

**Minutes – Standing Policy Committee on Finance and Economic Development –
November 3, 2023**

REPORTS

**Item No. 5 CentrePort South Water and Sewer Servicing,
Project ID: 2004001222, 2004001223, 2037001722, 2037001723,
Quarterly Project Status Report No. 1
For the Period Ended August 31, 2023**

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance and Economic Development concurred in the recommendation of the Winnipeg Public Service and received the financial status of the CentrePort South Water and Sewer Servicing, as contained in this report, as information.

**Minutes – Standing Policy Committee on Finance and Economic Development –
November 3, 2023**

DECISION MAKING HISTORY:

Moved by Councillor Schreyer,

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

Carried

Councillor Orlikow asked to be recorded as having voted against the above motion, in accordance with Rule 47(7) of The Procedure By-law No. 50/2007.

ADMINISTRATIVE REPORT

Title: CentrePort South Water and Sewer Servicing,
Project ID: 2004001222, 2004001223, 2037001722, 2037001723,
Quarterly Project Status Report No. 1
For the Period Ended August 31, 2023

Critical Path: Standing Policy Committee on Finance and Economic Development

AUTHORIZATION

Author	Department Head	CFO	CAO
C. D. Wiebe, P.Eng., CAMP	T. W. Shanks, M. Eng., P. Eng.	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:

This is the first Financial Status Report for the CentrePort South Water and Sewer Servicing project.

The project was initiated following the 2019 Airport Area West (now CentrePort South) Regional Water and Wastewater Servicing Preliminary Engineering design report.

The approved Capital Budget for this project is \$61 million, with expenditures to date totaling \$348,000.

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. The City is contributing the remaining \$21 million, which includes \$1 million budgeted for land acquisition.

Key project developments:

- KGS Group (KGS) was awarded a \$5.8 million contract for detailed design and contract administration for the regional water and wastewater infrastructure
- Pre-construction work has begun and includes various regional water and wastewater infrastructure stakeholder discussions, land agreement discussions, planning for the Heritage Resource Impact Assessment, and initiating a flow monitoring program

Key risks:

Significant escalation has been observed in both the construction and consulting industry since the preliminary design cost estimate for Phase 1A in 2020. This is expected to affect the overall project cost. The Public Service is evaluating the impact of current market conditions and will refer an additional \$12.7 million to the 2024-2027 multi-year budget. Scope and cost will continue to be carefully monitored during the detailed design phase.

Land acquisition negotiations for the lift station property are still underway. This could impact detailed design and construction activities.

The water and sewer infrastructure alignment from the preliminary design is under review. Discussions with stakeholders are ongoing and this could affect the preferred alignment and, in turn, may impact project costs.

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

The Asset Management Administrative Standard FM-004 requires all projects with a total estimated cost of \$25 million (2023) or more report quarterly to the Standing Policy Committee on Finance and Economic Development. This threshold is reviewed at the beginning of each multi-year budget cycle. 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

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

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

- Land agreement and planning services - initial round of meetings held with regulators, and City and external stakeholders.
- Geotechnical investigations.
- Topographic surveys.
- Heritage Resource Impact Assessments (HRIA) – initial screen completed with results from Heritage Resource Branch identifying the potential for heritage resources in the areas around contracts 1A and 4A. HRIAs will be required for these two contracts.
- Hydraulic Modeling - flow monitoring program fully initiated.
- Design development for the following construction tenders:
 - Contract 1A – By-pass Lift Station
 - Initial meeting held with City stakeholders to address station configuration.
 - Contract 2A – Force Main
 - Engineering consultant investigating alternate alignments in the RM of Rosser to address congested utility corridors in the Inkster Boulevard.
 - Contract 3 – Interceptor and Intake Sewers
 - Held meeting with Manitoba Transportation and Infrastructure to understand their plans for the potential future interchange at CentrePort Canada Way and Sturgeon Access Road.
 - Contract 4A –Feeder Main
 - Met with internal stakeholders to discuss feeder main alignment.

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		1%
			-	-			
			-	-			
			-	-			
		Total	\$ 5,779,900.00	\$ -			

Upcoming Procurements:

Description	Anticipated Award Date

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 Assessments	Q4 2023			16%
2	Contract 1A - By Pass Lift Station Substantial Completion	Q3 2024			5%
3	Contract 2A - Force Main Substantial Completion	Q4 2025			1%
4	Contract 3 - Interceptor and Intake Sewers Substantial Completion	Q2 2025			3%
5	Contract 4A - Feeder Main Substantial Completion	Q2 2025			2%

Risk (Update from last report)

As this is the first report, all risks are identified in Table 3 below. Key risks include:

- Significant escalation has occurred since the preliminary design cost estimate for Phase 1A. This is expected to affect the overall project cost. The Public Service is evaluating the impact of current market conditions and will refer additional budget asks to 2024 multi-year budget. The Public Service will continue to monitor the scope and cost during the detailed design phase to minimize cost impacts.
- Land acquisition negotiations for the lift station property are still underway. This could delay detailed design and construction. A Consent of Entry is being obtained to permit pre-construction activities.
- The water and sewer infrastructure alignment from the preliminary design is under review and discussions with key stakeholders are ongoing. Changes to the preferred alignment may impact project costs. Some issues include:
 - congested utility corridors along some right of ways;
 - ability to obtain easements through private property;
 - presence of Heritage Resources; and
 - important natural grassland habitat.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
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.
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.
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.
Ongoing:	
Mitigated:	

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 millions)	Amended Budget (in millions)	Committed (in millions)
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)

Lift station land acquisition discussions are ongoing with the Province of Manitoba. The City of Winnipeg is currently in the process of purchasing approximately 0.5 ha of land for the lift station.

Stakeholder Engagements/Communications (Update from last report)

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

- Rural Municipality of Rosser
- Manitoba Transportation and Infrastructure
- Private land owners
- Residential and industrial developers
- Historic Resources Branch, the Province of Manitoba

Subsequent Events after Report Period End Date

In early September, the Historic Resources Branch identified a burial mound along the preferred feeder main alignment. The Public Service is reviewing alternatives.

The City and Province are working on the offer to purchase the lift station land.

The Public Service will be requesting \$12.7 million, funded from retained earnings in the sewer and water utilities, as part of the 2024-2027 multi-year capital budget.

FINANCIAL IMPACT

Financial Impact Statement

Date: **September 28, 2023**

Project Name:

CentrePort South Water and Sewer Servicing

Project ID: 2004001222, 2004001223, 2037001722 and 2037001723

Quarterly Project Status Report No. 1

For the Period Ended August 31, 2023

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.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

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 Department

Division: Engineering Division

Prepared by: Tim Turzak, C.E.T.

Date: September 28, 2023

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

As at Aug 31, 2023

Project Component Deliverables	Budget (in 000's)			Expenditure Forecast (in 000's)							Surplus (Deficit) From Amended Budget	Variance Last Report	Change in Variance
	Adopted Budget	Council Approved Change	Amended Budget ¹	Actual Costs To Aug 31, 2023	Projected Costs				Total Forecasted Costs				
					2023	2024	2025	2026					
Engineering, Design and Other	\$ 9,650	\$ -	\$ 9,650	\$ 348	\$ 1,433	\$ 3,480	\$ 3,456	\$ 933	\$ 9,650	\$ -	\$ -	\$ -	
Construction	\$ 44,333	\$ -	\$ 44,333	\$ -	\$ -	\$ 21,279	\$ 22,500	\$ 554	\$ 44,333	\$ -	\$ -	\$ -	
Land Acquisition	\$ 389	\$ -	\$ 389	\$ -	\$ 34	\$ 355	\$ -	\$ -	\$ 389	\$ -	\$ -	\$ -	
Internal Financing/Overhead Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contingency	\$ 6,628	\$ -	\$ 6,628	\$ -	\$ -	\$ -	\$ -	\$ 6,628	\$ 6,628	\$ -	\$ -	\$ -	
Total Project Budget	\$ 61,000	\$ -	\$ 61,000	\$ 348	\$ 1,467	\$ 25,114	\$ 25,956	\$ 8,115	\$ 61,000	\$ -			
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	0.6%		0.6%										

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	\$ 73
2004001223	2023	\$ 10,000	\$ -
2037001722	2022	\$ 16,000	\$ 275
2037001723	2023	\$ 30,000	\$ -
Total Project Budget		\$ 61,000	\$ 348

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.