

**Minutes – Standing Policy Committee on Finance – November 9, 2017**

**REPORTS**

**Item No. 6                      Servicing For St. Boniface Industrial Park Phase 2, Quarterly Project  
Status Report No. 8 For The Period Ended July 31, 2017**

**STANDING COMMITTEE DECISION:**

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and recommended:

1.        That the financial status of the St. Boniface Industrial Park Phase 2 and in particular for Parmalat Canada Inc. (Parmalat), be received as information.
2.        That the St. Boniface Industrial Park Phase 2 Financial Status Report No. 8 be accepted as the final quarterly status report for this project.

**Minutes – Standing Policy Committee on Finance – November 9, 2017**

DECISION MAKING HISTORY:

Moved by Councillor Allard,

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

Carried

# ADMINISTRATIVE REPORT

**Title:**               **SERVICING FOR ST. BONIFACE INDUSTRIAL PARK PHASE 2,  
Project ID: Not Applicable,  
Quarterly Project Status Report No. 8  
For the Period Ended July 31, 2017**

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

## AUTHORIZATION

| Author                 | Department Head | CFO     | CAO       |
|------------------------|-----------------|---------|-----------|
| M. Pittet<br>M. McGinn | 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:**

Servicing to Parmalat's site has largely been completed. Remaining work at July 31, 2017 consisted of portions of the active transportation path and boulevard sodding.

The wastewater pumping station is completed and on June 19th, 2017, a Certificate of Total Performance was issued to Rocky Road Recycling Limited for Bid Opportunity No. 983-2015.

A Certificate of Substantial Performance was issued to Cambrian Excavators Limited for Bid Opportunity No.1134-2015 on June 30<sup>th</sup>, 2017.

Costs for engineering services for the original project assignment continue to be within budget.

Project costs continue to be forecast to be within the original budget of \$8.2 million and the amended approved budget of \$8.6 million.

Project scope had been increased to allow servicing of a second property sold within Phase 2 of the St. Boniface Industrial Park.

Underground pipe services to the additional property sold were completed by February 1st, 2017. Pavement construction to the additional property was completed in June, 2017. However, in late June it was discovered that an excessive amount of settlement had occurred along a section of the west bound lane of Black Diamond Blvd. that resulted in cracking of the pavement and underlying base. This pavement settlement and cracking has been identified as a contract deficiency and correction will be undertaken by the contractor as a warranty item; and at no additional cost to the City.

Arrangements with Manitoba Hydro for street lighting and Centra Gas for natural gas line extension to accommodate the additional property sold have concluded and that work is anticipated to be completed in October 2017.

An Advisory Committee was not established for this project.

## RECOMMENDATIONS

That the financial status of the St. Boniface Industrial Park Phase 2 and in particular for Parmalat Canada Inc. (Parmalat), as contained in this report, be received as information.

That the St. Boniface Industrial Park Phase 2 Financial Status Report No. 8 be accepted as the final quarterly status report for this project.

## REASON FOR THE REPORT

The Asset Management Administrative Standard FM-004 requires all projects with a total estimated cost of \$21 million (2017) 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.

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

No implications.

## HISTORY/DISCUSSION

See Appendix C – Key Project Events (History)

### **Construction:** (Update from last report)

- a. **Agreements with Parmalat:** Parmalat has fulfilled their financial commitments as contained in the Funding and Servicing Agreement.
- b. **Engineering Services:** The City’s engineering consultant for the servicing work is Stantec Consulting Ltd. (Stantec). The engineering work including conceptual and preliminary engineering for the entire 200+ acre site now known as the St. Boniface Industrial Park Phase 2; and the detailed design for Stage 1 has been completed.

Contract administration for the installation of all municipal services and pavements for Stage 1 is on-going and nearing completion. Costs to date for engineering services are within authorized funds.

As described in 4.h. below, an additional purchaser came forward that required 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 on March 17<sup>th</sup>, 2016.

- c. **Building Permits:** No updates. Details on permit issuance included in Appendix C.
- d. **Partial Retention Basin Excavation:** The contract with Man-Shield for this item is complete.
- e. **Services Agreement with Manitoba Hydro (Centra Gas):** The City's share of a gas pipeline extension to accommodate Parmalat and the St. Boniface Industrial Park Phase 2 lands is \$303,440.00 plus GST.

However, 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.

Natural gas line extension and street lighting that is required farther south along Mazenod Road and along an east-west road Black Diamond Blvd. west of Mazenod Road for the additional property being purchased will be installed in early fall, 2017.

- f. **Reimbursement for work under previous Joint Venture:** Terracon Developments Ltd. has commenced a civil lawsuit against the City in relation to the development of St. Boniface Industrial Park, Court File No. CI 16-01-02910. The City is defending the action, and has denied the allegations made by Terracon Developments Ltd. The City's legal position is subject to litigation privilege.
- g. **Project Contribution Agreement with Manitoba:** 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.
- h. **Additional Property Sales:** An additional purchaser came forward to acquire property south of Parmalat that required the extension of services and pavements beyond the limits originally established. The conditions for sale for an 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 land title transfer for the 8.52 acre parcel is in process.

Services and pavements have been installed to the 8 acre parcel only. The required extensions were farther south along Mazenod Road and westerly along a roadway right-of-way named Black Diamond Boulevard that is across the frontage of the 8 acre parcel.

A Change in Work was issued to Cambrian Excavators Ltd. under Bid Opportunity No. 1134-2015 to undertake the additional work. Estimated cost of servicing, including associated engineering; and natural gas line and street lighting, is estimated at \$1,150,321.50, an increase of \$6,630.50 over previously reported. 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.

Underground services installation commenced in November, 2016 and was completed by February 1st, 2017. Pavement construction was completed in June, 2017. However, in late June it was discovered that an excessive amount of settlement had occurred along a section of the west bound lane of Black Diamond Blvd. that resulted in cracking of the pavement and underlying base. After review, it has been determined that settlement has likely resulted from insufficient compaction of the land drainage sewer trench that is proximate to the north side of the pavement.

The contractor has been advised of this construction deficiency and has committed to correcting the work to the City's satisfaction and at no additional cost. Scheduling for the repair is still being determined, but will probably be delayed to spring, 2018. Location of the pavement settlement does not currently impede access for the purchaser to the 8 acre parcel.

i. **Application for Roadway Opening:** Roadway opening and legal survey completed and registered. The roadway opening was required for service installation for the Parmalat site, and the second site referenced as additional property sale.

j. **Construction Progress:**

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

- 100% complete
- Certificate of Total Performance issued on June 19<sup>th</sup>, 2017

**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:

- All underground pipe, roadways and ditches complete
- Sodding of retention basin complete
- Sodding of ditch side slopes completed
- Sodding of boulevards underway
- Certificate of Substantial Performance issued on June 30<sup>th</sup>, 2017

Work to Service Additional Parcel:

- Change in Work authorized October 17th, 2016
- Watermain – complete
- Wastewater Sewers – complete
- Land Drainage Sewers - complete
- Ditching –complete
- Roadways – 70% complete

As noted in Item 4. h. above, a construction deficiency in the roadway pavement to the additional parcel has been identified and will be corrected by the contractor as a warranty item. There will be no additional cost to the City. Certificate of Total Performance will be withheld until the deficiency is corrected.

Table 1 – Contracts

| 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               | Stantec Consulting Ltd.     | Engineering Services   | \$ 850,000.00  | \$ 28,695   | 7-Aug-15      | 31-Jul-18                | 95%                  |
| 800-2015B         | Man-Shield Construction     | Partial Retention Basin Excavation   | 166,600.00   | -   | 8-Oct-15      | 4-Jan-16                 | 100%                 |
| 324-2016          | Centra Gas (Manitoba Hydro) | Natural Gas Supply to Parmalat   | 303,440.00   | -   | 10-May-16     | 28-Jul-16                | 100%                 |
| 491-2016          | Manitoba Hydro              | Street Lighting on Mazenod Road adjacent Parmalat  | 58,054.00  | -   | 16-Aug-16     | 31-Oct-16                | 100%                 |
| 1134-2015         | Cambrian Excavators Ltd.    | Construction of watermains, wastewater and land drainage sewers, retention basin and pavements <b>including</b> Change in Work for Additional 8 acre lot | 3,194,384.50   | 965,000.00  | 14-Apr-16     | 30-Jun-18                | 90%                  |
| 983-2015          | Rocky Road Recycling Ltd.   | Construction of Wastewater Lift Station  | 1,731,249.00   | -   | 11-Apr-16     | 19-Jun-17                | 100%                 |
| 490-2016          | Centra Gas (Manitoba Hydro) | Natural Gas Supply for Additional Lot  | 69,562.00  | -   | 28-Apr-17     | 30-Nov-17                | 10%                  |
| 491-2016          | Manitoba Hydro              | Street Lighting on Mazenod Road and Black Diamond Blvd. for additional lot   | 28,258.38  | -   | 6-Apr-17      | 30-Nov-17                | 10%                  |
| 755-2016          | Manitoba Hydro              | Relocation or Primary Cable Lines  | 66,022.00  |   | 13-Sep-16     | 8-Nov-16                 | 100%                 |
| <b>Total</b>      |                             |  | <b>\$ 6,467,569.88</b>   | <b>\$ 993,695</b>   |               |                          |                      |

Upcoming Procurements:

| Description | Anticipated Award Date |
|-------------|------------------------|
| None        | NA                     |
|             |                        |
|             |                        |

## **Schedule** (Update from last report)

The schedule to complete servicing the second parcel sold will need to be extended to spring, 2018 to enable correction of a pavement construction deficiency as described in 4.h. and 4.j. above. Final boulevard grading and sodding for the portion up to and adjoining the additional parcel sold will be delayed until spring 2018. This is as a result of the need to wait until the natural gas line and street lighting are installed, and the pavement deficiency is corrected.

Grading and sodding of Mazonod Road boulevards adjoining the Parmalat site will be complete in 2017.

Table 2 – Milestones

| <b>Milestones</b> |  |  |   |                               |                             |
|-------------------|--|--|---|-------------------------------|-----------------------------|
|                   | <b>Deliverable</b>   | <b>Original Targeted Completion Date</b> | <b>Revised Targeted Completion Date</b> | <b>Actual Completion Date</b> | <b>Estimated % Complete</b> |
| 1                 | Construction Contract Award - Lift Station                   | 2016 Q2                                  |   | 2016 Q2                       | 100%                        |
| 2                 | Construction Contract Award - Underground Pipe and Pavements | 2016 Q2                                  |   | 2016 Q2                       | 100%                        |
| 3                 | Underground Piping Completion                                | 2016 Q3                                  |   | 2016 Q3                       | 100%                        |
| 4                 | Lift Station Substantial Completion                          | 2016 Q4                                  | 2017 Q1                                 | 2017 Q1                       | 100%                        |
| 5                 | Pavement Completion  | 2016 Q4                                  |   | 2016 Q4                       | 100%                        |
| 6                 | Landscaping and Final Grading                                | 2017 Q3                                  | 2018 Q2                                 |                               | 80%                         |
| 7                 | Underground Services Completion for Additional Lot           | 2016 Q4                                  |   | 2017 Q1                       | 100%                        |
| 8                 | Pavement Completion for Additional Lot                       | 2017 Q2                                  | 2018 Q2                                 |                               | 70%                         |
| 9                 | Natural Gas Service for Parmalat                             | 2016 Q2                                  |   | 2016 Q2                       | 100%                        |

## **Risk** (Update from last report)

As the servicing works in Mazonod Road adjacent to the Parmalat site are complete, the construction coordination risk has largely been removed. Outstanding contract work includes completing portions of boulevard sodding and active transportation path installation along areas where Manitoba Hydro/Centra Gas has yet to install street lights and natural gas piping that was necessary to service the second parcel sold. Manitoba Hydro and Centra Gas are expected to complete the street light and gas line installation by October, 2017.

In addition, the contractor will need to return to correct a pavement construction deficiency along Black Diamond Boulevard. As this work will likely be undertaken in spring, 2018, the risk around remaining construction coordination with Manitoba Hydro/Centra Gas work is considered low.

Additional contract costs from extra or unforeseen work that could arise during construction has been minor and well within budget funds available. Also, the lift station construction is complete and final payments have been made to the contractor so contingency allowances included in the projects' budget have again been reduced accordingly.

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.

Table 3 – Significant Risks and Mitigations Strategies

| <b>Significant Risks and Mitigation Strategies</b>   |  |
|--|--|
| <b>Risk Statement and Explanation</b>  | <b>Risk Mitigation Management Plan</b>   |
| <b>New:</b>  |  |
| None   |  |
|  |  |
|  |  |
| <b>Ongoing:</b>  |  |
| Budget for project is not sufficient   | Project expenditures and changes to scope are regularly monitored by Project Manager and engineering consultant.   |
| Extra costs for gas line installation to be assessed in 2018 exceed budget allowance                                 | Detailed review of any requests for additional funding contribution from the City will be undertaken.              |
| Construction coordination between City's contractor and Manitoba Hydro and Centra Gas for services to additional lot | Regular communication between all parties held and activities closely monitored by engineering staff.              |
|  |  |
| <b>Mitigated:</b>  |  |
| Construction Interference between City's Contractors, Parmalat's contractors, Centra Gas and Manitoba Hydro          | Regular coordination meetings between all parties were held and activities closely monitored by engineering staff. |
| Delayed Contract Award could impact schedule   | Meetings held with low bidders before award to address schedule.   |
|  |  |

**Financial** (Update from last report)

For further information, refer to Appendix B – Financial Forecast

The table included as Appendix B provides a financial summary for this project. The revised budget shown is \$8.6 million and the forecast expenditure of \$7,374,915 is for the baseline services that were required for Parmalat's development. Therefore, that part of the project is projected to be about \$1,225,085 under the approved budget. Note that as construction for this stage of the work is nearing completion, contingencies have again been reduced to \$81,212 from the previously reported amount of \$124,493.

**Funding** (Update from last report)

Note that the Provincial contribution shown below in Table 4 is being paid to the City over an estimated 18-20 year period through the Community Revitalization Tax Increment Financing Act.

Table 4 – Project Funding Forecast and Receivable

| <b>Funding Forecast and Receivable</b>              |   |   |                                    |
|---|---|---|------------------------------------|
| <b>Funding Source</b>                               | <b>Adopted Budget<br/>(in millions)</b> | <b>Amended Budget<br/>(in millions)</b> | <b>Committed<br/>(in millions)</b> |
| <b>Class of Estimate</b>                            | <b>Class 3</b>                          |   |                                    |
| City of Winnipeg - Land Operating Reserve           | \$2.11                                  | \$2.51                                  | \$2.51                             |
| Province of Manitoba - Community Revitalization Tax | \$2.00                                  | \$2.00                                  | \$2.00                             |
| Other Contributions                                 | -                                       | -                                       | -                                  |
| - Parmalat Site Preparation                         | \$2.07                                  | \$2.07                                  | \$2.07                             |
| - Parmalat Wastewater Oversize                      | \$0.52                                  | \$0.52                                  | \$0.52                             |
| - Parmalat Industrial Park Site Preparation         | \$1.50                                  | \$1.50                                  | \$1.50                             |
| <b>Total</b>  | <b>\$8.20</b>                           | <b>\$8.60</b>                           | <b>\$8.60</b>                      |

- The funding forecast should match the Capital Budget Detail Sheet.

**Property Acquisition** (Update from last report)

Not applicable.

**Stakeholder Engagements/Communications** (Update from last report)

Not applicable.

**Subsequent Events after Report Period End Date**

Active transportation path, and boulevard grading and sodding along Mazonod Road adjacent Parmalat were completed by September 15<sup>th</sup>, 2017.

The natural gas line extension along Mazonod Road south from Parmalat and along Black Diamond Boulevard adjacent to the second lot sold was completed on September 21<sup>st</sup>, 2017.

The street lighting along Mazonod Road and Black Diamond Boulevard will be completed by

mid-October, 2017.

The Contract Administrator, Stantec, has confirmed with the Contractor, Cambrian Excavators, that the work to correct the roadway deficiency adjoining the second parcel purchased will be undertaken in June, 2018.

|                         |
|-------------------------|
| <b>FINANCIAL IMPACT</b> |
|-------------------------|

**Financial Impact Statement Date:** [October 4, 2017](#)

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**Project Name:**

**Servicing for St. Boniface Industrial Park Phase 2 – Financial  
Status Report No. 8 for the Period Ending July 31st, 2017**

**COMMENTS:**

As this report is submitted for informational purposes only, there is no financial impact associated with this recommendation.

*"Original Signed By"*

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M. McGinn, CPA, CA  
Manager of Finance & Administration

## CONSULTATION

This Report has been prepared in consultation with:

N/A

## 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.

### 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.

|                     |
|---------------------|
| <b>SUBMITTED BY</b> |
|---------------------|

**Department:** Planning, Property and Development

**Division:** Real Estate and Land Development

**Prepared by:** M. A. Shkolny, P. Eng.

**Date:** October 4, 2017

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**Appendices**

Appendix A – Key Project Facts

Appendix B – Financial Forecast

Appendix C – Key Project Events (History)

## Appendix A – Key Project Facts

| <b>Appendix A – Key Project Facts</b>  |   |
|--|---|
| <b>Project Name</b>  | Servicing of St. Boniface Industrial Park - Phase 2 |
| <b>Business Owner (Department)</b>   | Planning, Property and Development                  |
| <b>Project ID</b>  | Land Operating Reserve 209-163040-638089            |
| <b>Project Sponsor</b>   | Marc Pittet   |
| <b>Department Responsible for Project Delivery</b>   | Planning, Property and Development                  |
| <b>Consultant Engineer</b> (Company Name)  | Stantec Consulting Ltd.                             |
| <b>Adopted Budget</b>  | \$8,200,000   |
| <b>Class of Estimate (Adopted)</b>   | Class 3   |
| <b>Range of Estimate (Adopted)</b>   | -20% to +30%<br>\$6.560 m - \$10.660m               |
| <b>Amended Budget</b>  | \$8,600,000   |
| <b>Class of Estimate (Amended)</b>   | Class 1   |
| <b>Range of Estimate (Amended)</b>   | -5% to +10%<br>\$8.170m - \$9.460m                  |
| <b><u>Project Scope</u></b>  |   |
| <p>The City sold 6 hectares (15 acres) of surplus land in the area west of Mazenod Road and south of the existing Greater Winnipeg Water District rail line in the area now known as St. Boniface Industrial Park Phase 2. The land needed to be fully serviced in accordance with City standards and Parmalat's specifications.</p> |   |
| <p>The services installed consist of watermains, wastewater sewers, land drainage sewers, surface drainage ditches, a partial stormwater retention basin, a wastewater lift station, and roadway pavements.</p>  |   |
| <p>Arrangements for installation of electrical and natural gas services with Manitoba Hydro/Centra Gas were also made.</p>   |   |
| <p>Since the initial lot sale to Parmalat, a second lot purchaser came forward that required the extension of services past the point originally required for the Parmalat site. Project scope was increased to include extension of services and roadway to the second lot.</p>   |   |
| <b>Major Capital Projects Advisory Committee Membership:</b>   |   |
| <p>An Advisory Committee was determined to be unwarranted due to the lower dollar value (\$8.6 million compared to \$20 million, at the time of project commencement, stipulated by administrative policy) and also ad-hoc but regular involvement of senior management.</p>   |   |

## Appendix B – Financial Forecast

### Appendix B - Servicing for St. Boniface Industrial Park Phase 2 Financial Forecast\* As at July 31, 2017

| Project Component Deliverables                 | Budget (in 000's)   |                                 |                     | Actual Costs<br>To July 31,<br>2017 | Expenditure Forecast (in 000's) |                   |             | Total<br>Forecasted<br>Costs | Surplus<br>(Deficit)<br>From<br>Amended<br>Budget | Variance Last<br>Report | Change<br>in Variance |
|--|---------------------|---------------------------------|---------------------|-------------------------------------|---------------------------------|-------------------|-------------|------------------------------|---|-------------------------|-----------------------|
|  | Adopted Budget      | Council<br>Approved<br>Change** | Amended<br>Budget   |                                     | Projected Costs                 |                   |             |                              |   |                         |                       |
|  |                     |                                 |                     |                                     | 2017                            | 2018              | 2019        |                              |   |                         |                       |
| Engineering, Design and Other                  | \$ 850,000          | \$ -                            | \$ 850,000          | \$ 761,961                          | \$ 19,664                       | \$ 5,000          | \$ -        | \$ 786,625                   | \$ 63,375   | \$ 63,375               | \$ -                  |
| Construction:                                  |                     |                                 |                     |                                     |                                 |                   |             |                              |   |                         |                       |
| -Underground Piping, Pavements, and Retention  |                     |                                 |                     |                                     |                                 |                   |             |                              |   |                         |                       |
| Basin BO #1134-2015                            | \$ 4,087,181        | \$ -                            | \$ 4,087,181        | \$ 2,943,035                        | \$ 208,433                      | \$ 97,000         | \$ -        | \$ 3,248,468                 | \$ 838,713  | \$ 838,713              | \$ -                  |
| - Lift Station BO #983-2015                    | \$ 2,258,079        | \$ -                            | \$ 2,258,079        | \$ 1,682,081                        | \$ -                            | \$ -              | \$ -        | \$ 1,682,081                 | \$ 575,998  | \$ 566,512              | \$ 9,486              |
| -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               | \$ -                  |
| Miscellaneous                                  | \$ 688,140          | \$ -                            | \$ 688,140          | \$ 289,517                          | \$ 20,000                       | \$ 547,000        | \$ -        | \$ 856,517                   | \$ (168,377)                                      | \$ (167,773)            | \$ (604)              |
| Land Acquisition                               | \$ -                | \$ -                            | \$ -                | \$ -                                | \$ -                            | \$ -              | \$ -        | \$ -                         | \$ -  | \$ -                    | \$ -                  |
| Internal Financing/Overhead Costs              | \$ -                | \$ -                            | \$ -                | \$ -                                | \$ -                            | \$ -              | \$ -        | \$ -                         | \$ -  | \$ -                    | \$ -                  |
| Contingency ***                                | \$ -                | \$ -                            | \$ -                | \$ -                                |                                 |                   |             | \$ 81,212                    | \$ (81,212)                                       | \$ (124,493)            | \$ 43,281             |
| <b>Total Project Budget</b>                    | <b>\$ 8,200,000</b> | <b>\$ 400,000</b>               | <b>\$ 8,600,000</b> | <b>\$ 6,196,606</b>                 | <b>\$ 248,097</b>               | <b>\$ 849,000</b> | <b>\$ -</b> | <b>\$ 7,374,915</b>          | <b>\$ 1,225,085</b>                               | <b>\$ 1,172,922</b>     | <b>\$ 52,163</b>      |

  

|   |     |  |     |
|---|-----|--|-----|
| <b>% of Project Budget Spent</b><br>(Actual Costs to Date / Adopted & Amended Budget) | 76% |  | 72% |
|---|-----|--|-----|

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

\*\* Includes a budget adjustment authorized by Council on January 27th, 2016 for a contract with Centra Gas/Manitoba Hydro for natural gas line installation.

\*\*\* Project Contingencies originally included in construction budgets above.

Projected unused contingency amounts and reduction in project costs reflected in Surplus/(Deficit) Column total of \$1.225 million.



## Appendix C – Key Project Events (History)

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”).

On July 15, 2015, Council rescinded its previous decision of January 30, 2013.

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 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.

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 March 17<sup>th</sup>, 2016 the Chief Financial Officer approved a contract over-expenditure of \$28,695.00 including disbursements, GST and MRST extra as applicable, for the single source award of Contract with Stantec Consulting Ltd. made on August 7th, 2015.

On April 7th, 2016, an agreement with Manitoba specifying the contribution by the Province of Manitoba to this servicing project 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 Mazenod, Ray Marius and Public Roads 1 and 2, south of the Greater Winnipeg Water District Plan 2474 WLTO.

On July 28<sup>th</sup>, 2016, Centra Gas (a subsidiary of Manitoba Hydro) completed installation of the gas line to Parmalat.

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.

On October 25<sup>th</sup>, 2016 a revised permit was applied for by Man-Shield Construction, agent for Parmalat, for a building expansion with a floor area of 2,825 m<sup>2</sup> (30,408 ft<sup>2</sup>) resulting in a total revised floor area of 11,516 m<sup>2</sup> (123,957 ft<sup>2</sup>).

On November 8<sup>th</sup>, 2016, the relocation of two hydro underground primary lines on the west side of Mazenod Road was completed to enable installation of two drainage culverts through Mazenod Road that are integral to the land drainage system for St. Boniface Industrial Park Phase 2.

On December 19, 2016, the Province passed Regulation 156/2016 which designated Parmalat's location at 330 Mazenod Road (Roll #06093462220) under the Community Revitalization Tax Increment Financing Act effective January 1, 2016.

On February 1st, 2017, a Certificate of Substantial Performance was issued to Rocky Road Recycling Limited for Bid Opportunity No. 983-2015 – Construction of Wastewater Pumping Station.

On April 26th, 2017, and as stipulated by the Funding and Servicing Agreement, Parmalat paid to the City the amount of \$520,000 as their share of the wastewater lift station oversizing cost.

On June 19<sup>th</sup>, 2017, a Certificate of Total Performance was issued to Rocky Road Recycling Limited for Bid Opportunity No. 983-2015 – Construction of Wastewater Pumping Station.

On June 30<sup>th</sup>, 2017, a Certificate of Substantial Performance was issued to Cambrian Excavators Limited for Bid Opportunity No. 1134-2015.