 5 cost estimate (Station \$28.7M, Archival and Exhibit Building \$8.6M,); current capital funding is approved at \$23.4 million. Incremental costs are attributable to:
 - Estimated market value cost to acquire land for the project
 - Inclusion of the Archival and Exhibit Building within project scope
 - Inflation/escalation costs associated with process to procure non-civic land to house the project

Risk Mitigation Plan: The Public Service will refine the project cost estimate to Class 3 in Q3 2019 upon conclusion of the RFP process wherein a preferred development site is to be identified and a preliminary design analysis performed. The Public Service will report on funding amendment requirements as warranted.

2. The Winnipeg Police Service has forecasted that archival and evidence exhibit storage requirements may exceed current accommodation by Q4 2020. Uncertainty associated with the outcome of the RFP process to ascertain suitable/sufficient project land availability, coupled with time duration to construct a new facility, raises concern that a new facility may not be commissioned before the Q4 2020 time constraint.

Risk Mitigation Plan: The Public Service will investigate procurement alternatives for the Archival and Exhibit program concurrent with the assessment of land procurement options resulting from the RFP process.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Current project cost estimate amount exceeds approved capital funding allocation	Budget to be re-evaluated upon confirming a project development site
WPS Archival & Exhibit storage requirements may exceed current accommodation by Q4 2020	Public Service to investigate interim program accommodation, facility procurement alternatives, and associated funding requirements
Ongoing:	
Development site selection - no development site has been confirmed to date as a project location	RFP process to procure and confirm development site, is in progress
Construction cost inflation - associated with development site confirmation delay	Budget to be re-evaluated upon confirming a project development site
With delay related to site selection, it is uncertain if sufficient funding exists	Budget to be re-evaluated upon confirming a project development site
With delay related to site selection, a potential need for interim accommodation of the WPS archival/evidence program exists	Public Service to investigate interim accommodation needs, opportunities and associated funding requirements
Mitigated: N/A	

Financial (Update from last report)

- Fees to Number Ten Architectural Group for the provision of engineering consultant services invoiced, total \$186,835.09 as of October 31, 2018.

Funding (Update from last report)

- The project Cost Estimate classification has been adjusted to Class 5 from Class 4, in consideration of: unidentified project site, unknown land acquisition cost, uncertainty of cost implications associated with land development, and unconfirmed project schedule.
- The Public Service has compiled an updated Class 5 cost estimate which indicates a total project cost of approximately \$37.3 million to construct North District Police Station (\$28.7 million) & Archival and Exhibit Building (\$8.6 million); this includes a market value allowance to purchase private land to house the project. The estimate assumes that construction would commence in Q4 2020 after land acquisition is finalized and the design phase completed.

Table 4 – Project Funding Forecast and Receivable: N/A

Funding Forecast and Receivable			
Funding Source	Adopted Budget (in millions)	Amended Budget (in millions)	Committed (in millions)
Class of Estimate	Class 5		
External Debt	20.0	20.0	-
Cash-to-Capital	3.1	3.4	-
	-	-	-
	-	-	-
Total	\$ 23.1	\$ 23.4	\$ -

Property Acquisition (Update from last report)

Per direction received from the Standing Policy Committee on Property and Development, Heritage and Downtown Development on June 8, 2018 a public Request For Proposal (RFP) was issued by the City to solicit private land sale opportunities as a means of identifying a development site for the project. The RFP was posted November 2, 2018 and closes January 31, 2019.

Stakeholder Engagements/Communications (Update from last report)

Stakeholder Assessment

No stakeholder assessment activities were undertaken in the current reporting period.

Public Engagement

No public engagement activities were undertaken in the current reporting period.

Subsequent Events after Report Period End Date

- An RFP soliciting project land procurement opportunities was tendered and is in process.

FINANCIAL IMPACT

Financial Impact Statement

Date: January 18, 2019

Project Name:

North District Police Station (NDPS) & Archival and Exhibit Building

COMMENTS:

As this report is to be received as information only, there are no associated financial implications.

"Original Signed By"

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:
WINNIPEG POLICE SERVICE

OURWINNIPEG POLICY ALIGNMENT

01-3 Prosperity Direction 1: Provide efficient and focused civic administration and governance. This report supports demonstration of accountability through service performance measurement and reporting.

SUBMITTED BY

Department: Planning, Property and Development

Division: Municipal Accommodations

Prepared by: B. Piniuta

Date: January 23, 2019

File: MA2019-010

Appendices

Appendix A – Key Project Facts

Appendix B – Financial Forecast

Appendix C – Key Project Events (History)

Appendix A – Key Project Facts

Appendix A – Key Project Facts	
Project Name	North District Police Station & Archival and Exhibit Building
Business Owner (Department)	Winnipeg Police Service
Project ID	6322003016
Project Sponsor	M. Jack
Department Responsible for Project Delivery	Planning, Property and Development
Consultant Engineer (Company Name)	Number Ten Architectural Group
Adopted Budget	\$23,379,000.00
Class of Estimate (Adopted)	Class 5
Range of Estimate (Adopted)	minus 50% to plus 100%
Amended Budget	N/A
Class of Estimate (Amended)	
Range of Estimate (Amended)	
<u>Project Scope</u>	
Identify and procure a project development site (project location)	
Construct new civic assets: North District Police Station; Archival and Exhibit Building	
Construct supporting infrastructure and develop new facilities site	
Major Capital Projects Advisory Committee Membership:	
M. Jack, Chief Corp Services Officer (Chair)	
G. Perrier, Deputy Chief - WPS (Business Owner Department Representative)	
J. Kiernan, Director of Planning Property & Development (External Department Representative)	
G. Chartier, Chief Asset and Project Management Officer	

Appendix B – Financial Forecast

As at Oct. 31, 2018

Project Component Deliverables	Budget (in 000's)			Actual Costs To 10/31/2018	Expenditure Forecast (in 000's)				Total Forecasted Costs	Surplus (Deficit) From Amended Budget	Variance Last Report	Change in Variance
	Adopted Budget	Council Approved Change	Amended Budget		Projected Costs							
					2018	2019	2020	2021				
Engineering, Design and Other	\$ 460	\$ -	\$ 460	\$ 187	\$ 187	\$ 40	\$ 125	\$ 108	\$ 460	\$ -		\$ -
Construction	\$ 18,400	\$ 250	\$ 18,650				\$ 2,600	\$ 16,050	\$ 18,650	\$ -		\$ -
Land Acquisition	\$ 3,130	\$ -	\$ 3,130		\$ 3,130				\$ 3,130	\$ -		\$ -
Internal Financing/Overhead Costs	\$ 486	\$ -	\$ 486			\$ 73	\$ 413		\$ 486	\$ -		\$ -
Contingency	\$ 653	\$ -	\$ 653				\$ 653		\$ 653	\$ -		\$ -
Total Project Budget	\$ 23,129	\$ 250	\$ 23,379	\$ 187	\$ 187	\$ 3,170	\$ 2,798	\$ 17,224	\$ 23,379	\$ -		
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	1%		1%									

Notes:

1. Project cost, component costs, and projected cash flows are subject to outcome of the Land Acquisition RFP.
2. Project capital cost estimate, funding requirements and schedule are to be reassessed and updated in Q3 2019 upon conclusion of Land Acquisition RFP and associated review.

Appendix C – Key Project Events (History)

On July 23, 2003, Council approved implementation of the WPS Four District Model. The current WPS six district service delivery model is based on a municipal structure which existed prior to 1971. Contemporary policing issues led the WPS to review this service delivery structure and recommend realignment from six to four districts. The Four District Model encompasses replacement of five existing police stations with three newly constructed police stations within realigned service districts.

On February 21, 2006, Council approved the 2006 Capital Budget and the 2007 to 2011 Five-Year Forecast and recommended, along with the budget, that the Administration identify, investigate, and recommend Private - Public Partnerships (P3's) for the Four District Model project.

East District Police Station (EDPS) located at 1750 Dugald Road was substantially completed in September 2007.

West District Police Station (WDPS) located at 2321 Grant Avenue followed with substantial completion occurring in November 2013.

The Downtown District Station opened as part of the new Police Headquarters facility, 245 Smith Street, in October 2016.

Upon adoption of the 2017 Capital Budget on December 13, 2016, Council approved funding for the North District Police Station (NDPS) in the amount of \$20M for the facility build plus \$3.13M for land assembly, thereby enabling the NDPS project to proceed.

On June 21, 2017, Council ruled automatic referral of the following motion to the Standing Policy Committee on Property and Development, Heritage and Downtown Development:

WHEREAS the city's Old Exhibition Grounds has been used for recreation and leisure purposes for over one hundred years;

AND WHEREAS there is a shortage of sport fields in the Lord Selkirk West Kildonan Community Committee area;

AND WHEREAS whether crime prevention is achieved through sport or other measures, prevention needs to be facilitated to reduce the load on the Winnipeg Police Service;

AND WHEREAS the City of Winnipeg needs to play a role in crime prevention;

AND WHEREAS the North District police station needs to provide the same functionality as the other district stations to the public; 3

AND WHEREAS Winnipeg's perception of what area makes up the North End has grown to encompass West and old Kildonan;

AND WHEREAS Winnipeg Transit's north garage has come to its end of life, and the east rapid transit BRT corridor has a new bus garage in its plans on city owned property;

AND WHEREAS unlike the other district stations, there was no RFP put out to the private sector to identify privately owned property and to build the stations;

AND WHEREAS Property, Planning and Development leases buildings to the Winnipeg Police Service as Municipal Accommodations basically owns the assets under their portfolio of city assets;

THEREFORE BE IT RESOLVED that the Winnipeg Public Service undertake the needed activities to find a different property than the Old Exhibition Grounds for the North district police station.

On July 4, 2017, the Standing Policy Committee on Property and Development, Heritage and Downtown Development recommended to Council that the Council Motion of June 21, 2017 be referred to the Winnipeg Public Service for report back to the Standing Committee within 180 days, and be forwarded to the Executive Policy Committee and Council.

On July 19, 2017, Council concurred in the recommendation of the Standing Policy Committee on Property and Development, Heritage and Downtown Development Committee and directed the Winnipeg Public Service to undertake the needed activities to find a different property than the Old Exhibition Grounds for the North District police station and report back to Standing Committee in 180 days.

Stakeholder assessment and public engagement activities were undertaken by the Public Service during the summer and fall months of 2017. Results were compiled and received as information by SPC on Property and Development, Heritage and Downtown Development on June 8, 2018.

As part of the 2018 Capital Budget planning/development process, the 'Archival and Exhibit Building' project was consolidated with the pre-existing 'North District Police Station' project.

At its February 2, 2018 meeting, the Standing Policy Committee on Property and Development, Heritage and Downtown Development granted an extension of time to its meeting on June 8, 2018, for the Winnipeg Public Service to report back on the June 21, 2017 Council Motion.

At its June 8, 2018 meeting, the Standing Policy Committee on Property and Development, Heritage and Downtown Development concurred with the recommendations of the Public Service:

- That the Real Estate Branch of Planning, Property and Development Department undertake to issue a Request For Proposal (RFP) to solicit private land sale opportunities as a means of identifying a preferred development site for the North District Police Station project.

- That the Public Service perform an evaluation of proposals received to validate the project program of requirements at alternate site(s), prepare associated development cost estimate(s) and assess capital funding requirements, and report back to convey results and provide recommendation as to a preferred project development site.