

Minutes – Standing Policy Committee on Finance – May 2, 2013

REPORTS

Minute No. 34 Winnipeg Police Headquarters Redevelopment Project – Financial Status Report No. 2 for the Period Ending December 31, 2012

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance Committee concurred in the recommendation of the Winnipeg Public Service and received as information the financial status of the Winnipeg Police Service Redevelopment Project.

Minutes – Standing Policy Committee on Finance – May 2, 2013

DECISION MAKING HISTORY:

Moved by Councillor Nordman,

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

Carried

ADMINISTRATIVE REPORT

ISSUE: WINNIPEG POLICE HEADQUARTERS REDEVELOPMENT PROJECT – FINANCIAL STATUS REPORT NO. 2 FOR THE PERIOD ENDING DECEMBER 31, 2012

Critical Path: STANDING POLICY COMMITTEE ON FINANCE

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Ruby	Chief D. Clunis	Mike Ruta, CFO	D Joshi COO

RECOMMENDATIONS

That the financial status of the Winnipeg Police Service Redevelopment Project as contained in this report be received as information.

REASON FOR REPORT

Administrative Standard No. FM-004 requires quarterly reporting to the Standing Policy Committee on Finance.

IMPLICATIONS OF THE RECOMMENDATIONS

The project is currently within budget.

HISTORY

In July 2011, Council approved an increase to \$162 million for the redevelopment of the Winnipeg Police Services Headquarters building comprised of \$155 million for construction and internal construction period interest charges of \$7 million. The total approved budget for the project as approved by Council in July 2011 and disclosed in the 2012 Capital Budget is \$193.567 million, which included \$31.567 million for the purchase cost of the building. The purchase cost of the building has been recorded in the City's financial statements with \$12.6 million being allocated to the Mail Sorting Plant at 245 Smith Street and \$18.967 million being allocated to the office tower at 266 Graham Avenue.

In July 2011, Council also delegated authority to the CAO to enter into a Guaranteed Maximum Price (GMP) contract. On November 18, 2011, the City entered into a GMP contract with Caspian Projects Inc. for \$137.1 million.

MAJOR PROJECT STEERING COMMITTEE

The project team reports to an Oversight Committee on a regular basis (bi-weekly). The Committee has been formed and its members are:

Phil Sheegl, Chief Administrative Officer
Deepak Joshi, Chief Operating Officer
Mike Ruta, Chief Financial Officer
Devon Clunis, Police Chief
Ossama AbouZeid, Project Director
Randy Benoit, Project Team Member – Winnipeg Police Services
Jason Ruby, Project Team Member – Corporate Finance

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

PROJECT STATUS

The project is currently within budget.

The building is 35.9% complete, the range is 96.1% complete and furniture, fixtures and equipment is 0.9% complete.

DESCRIPTION OF PROJECT

- This project is for the redevelopment of the former Canada Post mail sorting plant (which is now known as 245 Smith Street) and the construction of a new range facility at Wyper Road. For clarity, the following activities are not within the responsibility of the Project Director and Project Team:
 - Purchase of the Building from Canada Post.
 - Management of the office tower at 266 Graham Avenue.
 - Disposal of the PSB Building.
- When complete, the new police headquarters will house 14 divisions and approximately 1,250 people. All 6 floors will be redeveloped and have approximately 606,000 square feet of space.
- The building is being redeveloped to 'as-new' condition and has an estimated useful life of 50 years.
- The outdoor shooting facilities at Wyper road include a 9,500 sq. ft. building for classroom training and an outdoor shooting facility comprised of 36 gun shooting lanes and 12 shotgun shooting lanes.
- Overall, the project budget is \$162 million comprised of \$155.0 million for redevelopment plus \$7.0 million of corporate charges that are meant to represent construction period interest.

PROJECT SCHEDULE

The following is a summary of key project milestones.

Key Milestones	Target	Actual
Range occupancy	Summer 2012	Sept 24, 2012
Building – available for occupancy	Summer 2014	-

Construction commenced on the range facility at Wyper Road in the late fall of 2011. The range reached substantial completion in fall 2012 and is now being used by the WPS. The remaining work on the range relates to landscaping, which will be completed in the spring/summer.

Construction commenced on the main headquarters building (245 Smith Street) in Summer 2012.

Furniture, fixtures and equipment are in the planning stages and will be procured towards the end of construction just in advance of occupancy.

MAJOR CONTRACTS

There have been no changes to the major contracts since the last reporting to Finance Committee.

The following is a list of major contracts awarded.

Bid Opportunity	Awarded To	Description	Award Date	Completion Date	Award/Contract Value
66-2010 Phase 1-3	AECOM Inc.	Professional Consulting Services for the Design and Development of the Winnipeg Police Service Headquarters at 266 Graham Avenue (former Canada Post Building) in Winnipeg	Aug 19, 2010	Feb 24, 2012	\$2,520,092.00
66-2010 Phase 4	AECOM Inc.	Professional Consulting Services for the Design and Development of the Winnipeg Police Service Headquarters at 266 Graham Avenue (former Canada Post Building) in Winnipeg	Jan 4, 2011	Feb 24, 2012	\$2,820,446.00 (*)
833-2010 Phase 1	Caspian Projects Inc. & Akman Construction Ltd. *assigned to Caspian Projects Inc.	Construction Management Services for the Design and Development of the Winnipeg Police Service Headquarters at 266 Graham Avenue (Former Canada Post Building) in Winnipeg	Feb 10, 2011	June 5, 2012	\$50,000.00
833-2010 Phase 1 – Over expenditures	Caspian Projects Inc.	During the design process, the design engineer determined that additional invasive testing/inspection on the building was necessary to further the design process	Dec 20, 2011	June 5, 2012	\$276,020.61
833-2010 Phase 1 –	Caspian Projects Inc.	During the design process, the design engineer determined that additional	June 5, 2012	June 5, 2012	\$113,937.99

Over expenditures		invasive testing/inspection on the building was necessary to further the design process			
833-2010 Phase 2&3 GMP	Caspian Projects Inc.	Guaranteed Maximum Price Contract for the redevelopment of 245 Graham and shooting range at Wyper road	Nov 18, 2011	On going	\$137,100,000.00
Single Source	Adjeleian Allen Rubeli Limited	Professional Engineering Services Required by the City of Winnipeg Police Headquarters (Canada Post) Project	Dec 23, 2011	On going	\$4,400,000.00 (\$2,600,000.00 original contract) (\$1,800,000.00 over-expenditure April 25, 2012)
Over-expenditure -	Adjeleian Allen Rubeli Limited	Professional Engineering Services Required by the City of Winnipeg Police Headquarters (Canada Post) Project	June 8, 2012	Ongoing	\$150,000.00
201-2012	Integrated Designs Inc.	Commissioning of the Winnipeg Police Headquarters at 266 Graham Avenue	Jun 19, 2012	Ongoing	\$375,000.00
Direct Assignment	Duboff Edwards Haight & Schachter	Legal Services in the development of the GMP for the Winnipeg Police Services Headquarters	Jul 21, 2011	April 3, 2012	Services up to \$100,000.00 (\$33,989.48 paid)
Direct Assignment	Dunmore Corporation	Project Management Services for the Winnipeg Police Headquarters Project	Jun 1, 2011	On going	\$262,580.67

(*) – plus \$81,866.84 paid to close out services.

RISK AND MITIGATION STRATEGIES

The GMP Agreement of \$137.1 million with Caspian Projects Inc. was based on a 30% completion of design drawing. The 100% design drawings are scheduled to be completed in late March 2013. There is risk that the pricing of the 100% design may differ from the price based on 30% design which may not have been reflective of total police services capital needs.

FINANCIAL ANALYSIS - as at September 30, 2012

(All figures are in \$000)

Project Component	Budget	Value/Cost Estimate	Variance Budget to Value/Cost Estimate	Change in Variance from Last Report
Engineering, design and other costs	\$ 17,900	\$ 17,900	\$ -	\$ -
GMP Agreement				
- Building redevelopment	\$ 116,227	\$ 118,390	\$ (2,163)	\$ 21
- Shooting range facility	\$ 6,573	\$ 7,328	\$ (755)	\$ 62
- Furniture, fixtures & equipment	\$ 14,300	\$ 11,382	\$ 2,918	\$ (83)
	\$ 137,100	\$ 137,100	\$ -	\$ -
sub-total	\$ 155,000	\$ 155,000	\$ -	\$ -
Corporate charges - to represent construction period interest	\$ 7,000	\$ 7,000	\$ -	\$ -
Total	\$ 162,000	\$ 162,000	\$ -	\$ -

Summary

Changes from the previous report are minor.

The project budget has been redistributed within the GMP contract to allow for changes to the building and range. These changes have been funded by reprioritizing monies within the GMP contract from furniture, fixtures and equipment and contingencies.

The changes to the building relate to two items, being the south wall replacement and replacement of the floor on Level P2. The south wall replacement was approved to achieve a higher integrity of the building envelop as recommended by the building envelop consultant. The floor on Level P2 was reconstructed raising vehicle height clearance to allow the parking of the maximum number of police cars.

The majority of the increase in the range facility relates to the construction of roadway from the perimeter highway to the building, as requested by the Provincial government having authority over the area.

There is currently a small amount of project contingency in the project but the main budgetary control would involve either reprioritizing monies between areas of the GMP contract or scope refinements within the building.

CONSULTATION

In preparing this Report there was consultation with:

SUBMITTED BY

Department: Winnipeg Police Services
Prepared by: Jason Ruby – Corporate Finance, Manager of Capital Projects
Date: April 9, 2013
File No.:

Winnipeg Police Services Headquarters Project

as at December 31, 2012

Project Component	Capital Budget	Capital Expenditure Forecast				Surplus (Deficit)	Variance Last Report	Change in Variance
		Actual Costs			Total			
	Original	To Dec 31 2012	2013	2014	Forecast	From Revised Budget		
Engineering, design and other costs	\$ 17,900	\$ 9,347	\$ 4,657	\$ 3,896	\$ 17,900	\$ -	\$ -	none
GMP Agreement								
- Building	\$ 116,227	\$ 40,620	\$ 58,711	\$ 19,059	\$ 118,390	\$ (2,163)	\$ (2,142)	\$ (21)
- Range	\$ 6,573	\$ 7,039	\$ 289	\$ -	\$ 7,328	\$ (755)	\$ (693)	\$ (62)
- Furniture, fixtures, equipment	\$ 14,300	\$ 100	\$ 1,000	\$ 10,282	\$ 11,382	\$ 2,918	\$ 2,835	\$ 83
	\$ 137,100	\$ 47,759	\$ 60,000	\$ 29,341	\$ 137,100		\$ -	\$ -
sub-total	\$ 155,000	\$ 57,106	\$ 64,657	\$ 33,237	\$ 155,000	\$ -	\$ -	none
Corporate charges - to represent construc	\$ 7,000	\$ 1,033	\$ 3,733	\$ 2,234	\$ 7,000	\$ -	\$ -	none
Total	\$ 162,000	\$ 58,139	\$ 68,390	\$ 35,471	\$ 162,000	\$ -	\$ -	none

Explanatory Notes:

- This project is for redevelopment of the former Canada Post Mail Sorting Plant at 266 Graham Avenue and for the development of a new shooting range at Wyper Road. For clarity, the scope of this project does not include the purchase of the Building at 266 Graham Avenue, management of the office tower at 266 Graham Avenue or the disposal of the Public Safety Building.

All figures are in \$000