

**Minutes – Standing Policy Committee on Finance and Economic Development –
September 16, 2024**

REPORTS

**Item No. 3 CentrePort South Water and Sewer Servicing,
Project ID: 2004001222, 2004001223, 2004001224, 2037001722,
2037001723, 2037001724,
Quarterly Project Status Report No. 4
For the Period Ended May 31, 2024**

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 –
September 16, 2024**

DECISION MAKING HISTORY:

Moved by Councillor Schreyer,

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, 2004001224, 2037001722,
 2037001723, 2037001724,
Quarterly Project Status Report No. 4
For the Period Ended May 31, 2024

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	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

Project On Schedule: Yes No

Project On Adopted Budget: Yes No

Percent of Schedule Complete:

Percent of Adopted Budget Spent:

On March 20, 2024, Council adopted an additional \$12.7 million to the Capital Budget for the CentrePort South project (\$3.2 million under the Waterworks System Fund and \$9.5 million under the Sewage Disposal System Fund) as part of the 2024-2027 Multi-Year Capital Budget.

The revised adopted Capital Budget for the CentrePort South project is \$73.7 million with expenditures to date totaling \$3.0 million. A total of \$1.3 million was spent during this reporting period.

Key project developments:

- Land agreement needs for this project, including temporary access permissions, temporary construction easements, and permanent construction easements, have been identified for all linear infrastructure components
- The first two of four major construction tenders were posted:
 1. Tender 990-2023B interceptor sewer pipe was posted on April 19, 2024 and closed on May 17, 2024 with four bids received;
 2. Tender 220-2024 for construction of feeder main pipe was posted on April 26, 2024 and closed on May 23, 2024 with five bids received.

- On May 13, 2024 the Public Service hosted an information and engagement session with Manitoba Metis Federation (MMF) representatives that have interest on heritage resource findings in CentrePort South

New risks:

- Delivery times for lift station equipment have been extended
- Land purchase and easement negotiations are still ongoing
- Heavy rains this summer are causing higher than anticipated groundwater elevations
- The RM of Rosser requires approval of construction drawings and specifications for infrastructure installed within their right-of-ways. Delays in approval could impact schedules

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:

- Heritage Resource Work: Held an engagement meeting with Manitoba Metis Federation representatives on May 13, 2024
- Hydraulic Modeling: progressed hydraulic gap analysis for downstream Northwest Interceptor system. Initiated model updates to include population and subcatchments discretization
- Design development for the following construction tenders:
 - Contract 1A – By-pass Lift Station
 - Finished 90% design package and held review meeting with the City on May 30, 2024
 - Contract 2A – Force Main
 - Progressed 90% design package;
 - Progressed CP rail crossing application;
 - Supported City in efforts to secure land agreements.
 - Contract 3 – Interceptor and Intake Sewers
 - Design was completed. Construction tender 990-2023B was posted on April 19, 2024;
 - Provided support during tender period including evaluation of submitted contractor bids and pre-award meeting.
 - Contract 4A – Feeder Main
 - Design was completed. Construction tender 220-2024 was posted on April 26, 2024;
 - Provided support during tender period including evaluation of submitted contractor bids and pre-award meeting.

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 Administration	\$5,779,900.00	\$ -	23-Jun-23		50%
			-	-			
			-	-			
			-	-			
		Total	\$ -	\$ -			

Upcoming Procurements:

Description	Anticipated Award Date
Contract 3 - Interceptor and Intake Sewer	Q3 2024
Contract 4A - 750mm Feeder Main	Q3 2024
Contract 2A - 450mm Force Main	Q4 2024
Contract 1A - By-Pass Lift Station	Q4 2024

Schedule (Update from last report)

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

Table 2 – Milestones

Milestones				
Deliverable	Original Targeted Completion Date	Revised Targeted Completion Date	Actual Completion Date	Estimated % Complete
1 Heritage Resource Impact Assessments	Q4 2023	Q2 2024		95%
2 Contract 1A - By Pass Lift Station Substantial Completion	Q3 2024	Q1 2026		34%
3 Contract 2A - Force Main Substantial Completion	Q4 2025			38%
4 Contract 3 - Interceptor and Intake Sewers Substantial Completion	Q2 2025	Q4 2025		40%
5 Contract 4A - Feeder Main Substantial Completion	Q2 2025	Q3 2025		44%

Risk (Update from last report)

- Delivery times for some lift station equipment are longer than expected and will take approximately a year. This has delayed construction and extended the substantial completion date to Q1 2026

- Negotiations for permanent easements for the interceptor are ongoing. The City is pursuing enter to construct agreements to allow construction to start. The landowners expressed interest in working with the City on the enter to construct agreements while working out details of the easements
- Application for a development permit requires the lift station property to be owned by the City. The purchase agreement has not yet been fully executed between the City and the Province of Manitoba
- Potential for higher than anticipated groundwater elevations along the force main due to high bedrock elevations and extended rain periods
- The RM of Rosser requires approval of construction drawings and specifications for all infrastructure being constructed within their right-of-ways. Should this approval take longer than anticipated, it could delay posting of the force main tender which could impact construction schedule.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Delivery times for some lift station equipment will take approximately a year to come. This has extended the substantial completion date.	Finish the design and post construction tender as quickly as possible. Ensure the contractor orders equipment with long lead times early in the project.
Negotiations for permanent easements for the interceptor are ongoing.	* If permanent easements cannot be secured, consider outright purchase of the required lands. Alternatively, explore expropriation option. * Pursue enter to construct agreements to allow construction to start.
Application for a development permit requires the lift station property to be owned by the City. The purchase agreement has not yet been fully executed between the City and the Province of Manitoba.	The Public Service will continue to work with the Province to finalize the land purchase agreement as quickly as possible.
Higher precipitation this summer has the potential for higher than anticipated groundwater elevations along the force main alignment.	Include appropriate allowance in the contract to manage groundwater. Obtain unit rates for pump tests, ground depressurization wells, and daily pumping for dewatering.
In order to construct the force main pipe within the RM of Rosser, RM of Rosser approvals are required. Delayed approvals could impact posting of the force main contract resulting construction schedule impacts.	Submit 90% design drawings and specifications as soon as ready. Engage the RM's engineer to inquire about preferred specifications for bedding, backfill, and road restorations. Follow up frequently to ensure review and approval process progresses in a timely fashion.
Ongoing:	
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.
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.
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.
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.

Financial (Update from last report)

For further information, refer to Appendix B – Financial Forecast

Funding (Update from last report)

On March 20, 2024, Council adopted an additional \$12.7 million to the Capital Budget for the CentrePort South project (\$3.2 million under the Waterworks System Fund and \$9.5 million under the Sewage Disposal System Fund) as part of the 2024-2027 Multi-Year Capital Budget.

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	25.7	25.7	25.7
External Debt	8.0	8.0	8.0
Province of Manitoba	40.0	40.0	40.0
Total	\$ 73.7	\$ 73.7	\$ 73.7

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 completed in time for construction.

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

On June 24, 2024 Construction of a new wastewater lift station tender for CentrePort South was posted for public bid. Tender No. 301-2024 - Contract 1A.

On June 24, 2024 the tender for the construction of a new by-pass lift station for CentrePort South was posted for public bid. Tender No. 301-2024 - Contract 1A.

On June 28, 2024, Standing Policy Committee on Water, Waste and Environment approved an award to Bothar Inc. for construction of 1,045 M of 1,200mm interceptor sewer pipe. Tender 990-2023B - Contract No. 3 at an estimated cost of \$11,285,249.67 plus a possible site occupancy bonus of \$225,704.99.

On June 28, 2024, Standing Policy Committee on Water, Waste and Environment approved an award to Tri-Core Projects Ltd. for construction of 2,301 M of 750mm feeder main pipe. Tender 220-2024 - Contract No. 4A at an estimated cost of \$10,688,800.00.

On July 8, 2024 Province of Manitoba, Historic Resources Branch provided clearance for construction of the regional infrastructure in CentrePort South.

On July 9, 2024 Construction of a new force main sewer pipe tender for CentrePort South was posted for public bid. Tender No. 427-2024 - Contract 2A. This is the final major construction project for the CentrePort South regional water and wastewater servicing - Phase 1A.

To reduce construction risk and offer more favorable pricing, the substantial completion date for the force main tender may need to be extended to Q2 2026.

FINANCIAL IMPACT

Financial Impact Statement

Date: July 26, 2024

Project Name:

CentrePort South Water and Sewer Servicing

Project ID: 2004001222, 2004001223, 2004001224, 2037001722, 2037001723 and 2037001724

Quarterly Project Status Report No. 4

For the Period Ended May 31, 2024

Comments:

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

Lucy Szkwarek, CPA, CA

Lucy Szkwarek, CPA, CA

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
Division: Engineering Services
Prepared by: Tim Turzak, C.E.T.
Date: July 26, 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, 2004001224, 2037001722, 2037001723, 2037001724
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 \$73.7 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% (\$95.8 million to \$59.0 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:	
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 May 31, 2024

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	Actual Costs To May 31, 2024	Projected Costs				Total Forecasted Costs			
					2024	2025	2026	2027				
Engineering, Design and Other	\$ 9,941	\$ -	\$ 9,941	\$ 2,661	\$ 3,183	\$ 3,164	\$ 933	\$ -	\$ 9,941	\$ (0)	\$ -	\$ (0)
Construction	\$ 51,202	\$ -	\$ 51,202	\$ 82	\$ 22,000	\$ 22,500	\$ 6,620	\$ -	\$ 51,202	\$ 0	\$ -	\$ 0
Land Acquisition	\$ 2,453	\$ -	\$ 2,453	\$ 275	\$ 1,700	\$ 478	\$ -	\$ -	\$ 2,453	\$ (0)	\$ -	\$ (0)
Internal Financing/Overhead Costs	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency	\$ 10,104	\$ -	\$ 10,104	\$ -		\$ 3,000	\$ 7,104	\$ -	\$ 10,104	\$ -	\$ -	\$ -
Total Project Budget	\$ 73,700	\$ -	\$ 73,700	\$ 3,018	\$ 26,883	\$ 29,142	\$ 14,657	\$ -	\$ 73,700	\$ (0)		

% of Project Budget Spent <small>(Actual Costs to Date / Adopted & Amended Budget)</small>	4%			4%
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Project ID	Project Year	Adopted Budget	Cost to Date
2004001222	2022	\$5,000	\$925
2004001223	2023	\$10,000	
2004001224	2024	\$3,200	
2037001722	2022	\$16,000	\$2,093
2037001723	2023	\$30,000	
2037001724	2024	\$9,500	
Total Project Budget		\$73,700	\$3,018

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 and information and engagement session with First Nation groups that may have ties to the burial mounds in CentrePort South.

On May 13, 2024 the Public Service hosted and information and engagement session with Manitoba Metis Federation (MMF) representatives that have interest on heritage resource findings in CentrePort South.