

**Minutes – Standing Policy Committee on Finance and Economic Development –
February 5, 2024**

REPORTS

**Item No. 4 CentrePort South Water and Sewer Servicing,
Project ID: 2004001222, 2004001223, 2037001722, 2037001723,
Quarterly Project Status Report No. 2
For the Period Ended November 30, 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 –
February 5, 2024**

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

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

Carried

ADMINISTRATIVE REPORT

Title: CentrePort South Water and Sewer Servicing,
Project ID: 2004001222, 2004001223, 2037001722, 2037001723,
Quarterly Project Status Report No. 2
For the Period Ended November 30, 2023

Critical Path: Standing Policy Committee on Finance and Economic Development

AUTHORIZATION

Author	Department Head	CFO	CAO
C. D. Wiebe, P.Eng., CAMP, 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 \$947,991. A total of \$599,633 was spent during this reporting period.

Key project developments:

- Various stakeholder meetings to progress design development for all linear infrastructure components.
- Temporary access agreements were obtained to facilitate initial geotechnical investigations for future construction works.
- Project schedule adjustments are being considered to take advantage of synergies that exist between construction contracts.
- Water modeling results indicate a section of the feeder main is not required for Phase 1A development.

New risks:

Land agreements for the regional infrastructure are ongoing. This could impact the start of construction activities.

Additional engagement with stakeholders is required to communicate impacts on Heritage Resources. While City regional infrastructure will not impact these resources, future private infrastructure installed by developers may need to consider potential impacts.

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

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: developing report for Historic Resources Branch; field investigations are complete
- Hydraulic Modeling: flow monitoring program near completion
- Design development for the following construction tenders:
 - Contract 1A – By-pass Lift Station
 - Tree clearing of the site completed
 - Lift station configuration selected
 - Contract 2A – Force Main

- Held several meetings with Manitoba Transportation and RM of Rosser to confirm jurisdiction of lands and determine alignment approval process
- Met with private land owner to discuss permanent easements
- Met with Environmental Approvals to confirm regulatory requirements
- Contract 3 – Interceptor and Intake Sewers
 - Approvals for geotechnical investigations received from private land owners
 - Developing a Request for Qualification (RFQ) to qualify contractors for this work
- Contract 4A – Feeder Main
 - Met with internal stakeholders to discuss feeder main alignment
 - Feeder main alignment selected for design

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	Revised Targeted Completion	Actual Completion Date*	Estimated % Complete
1	Heritage Resource Impact Assements	Q4 2023	Q1 2024		43%
2	Contract 1A - By Pass Lift Station Substantial Completion	Q3 2024			27%
3	Contract 2A - Force Main Substantial Completion	Q4 2025			14%
4	Contract 3 - Interceptor and Intake Sewers Substantial Completion	Q2 2025			17%
5	Contract 4A - Feeder Main Substantial Completion	Q2 2025			17%

Risk (Update from last report)

- Land agreements for the regional infrastructure are still ongoing. This could impact the start of construction activities.
- Additional engagement with stakeholders is required to communicate impacts on Heritage Resources. While City regional infrastructure will not impact these resources, future private infrastructure installed by developers may need to consider potential impacts.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Land agreements for the regional infrastructure are ongoing. This could impact the start of construction activities.	The Public service is developing alternate land agreements to maintain construction timelines.
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.
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.

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)

Temporary access agreements were obtained to facilitate initial geotechnical investigations for future construction works.

Permanent easements were identified for the interceptor and force main pipes

Land agreement discussions are ongoing with stakeholders. The City of Winnipeg is currently developing the land agreements.

Stakeholder Engagements/Communications (Update from last report)

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

- RM of Rosser
- Manitoba Transportation and Infrastructure
- Private land owners
- Residential and industrial developers
- Historic Resources Branch

Subsequent Events after Report Period End Date

The Public Service is in the process of engaging with First Nations groups that may have ties to the burial mounds in CentrePort South. The CAO's Office sent a letter in December to various Indigenous stakeholders inviting them to participate in an information and engagement session on January 23, 2024, to develop mechanism(s) to protect heritage resources as part of the land development of CentrePort South.

FINANCIAL IMPACT

Financial Impact Statement

Date: **January 16, 2024**

Project Name:

CentrePort South Water and Sewer Servicing

Project ID: 2004001222, 2004001223, 2037001722 and 2037001723

Quarterley Project Status Report No. 2

For the Period Ended November 30, 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

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 Department

Division: Engineering Division

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

Date: January 16, 2024

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 Nov 30, 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 Nov 30, 2023	Projected Costs							Total Forecasted Costs
					2023	2024	2025	2026				
Engineering, Design and Other	\$ 9,650	\$ -	\$ 9,650	\$ 948	\$ 187	\$ 3,798	\$ 3,784	\$ 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	\$ 948	\$ 187	\$ 25,466	\$ 26,284	\$ 8,115	\$ 61,000	\$ -		
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	1.6%		1.6%									

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	\$ 218
2004001223	2023	\$ 10,000	\$ -
2037001722	2022	\$ 16,000	\$ 729
2037001723	2023	\$ 30,000	\$ 2
Total Project Budget		\$ 61,000	\$ 948

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.