

Minutes - Standing Policy Committee on Finance - September 17, 2015

REPORTS

**Item No. 11 Winnipeg Police Service Headquarters Redevelopment Project –
Financial Status Report No. 10 for the Period Ending June 30, 2015**

STANDING COMMITTEE DECISION:

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

Minutes - Standing Policy Committee on Finance - September 17, 2015

DECISION MAKING HISTORY:

Moved by Councillor Pagtakhan,

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

Carried

ADMINISTRATIVE REPORT

Title: WINNIPEG POLICE SERVICE HEADQUARTERS REDEVELOPMENT PROJECT – FINANCIAL STATUS REPORT NO. 10 FOR THE PERIOD ENDING JUNE 30, 2015

Issue: N/A

Critical Path: STANDING POLICY COMMITTEE ON FINANCE

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Dibley / J. Ruby	D. Clunis / M. Pittet	Mike Ruta	D. McNeil

RECOMMENDATIONS

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

REASON FOR THE REPORT

Administrative Standard FM-004 requires quarterly reporting to the Standing Policy Committee on Finance.

EXECUTIVE SUMMARY

Since the last reporting to SPC Finance in March 2015, the following is an update as to the status of the WPS Headquarters project:

- Three new transformers (HVT-3, HVT-4 and HVT-5) have been installed.
- The building passed Building Code life safety testing on June 17, 2015.
- The Building Interim Occupancy permit was issued on June 19, 2015. The permit allows occupancy of the building. The permit listed 7 items that need to be addressed before full occupancy permit can be issued. The interim permit will expire on September 30, 2015.
- Certificate of Substantial Performance, as defined under Provincial Legislation was issued on June 29, 2015. The City is required to payout the Builder's Lien holdback 40 days after this date.
- The City's Municipal Accommodations division took possession of the building on July 17, 2015.

- The City's consultant engineer has issued a final deficiencies list and withheld project funds in the amount of \$300,000 until all deficiencies, and as-built documentation is received.
- Caspian is working to achieve construction Total Performance and close out the GMP contract. The City must receive all project as-built documentation before the Certificate of Total Performance can be issued.
- With the building now under possession of Municipal Accommodations, the Building Safeguard work (separate project budget) can proceed. This work has been delayed slightly by the building possession date being July 17, 2015 rather than original June 30, 2015. WPS HQ Project team is working to remain on schedule for the building to be available for WPS occupancy by late Fall 2015.
- All Remediation work related to the water event is 95% complete (\$ 4.4 million in change order issued to June 30, 2015).
- All payments related to the insurance claim are within the authorization approved by Council.
- Invoice costs are being submitted to insurance companies on a continual basis. The insurance companies have advanced approximately \$3 million in funds to the City towards this insurance claim. The total claim amount has yet to be finalized and reviewed by the insurance companies.
- The project is forecasted to be within budget as costs related to the water damage, caused by the August 21, 2014 rain storm, are being submitted as an insurance claim under the City's Course of Construction policy.

IMPLICATIONS OF THE RECOMMENDATIONS

None – report is to be received as information.

HISTORY

In July 2011, Council approved an increase to \$162 million for the redevelopment of the WPS Headquarters building comprised of \$155 million for construction and 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 was \$193.567 million, which included \$31.567 million for the purchase cost of the building. The purchase cost of the building is not included in this report as it is not within the responsibilities of the Project Director and Project Team. 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.

In December 2013, Council increased the project budget by \$16.2 million (*) bringing the total redevelopment cost to \$178.2 million and total project value (including purchase of the building)

to \$209.8 million. (*) - The increase in construction costs of \$17.2 million was partially offset by a \$1.0 million reduction of construction period interest expense.

On February 21, 2014, the City signed a Supplemental Agreement with Caspian Projects Inc. establishing a Total Contract Price of \$156,374,911.67, which is within the funding authorized by Council.

The WPS Headquarters passed all life and safety testing on July 29, 2014. Following Final Inspection on August 20, 2014, the building was to be handed over to the City the week of August 25, 2014. However, due to water damage from the rain storm that occurred on August 21, 2014, the electrical equipment and life and safety systems on the lower levels have to be recertified and/or replaced before the occupancy permit can be issued.

On December 10, 2014, Council approved the Insurance Recovery Report in which a \$2,000,000 reservation of funds has been set aside within the Insurance Reserve Fund and is available for interim/bridging costs and for uninsured costs which may be required in order to proceed with repairs in a timely fashion.

On February 12, 2015, the City signed a Second Supplemental Agreement with Caspian Project Inc. for remedial work related to water damage from the August 21, 2014 rain storm.

In February, 2015, Change Orders were issued to the contractor to address the water damage including architectural, mechanical and electrical remedial work.

The building passed the Building Code life safety testing on June 17, 2015.

The Building Interim Occupancy permit was issued on June 19, 2015.

Certificate of Substantial Performance, as defined under Provincial Legislation was issued on June 29, 2015.

The Municipal Accommodations division took possession of the building on July 17, 2015.

MAJOR CAPITAL PROJECT ADVISORY COMMITTEE

The Project Director reports to the Committee on a regular basis (bi-weekly). The Committee has been formed and its members are:

Michael Jack, Chief Operating Officer

Mike Ruta, Chief Financial Officer

Devon Clunis, Winnipeg Police Service Chief

Marc Pittet, Acting Director of Planning, Property and Development (PPD)

Jason Ruby, Manager of Capital Projects – Corporate Finance

Reporting to the Committee are:

Jeff Dibley, PPD, Project Director

Abdul Aziz, Project Team Member – Winnipeg Police Service

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

PROJECT STATUS

The WPS Headquarters is 99% complete. The furniture, fixtures and equipment has largely been ordered and installed. The new firearms training facility at Wyper Road is open and in service. The construction contract with Caspian Projects Inc. is now substantially complete and control of the building has been turned over to the Municipal Accommodations division. The amount remaining on the construction GMP contract with Caspian is approximately \$430,000.00, mainly relating to furniture fixtures and equipment. The holdback for deficiencies has been reduced to \$300,000.00 and has been held back from the water event change orders. The remedial work from water damage caused by the August 21, 2014 rain storm is 99% complete, with final work being coordinated with the contractor and with the cooperation of the City's insurers.

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 firearms training facility at Wyper Road. For clarity, the following activities are not within the responsibility of the Project Director and Project Team:

- Purchase of the Mail Sorting Plant and Office Tower from Canada Post Corporation.
- Management of the Office Tower at 266 Graham Avenue.
- Disposal of the Public Safety Building.

When completed, the new WPS Headquarters will house 14 divisions and approximately 1,250 staff. All 6 floors, plus two below-grade parking levels, at 245 Smith Street will have been redeveloped and provide approximately 630,925 square feet of space. The building is being redeveloped to 'as-new' condition and has an estimated useful life of 50 years.

The new firearms training facility at Wyper Road includes a 9,000 sq. ft. building for classroom training and an outdoor shooting range comprised of 36 shooting lanes and 12 shotgun shooting lanes.

The project budget for redevelopment is \$178.2 million, including construction period interest.

PROJECT SCHEDULE

The following is a summary of key project milestones.

Key Milestones	Target	Actual
Firearms Training Facility - occupancy	Summer 2012	September 24, 2012
WPS Headquarters Building available for WPS occupancy	Fall 2015 (estimated)	-

Construction commenced on the Firearms Training Facility at Wyper Road in the late fall of 2011. The facility reached substantial completion in fall 2012 and is now being used by the WPS. Construction on the WPS Headquarters building (245 Smith Street) started in summer 2012.

Since the last reporting to Committee, the following has occurred in relation to project schedule.

- Transformers HVT-3, HVT-4 and HVT-5 have been installed and the building passed life safety testing.
- The Interim Occupancy permit has been issued allowing occupancy of the building.
- Certificate of Substantial Performance has been issued.
- Municipal Accommodations has taken possession of the building.

Construction Total Performance, which in previous reporting was scheduled to occur by June 30, 2015 has not yet taken place as there are a number of outstanding items, the most critical being the receipt of operation and maintenance manuals and as-built drawings. This is not critical path in relation to the Key Milestone target listed above.

The critical path item to achieving the project milestone above is the City taking control of the building from Caspian Projects Inc. Now that Municipal Accommodations has taken possession of the building, the Building Safeguard work (not budgeted in this project) can begin.

The City took control of the building on July 17, 2015, which was 17 days behind the target date. While this delay will make completion of the building safeguard work by Fall 2015 more challenging, having the building available for the WPS to move into is still on track for Fall 2015.

The WPS will begin moving into the building once the Building Safeguard work has been completed.

MAJOR CONTRACTS

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 – 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	June 5, 2012	June 5, 2012	\$113,937.99
833-2010 Phase 2&3	Caspian Projects Inc.	Guaranteed Maximum Price Contract for the redevelopment of 245 Graham Avenue and firearm training facility at Wyper Road	Nov 18, 2011	Ongoing	\$137,100,000.00

GMP					
Over-expenditures (833-2010)	Caspian Projects Inc.	GMP Contract extended for the relocation/construction of new office space to accommodate an existing tenant in the Office Tower at 266 Graham Avenue displaced by the WPSHQ lobby and other renovations to the Office Tower at 266 Graham Avenue.	July 4, 2013	Ongoing	\$795,964.12
Over-expenditures (833-2010)	Caspian Projects Inc.	The City and Caspian Projects Inc. signed a Supplemental Agreement to the GMP Contract establishing a Final Contract Price of \$156,374,911.67.	Feb 21, 2014	Ongoing	\$18,478,947.55
Single Source	Adjeleian Allen Rubeli Limited	Professional Engineering Services Required by the City of Winnipeg Police Headquarters (Canada Post) Project	Dec 23, 2011	Jan 1, 2014	\$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	Jan 1, 2014	\$150,000.00
Over-expenditure	Adjeleian Allen Rubeli Limited	Professional Engineering Services related to additional design services and revisions to contract drawings related to tower / link requirements and building code standards.	July 19, 2013	Jan 1, 2014	\$260,000.00
Over-expenditure	Adjeleian Allen Rubeli Limited	Professional Engineering Services Required by the City of Winnipeg Police Headquarters (Canada Post) Project for services from January 1, 2014 to July 31, 2014 with follow-up in November 2014.	Mar 24, 2014	Feb 18, 2015	\$470,000.00
Over-expenditure	Adjeleian Allen Rubeli Limited	Professional Engineering Services Required by the City of Winnipeg Police Headquarters (Canada Post) Project for additional trip for Final	Aug 21, 2014	Aug 21, 2014	\$11,500

		Inspection - August 17, 2014 to August 21, 2014.			
201-2012	Integrated Designs Inc.	Commissioning of the Winnipeg Police Headquarters at 266 Graham Avenue	Jun 19, 2012	Dec 30, 2013 (original estimate)	\$375,000.00
Over-expenditure	Integrated Designs Inc.	Contract extension to continue testing building systems until June 2015	Dec 3, 2014	Ongoing	\$64,800
Direct Assignment	Duboff Edwards Haight & Schachter	Legal Services in the development of the GMP for the Winnipeg Police Services Headquarters	Jul 21, 2011	Ongoing	Services up to \$100,000.00 (\$44,690.21 paid)
Direct Assignment	Dunmore Corporation	Project Management Services for the Winnipeg Police Headquarters Project	Jun 1, 2011	December 31, 2013	\$267,961.32

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

The following table lists the major contracts awarded relating to remedial work from the water damage caused by the August 21, 2014 rain storm. These costs are being submitted as they are incurred to the insurers as part of the City's insurance claim.

Bid Opportunity	Awarded To	Description	Award Date	Completion Date	Award/Contract Value
Over-expenditure	Adjeleian Allen Rubeli Limited	Professional Engineering Services Required by the City of Winnipeg Police Headquarters (Canada Post) Project related to the remedial work	Jan 14, 2015	Ongoing	(*)
Over-expenditure	Caspian Projects Inc.	A Second Supplemental Agreement for construction services related to the remedial work	Feb 12, 2015	Ongoing	(**)
1029-2014 Direct Assignment	QPS Evaluation Services Inc.	The assessment, testing and recertification services of electrical equipment and systems related to the remedial work	Oct 22, 2014	Ongoing	Up to \$58,000

(*) – The AAR contract is for time and materials. Amount paid to date is \$659,711.11.

(**) – The Supplemental agreement establishes the dates for construction completion, with change orders to be issued by the City on an individual item basis. Change orders issued to the date total \$4,441,045.05.

RISK AND MITIGATION STRATEGIES

As previously reported, a Supplemental Agreement was signed with Caspian Projects Inc. establishing a Final Contract Price of \$156,374,911.67, which is within the funding authorized by Council. This Supplemental Agreement transferred risk for all design or code deficiencies to Caspian. Specifically, Caspian, having thoroughly reviewed the plans and specifications at 100% completion, is responsible for correcting at its sole expense, all design or code deficiencies in order to allow the City occupancy of the building for it to be used in its intended purpose as a police headquarters.

Per the Supplemental Agreement, any additional Change Orders initiated by the City and not required to correct code deficiencies will be borne by the City. As mitigation to this risk, both parties have agreed in principle to not make any further changes unless required to permit occupancy. Further, Change Orders, if permitted, will only be valid if signed in advance by the Chief Financial Officer, Project Director and Caspian Projects Inc.

As at the date of this report, only change orders related to the water event have been issued. Other than the water event, no change orders have been issued related to the GMP contract and the value of the base contract remains at \$156,374,911.67.

The building hand-off risk has been greatly reduced by the City using a Commissioning Agent (Integrated Designs Inc. (IDI)) to ensure building systems are functioning properly. As disclosed in previous reports (contracts table), IDI has been involved with the project on an ongoing basis since 2012.

Municipal Accommodations is reviewing the adequacy of building cooling redundancy as well as the UPS system back-up power to confirm system is designed and functioning properly.

In addition, the City's consultant engineer and the contractor conducted inspections to determine a deficiencies list, which is a listing of minor items that are required to be completed by the contractor as part of the contract. There is a holdback amount to ensure the deficiencies are completed, which is consistent with normal practice. The holdback for deficiencies has been set to \$300,000.00.

The remaining budget related to furniture, fixtures and equipment is sufficient to achieve building occupancy. Any additional work, finishes or building system safeguards will be completed using funds set aside in the annual capital budget.

There is a possibility that the insurers will not cover all related costs associated with the water damage. If this is the case, the Insurance Reserve Fund has funds set aside for interim/ bridging costs and for any uninsured costs. The final cost of the remedial work will be reported on in a future financial status report when the work is fully completed.

COST PER SQUARE FOOT

In the meeting of SPC on Finance on March 13, 2014, it was requested that the Public Service include the cost per square foot in the next status report and every report thereafter.

<u>Cost per Square Foot - Detailed Calculation (*)</u>				
			31-Mar-15	30-Jun-15
		11-Dec-13	Quarterly Status to	Quarterly Status to
		Report to Council	SPC Finance	SPC Finance
WPSHQ - Project Budget - Redevelopment		\$ 178,200	\$ 178,200	\$ 178,200
Building purchase		\$ 31,567	\$ 31,567	\$ 31,567
		\$ 209,767	\$ 209,767	\$ 209,767
less:				
Office Tower - <i>final</i>		\$ (18,967)	\$ (18,967)	\$ (18,967)
Gun range - <i>forecast</i>		\$ (7,421)	\$ (8,103)	\$ (8,103)
Construction interest - <i>forecast</i>		\$ (6,000)	\$ (5,513)	\$ (5,513)
Redevelopment cost (**)	A	\$ 177,379	\$ 177,184	\$ 177,184
Building size (sq. ft.)	B	606	631	631
Cost per square foot	A divided by B	\$ 293	\$ 281	\$ 281
(*) - in thousands except for 'Cost per Square Foot', which is in dollars.				
(**) - includes land & FFE / does not include construction interest				

As the building is not yet complete, the cost per square footage is based on both forecasted costs as well as estimated square footages available at the time of report.

Forecasted costs may vary slightly within the various categories above while the project remains within the amounts authorized by Council. For example, if monies within the project were reallocated to the firearms training facility versus the rest of the building, the redevelopment cost forecast above would change thereby changing the cost per square foot. The cost of the building purchase and allocation between the WPS Headquarters and Office Tower is a past event and will not vary for the remainder of the project.

The cost per square foot has increased by one dollar per square foot due to the reduction in forecasted construction period interest expense.

The method of estimating square footage in the building that is used in the reporting above is gross floor area, not including the square footage of the external wall area above the P1 level (i.e. does not include the square footage of the outside wall, which is an additional 86,453 sq. ft.). Per consultation with the City's consultant engineer (AAR), the square footage of the outside wall would normally be included in the square footage for purposes of calculating construction costs per square foot. A quantity surveyor (Turner & Townsend) measured square

footage to the mid-point of the external wall in their reporting (i.e. included 50% of the external wall in the determination of square footage).

However, in the interest of being conservative in the estimates of cost per square foot, and being a renovation project that was only recladding the exterior wall and not building an external wall, the square footage of the external wall was not included in prior square footage estimates. For consistency and conservatism, this method of not including the square footage of the exterior wall has been continued in the estimate above. Adjusting the estimates above to include the square footage in the external wall or 50% of the square footage in the external wall would increase square footage and decrease the cost per square foot.

The estimate of square footage in the building is based on the latest AutoCAD drawings.

Forecasted costs as well as estimated square footages will be updated in future reporting and may be subject to change. Once the building has been constructed, the building is expected to be physically measured to determine as-built square footage.

COST OF BORROWING

In the meeting of SPC on Finance on March 13, 2014, it was requested that the Public Service include the Cost of Borrowing in future quarterly reports.

Cost of Borrowing, amounts in thousands				
	Amount	Issue Date	Maturity	Rate
Issued				
	\$ 50,000	7/3/2012	11/15/2051	3.85%
	\$ 8,586	10/4/2012	11/15/2051	3.76%
	\$ 43,992	8/20/2013	11/15/2051	4.39%
	\$ 52,568	9/12/2014	11/15/2051	3.91%
	<u>\$ 155,146</u>			
		<i>Weighted average rate for debt issued</i>		4.02%

All authorized borrowing on the project has now been completed.

FINANCIAL ANALYSIS - as at June 30, 2015 (All figures are in \$000)

Project Component	Revised Budget	Value/Cost Estimate	Variance Revised Budget to Value/Cost Estimate	Change in Variance from Last Report
Engineering, design and other costs	\$ 15,891	\$ 16,715	\$ 824	\$ 487
Construction				
- Building redevelopment	\$ 135,808	\$ 135,895	\$ 87	\$ (487)
- Shooting range facility	\$ 8,097	\$ 8,103	\$ 6	\$ -
- Furniture, fixtures & equipment (including security)	\$ 10,569	\$ 10,459	\$ (110)	\$ -
	\$ 154,474	\$ 154,457	\$ (17)	\$ (487)
Office Tower renovations charged to project	\$ 1,835	\$ 1,515	\$ (320)	\$ -
sub-total	\$ 172,200	\$ 172,687	\$ 487	\$ -
Corporate charges - to represent construction period interest	\$ 6,000	\$ 5,513	\$ (487)	\$ -
Total	\$ 178,200	\$ 178,200	\$ -	\$ -

note: Office Tower renovations of \$1,918 less \$403 allocated to the Office Tower based on square footage.
Final Contract Price of \$156,375 = \$154,457 (above) + \$1,918.

SUMMARY

The project is being forecasted to be within the amended budget as costs related to the water damage, caused by the August 21, 2014 rain storm, are being submitted as an insurance claim under the City's Course of Construction policy.

Since the last reporting to Committee, the City has incurred an additional \$950,000.00 in expenditures. The majority of that amount has been payments to Caspian as items on the deficiencies listing have been cleared.

In the last reporting to Committee, \$487,000.00 was moved within the project from construction period interest to project contingency. The assumption at the time was that the WPS would use the contingency on a priority basis. As Caspian was on-site, the assumption was that any additional work would be performed by Caspian. Therefore, \$487,000.00 was move to the construction category above, noting that the construction category above is the Caspian contract.

As Municipal Accommodations has now taken control of the building, the intent now is to bring the current contract with Caspian to completion. The remaining project contingency will be used on a priority basis; however the work will be supervised by Municipal Accommodations with work issued through Material Management procurement process. Therefore, this amount has now been moved to the Engineering, Design and Other category above.

Building Safeguard work is not included in this project and therefore not reflected in the financial analysis above.

The change orders and payments related to the City's insurance claim are not reflected in the financial analysis above. A separate reporting on the costs of the water event is required at the completion of work.

FINANCIAL IMPACT

Financial Impact Statement Date: 28/08/2015

Project Name: Winnipeg Police Headquarters Redevelopment Project

COMMENTS:

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

Original signed by M.McGinn

Mike McGinn, CA
Manager of Finance & Administration

CONSULTATION

None required.

OURWINNIPEG POLICY ALIGNMENT

N/A

SUBMITTED BY

Department: Planning, Property & Development/Winnipeg Police Services

Prepared by: Jeff Dibley – PPD – Project Director

Jason Ruby – Corporate Finance, Manager of Capital Projects

Date: July 30, 2015

Winnipeg Police Services Headquarters Project

as at June 30, 2015

Project Component	Capital Budget			Capital Expenditure Forecast			Surplus (Deficit)	Variance Last Report	Change in Variance
				Actual Costs		Total			
	Original	Adjustment	Revised	To Mar 31 2015	2015	Forecast	From Revised Budget		
Engineering, design and other costs	\$ 17,900	\$ (2,009)	\$ 15,891	\$ 15,198	\$ 1,517	\$ 16,715	\$ (824)	\$ (337)	\$ (487)
Construction									
- Building	\$ 116,227	\$ 19,581	\$ 135,808	\$ 135,895	\$ -	\$ 135,895	\$ (87)	\$ (574)	\$ 487
- Range	\$ 6,573	\$ 1,524	\$ 8,097	\$ 8,103	\$ -	\$ 8,103	\$ (6)	\$ (6)	\$ -
- Furniture, fixtures, equipment (including security)	\$ 14,300	\$ (3,731)	\$ 10,569	\$ 10,029	\$ 430	\$ 10,459	\$ 110	\$ 110	\$ -
	\$ 137,100	\$ 17,374	\$ 154,474	\$ 154,027	\$ 430	\$ 154,457	\$ 17	\$ (470)	\$ 487
Office Tower renovations charged to project (*)	\$ -	\$ 1,835	\$ 1,835	\$ 1,515	\$ -	\$ 1,515	\$ 320	\$ 320	\$ -
sub-total	\$ 155,000	\$ 17,200	\$ 172,200	\$ 170,740	\$ 1,947	\$ 172,687	\$ (487)	\$ (487)	\$ -
Corporate charges - to represent construction period interest	\$ 7,000	\$ (1,000)	\$ 6,000	\$ 5,513	\$ -	\$ 5,513	\$ 487	\$ 487	\$ -
Total	\$ 162,000	\$ 16,200	\$ 178,200	\$ 176,253	\$ 1,947	\$ 178,200	\$ -	\$ -	\$ -

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.

(*) - Office Tower renovations of \$1,918 less \$403 allocated to the Office Tower based on square footage.

Final Contract Price of \$156,375 = \$154,457 (included in construction above) plus \$1,918.

All figures are in \$000