

**Agenda – Standing Policy Committee on Finance and Economic Development –
May 10, 2024**

REPORTS

**Item No. 4 CentrePort South Water and Sewer Servicing, Project ID:
2004001222, 2004001223, 2037001722, 2037001723, Quarterly Project
Status Report No. 3 For the Period Ended February 29, 2024**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

That the financial status of the CentrePort South Water and Sewer Servicing, as contained in this report, be received as information.

ADMINISTRATIVE REPORT

Title: CentrePort South Water and Sewer Servicing,
Project ID: 2004001222, 2004001223, 2037001722, 2037001723,
Quarterly Project Status Report No. 3
For the Period Ended February 29, 2024

Critical Path: Standing Policy Committee on Finance and Economic Development

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Jones, P. Eng., Acting Manager of Engineering Services	T. W. Shanks, M. Eng., P. Eng. Director, Water and Waste Department	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

Project On Schedule: Yes No

Project On Adopted Budget: Yes No

Percent of Schedule Complete:

Percent of Adopted Budget Spent:

The Capital Budget for the CentrePort South project is \$61 million, with expenditures to date totaling \$1,748,557. A total of \$800,566 was spent during this reporting period.

Key project developments:

- Various stakeholder meetings were held as part of the design process
- Project schedule adjustments were made to coordinate between construction contracts
- The feeder main alignment shifted west at Sturgeon Road and Saskatchewan Avenue to avoid heritage resources
- Additional land agreements were identified for the feeder main and force main
- On January 23, 2024 the Public Service hosted an information and engagement session with First Nation groups that may have ties to the burial mounds in CentrePort South

New risks:

The need for additional land agreements was identified for the feeder main and force main. This could impact the start of construction activities.

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

RECOMMENDATIONS

That the financial status of the CentrePort South Water and Sewer Servicing, as contained in this report, be received as information.

REASON FOR THE REPORT

Major Capital Projects are required to report quarterly to the Standing Policy Committee on Finance and Economic Development. The threshold for reporting is reviewed at the beginning of each multi-year budget cycle and revised, if required, for Council consideration. For the 2024-2027 multi-year budget cycle Council approved that the threshold be maintained at \$25 million. The Standing Policy Committee on Finance and Economic Development may also request reporting on any capital project.

IMPLICATIONS OF THE RECOMMENDATIONS

No implications.

HISTORY/DISCUSSION

See Appendix C – Key Project Events (History)

Procurement (Update from last report)

RFP 122-2023: KGS, Detailed Design and Contract Administration

KGS continues to perform engineering design services which include, but are not limited to:

- Land agreement and planning services: continuing meetings held with regulators, City and external stakeholders
- Heritage Resource Work:
 - Finalizing heritage resource impact assessment report for Historic Resources Branch
 - Next steps: Inviting the participation of First Nations and Métis representatives in co-developing the heritage resource management plan and heritage resource protection plan protocols
- Hydraulic Modeling: flow monitoring program completed, initial pump selection and force main size tested in the hydraulic model
- Design development for the following construction tenders:
 - Contract 1A – By-pass Lift Station
 - Examined various force main sizes and pump selections to evaluate trade-offs between various operational factors
 - Contract 2A – Force Main

- Made application to install permanent utility in MTI right of way
- Finalized soft dig plan that encompasses investigations across the entire project area
- Met with private land owner to discuss permanent easements
- Force main size of 450mm was selected for Phase 1A
- Contract 3 – Interceptor and Intake Sewers
 - Vertical profile refined based on seismic survey data and initial feedback from tunneling contractors
 - Posted RFQ to qualify tunneling contractors for this work
 - Continued analysis for low flow channel design
- Contract 4A – Feeder Main
 - Completed design for CP rail crossing at Saskatchewan Avenue
 - 60% design review meeting held and started 90% design drawing and specification package
 - Prepared second tree clearing contract (Tender No. 109-2024)

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
122-2023	KGS Group	Professional Engineering Consulting Services for CentrePort South Water and Wastewater Servicing Phase 1A - Detailed Design and Contract Administratin	\$ 5,779,900.00	\$ -	23-Jun-23		34%
			-	-			
			-	-			
			-	-			
		Total	\$ 5,779,900.00	\$ -			

Upcoming Procurements:

Description	Anticipated Award Date
Contract 3 - Interceptor and Intake Sewer	Q2 of 2024
Contract 4A - 750mm Feeder Main	Q2 of 2024
Contract 2A - 450mm Force Main	Q3 of 2024
Contract 1A - By-Pass Lift Station	Q3 of 2024

Schedule (Update from last report)

The key schedule milestones for the CentrePort South project have been included in Table 2.

Table 2 – Milestones

	Deliverable	Original Targeted Completion Date*	Revised Targeted Completion Date*	Actual Completion Date*	Estimated % Complete
1	Heritage Resource Impact Assements	Q4 2023	Q1 2024		88%
2	Contract 1A - By Pass Lift Station Substantial Completion	Q3 2024	Q1 2025		38%
3	Contract 2A - Force Main Substantial Completion	Q4 2025			28%
4	Contract 3 - Interceptor and Intake Sewers Substantial Completion	Q2 2025	Q3 2025		28%
5	Contract 4A - Feeder Main Substantial Completion	Q2 2025	Q3 2025		32%

Risk (Update from last report)

- Additional land agreements were identified for the feeder main and force main alignments. This could impact the start of construction activities.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Additional land agreements were identified for the feeder main and force main alignments. This could impact the start of construction activities.	Early discussions with stakeholders and advance design activities. The Public Service will pursue <i>Entry to Construct</i> agreements to avoid schedule delays.
Ongoing:	
Significant construction and consulting escalation has occurred since the 2020 preliminary design cost estimate.	The Public Service will continue to monitor scope and cost during the detailed design phase.
Infrastructure alignment from the preliminary design is under review. Discussions with various stakeholders are ongoing and could affect the preferred alignment which may impact project costs.	Early discussions with stakeholders and additional survey and design activities to evaluate alternate alignments.
Mitigated:	
Land acquisition negotiations for the lift station location are still underway. This could delay detailed design and construction.	Obtain Consent of Entry from property owners to proceed with pre-construction activities.
Additional engagement with stakeholders is required to communicate impacts on Heritage Resources.	The Public service is working with the Province to determine which stakeholders and rightsholders are impacted.

Financial (Update from last report)

For further information, refer to Appendix B – Financial Forecast

Funding (Update from last report)

Refer to Table 4 below for funding details.

Table 4 – Project Funding Forecast

Funding Forecast			
Funding Source	Adopted Budget ¹ (in thousands)	Amended Budget (in thousands)	Committed (in thousands)
Class of Estimate	Class 3	Class 3	Class 3
CentrePort South Water and Sewer			
Retained Earnings	13,000	13,000	13,000
External Debt	8,000	8,000	8,000
Province of Manitoba	40,000	40,000	40,000
Total	\$ 61,000	\$ 61,000	\$ 61,000

¹ On March 30, 2023 a funding agreement was signed for the CentrePort South Project between the Government of Manitoba and The City of Winnipeg

Property Acquisition (Update from last report)

The City will maintain *Entry to Construct* agreement for the lift station site if the purchase of the land is not going to be completed in time for construction.

Additional land agreements were identified for the feeder main and force main alignments.

Entry to Construct agreements were sent to private landowners to obtain access to construct the interceptor sewer pipe.

Land agreement discussions are ongoing with stakeholders.

Stakeholder Engagements/Communications (Update from last report)

The City continues to work with a number of stakeholders on the project including:

- First Nations groups
- RM of Rosser
- Historic Resources Branch
- Manitoba Transportation and Infrastructure

- Private land owners
- Residential and industrial developers

Subsequent Events after Report Period End Date

Funding from the provincial government was based on the \$60 million preliminary 2020 estimate. When the project initiated in 2023, a construction timeline was determined and the cost estimate was revised to include inflation and some smaller scope items which were necessary. The current cost estimate is \$73.7 million; this is \$12.7 million more than the approved budget of \$61.0 million.

An additional \$12.7 million has been included for CentrePort South regional water and sewer serving Phase 1A as part of the 2024-2029 Multi-Year Capital Budget.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 11, 2024

Project Name:

CentrePort South Water and Sewer Servicing

Project ID: 2004001222, 2004001223, 2037001722 and 2037001723

Quarterly Project Status Report No. 3

For the Period Ended February 29, 2024

Comments:

Financial Forecast for CentrePort South Water and Sewer Servicing can be found in Appendix B.

Lucy Szkwarek, CPA, CGA

Lucy Szkwarek, CPA, CGA

Manager of Finance & Administration

CONSULTATION

This Report has been prepared in consultation with:

N/A

OURWINNIPEG POLICY ALIGNMENT

This report aligns with OurWinnipeg 2045, Policy 2.17 Regional Water Resource Management, by protecting local and regional watershed resources from the negative impacts of development, flooding, and pollution.

Objective: Protect and value ecosystems as essential components to quality of life through municipal activities and urban environment.

This report aligns OurWinnipeg 2045, Policy 2.18 Potable Water Conservation, by providing safe, reliable and sustainable supply of potable water.

Objective: Protect and value ecosystems as essential components to quality of life through municipal activities and urban environment.

[Click here to enter text.](#)

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Water and Waste
Division: Engineering Services
Prepared by: Tim Turzak, C.E.T.
Date: April 19, 2024
File No: A-015

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	CentrePort South Water and Sewer Servicing
Business Owner (Department)	Water and Waste Department
Project ID	2004001222, 2004001223, 2037001722, 2037001723
Project Sponsor	Stacy Cournoyer
Department Responsible for Project Delivery	Water and Waste Department
Consultant Engineer (Company Name)	KGS Group
Adopted Budget	On March 30, 2023 a Bi-party funding agreement was executed between the Government of Manitoba and The City of Winnipeg. The Adopted Budget for CentrePort South is \$61 million. The Provincial funding contribution for this project totals \$40 million.
Class of Estimate (Adopted)	Class 3 cost estimate
Range of Estimate (Adopted)	High +30%, Low -20% (\$79.3 million to \$48.8 million)
Amended Budget	
Class of Estimate (Amended)	
Range of Estimate (Amended)	
<u>Project Scope</u>	
CentrePort Canada is North America’s largest trimodal inland port shared between the City of Winnipeg and the RM of Rosser. The goal of this project is to bring regional water and wastewater infrastructure to the southern portions of CentrePort Canada (CentrePort South) located within the City of Winnipeg.	
Major Capital Projects Advisory Committee Membership:	
Catherine Kloepfer, Chief Financial Officer Maira Geer, Deputy Chief Administrative Officer Hazel Borys, Director of Planning Property & Development Jim Berezowsky, Director of Public Works Tim Shanks, Director of Water and Waste Danny Tooth, Acting Manager of Major Project Oversight Cynthia Wiebe, Manager of Engineering Services, Water and Waste	

Appendix B – Financial Forecast

Appendix B - CentrePort South Water and Sewer Servicing Financial Forecast As at Feb 29, 2024

Project Component Deliverables	Budget (in 000's)			Actual Costs To Feb 29, 2024	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 ¹		Projected Costs							
					2024	2025	2026	2027				
Engineering, Design and Other	\$ 9,650	\$ -	\$ 9,650	\$ 1,748	\$ 3,183	\$ 3,786	\$ 933	\$ -	\$ 9,650	\$ -	\$ -	\$ -
Construction	\$ 44,333	\$ -	\$ 44,333	\$ -	\$ 21,279	\$ 22,500	\$ 554	\$ -	\$ 44,333	\$ -	\$ -	\$ -
Land Acquisition	\$ 389	\$ -	\$ 389	\$ -	\$ 389	\$ -	\$ -	\$ -	\$ 389	\$ -	\$ -	\$ -
Internal Financing/Overhead Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	\$ 6,628	\$ -	\$ 6,628	\$ -	\$ -	\$ -	\$ 6,628	\$ -	\$ 6,628	\$ -	\$ -	\$ -
Total Project Budget	\$ 61,000	\$ -	\$ 61,000	\$ 1,748	\$ 24,851	\$ 26,286	\$ 8,115	\$ -	\$ 61,000	\$ -		
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	2.9%		2.9%									

¹ Adopted and Amended budgets and actual costs have been agreed to the City's general ledger and Monthly Capital Expenditures Report.

Project ID	Project Year	Adopted Budget	Cost to Date
2004001222	2022	\$ 5,000	\$ 404
2004001223	2023	\$ 10,000	\$ -
2037001722	2022	\$ 16,000	\$ 1,344
2037001723	2023	\$ 30,000	
Total Project Budget		\$ 61,000	\$ 1,748

Appendix C – Key Project Events (History)

On June 21, 2019 KGS Group was retained to perform preliminary engineering services for Airport Area West Regional Water and Wastewater Servicing. The preliminary design report can be found here: <https://engage.winnipeg.ca/airport-area-west-water-wastewater-study> (Airport Area West has been renamed to CentrePort South.)

On March 30, 2023 a funding agreement was signed for the CentrePort South project between the Government of Manitoba and The City of Winnipeg, with the Provincial contribution totaling \$40 million.

On June 23, 2023, Standing Policy Committee on Water, Waste and Environment approved a \$5.8 million award to KGS Group for Professional Consulting Services for CentrePort South Regional Water and Wastewater Servicing – Phase 1A Detailed Design and Contract Administration.

On January 23, 2024 the Public Service hosted an information and engagement session with First Nation groups that may have ties to the burial mounds in CentrePort South.