

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

**REPORTS**

**Item No. 8                      Water Meter Renewals – Advanced Metering Systems,  
Project ID: 2001003420, 2001003424,  
Quarterly Project Status Report No. 1  
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 Water Meter Renewals – Advanced Metering System, 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 Orlikow,

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

Carried

Councillor Browaty was absent from the vote on the above motion.

# ADMINISTRATIVE REPORT

**Title:** Water Meter Renewals – Advanced Metering Systems,  
**Project ID:** 2001003420, 2001003424,  
**Quarterly Project Status Report No. 1**  
**For the Period Ended May 31, 2024**

**Critical Path:** Standing Policy Committee on Finance and Economic Development

## AUTHORIZATION

| Author  | Department Head   | CFO       | CAO                          |
|---|---|-----------|------------------------------|
| L. Szkwarek, CPA<br>CGA<br>Manager, Finance<br>and Administration | T. W. Shanks, M. Eng.,<br>P. Eng.<br>Director, Water and<br>Waste | T. Graham | S. Armbruster<br>Interim CAO |

## EXECUTIVE SUMMARY

**Project On Schedule:** Yes  No

**Project On Adopted Budget:** Yes  No

**Percent of Schedule Complete:** 2.9%

**Percent of Adopted Budget Spent:** 0.0%

This is the first Quarterly Project Status Report for the Water Meter Renewals – Advanced Metering System project.

On November 23, 2023 Council approved the Water Meter Renewals – Advanced Metering System project with a class three estimate capital cost of \$135,000,000 with implications of the funding source, Water Meter Renewal Reserve (WMtrRR), be referred to the 2024-2027 budget process. During the budget process, the project's budget distribution was adjusted to match annual spending in the WMtrRR.

On March 20, 2024, Council approved the Water Meter Renewals capital project as part of the 2024 Annual Capital Budget with a capital cost estimate of \$135,000,000.

Staff have been hired to develop the Request For Proposal (RFP) for the Consultant. This RFP is expected to be issued in Q3 2024 with Award in Q1 2025. Current estimate schedule will have the first meters installed in 2026 as part of the testing and software integration phase of the project, with full city-wide deployment starting in 2027 and ending in 2030.

The current adopted budget in 2024 is \$2 million with no expenditures to date.

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 Water Meter Renewals – Advanced Metering System, 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 399-2024 – Water Meter Renewals and Advanced Metering System Consultant.

- Development of the Request For Proposal (RFP) for professional consulting services is ongoing. Issuance of the RFP is expected in Q3 2024 with award in Q1 2025 subject to Council approved capital budget.

Table 1 – Contracts

| Contracts         |              |              |   |  |               |                          |                      |
|-------------------|--------------|--------------|---|--|---------------|--------------------------|----------------------|
| Bid Opportunity # | Company Name | Description  | Original Contract Award Value<br>(GST & MRST extra as applicable) | Total Approved Over-Expenditures<br>(Over-Expenditure amount only) | Date of Award | Date of Total Completion | Estimated % Complete |
|                   |              |              | -   | -  |               |                          |                      |
|                   |              |              | -   | -  |               |                          |                      |
|                   |              |              | -   | -  |               |                          |                      |
|                   |              |              | -   | -  |               |                          |                      |
|                   |              |              | -   | -  |               |                          |                      |
|                   |              | <b>Total</b> | <b>\$ -</b>   | <b>\$ -</b>  |               |                          |                      |

**Upcoming Procurements:**

| Description    | Anticipated Award Date |
|----------------|------------------------|
| Consultant RFP | Q1 2025                |
|                |                        |
|                |                        |

**Schedule** (Update from last report)

The key schedule milestones for the Water Meter Renewals – Advanced Metering System 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          | Consultant RFP - Award              | Q1 2025                           |                                  |                        |                      |
| 2          | Detailed Design                     | Q3 2025                           |                                  |                        |                      |
| 3          | Vendor RFP - Award                  | Q1 2026                           |                                  |                        |                      |
| 4          | Testing and Billing Integration     | Q4 2026                           |                                  |                        |                      |
| 5          | Deployment - City-wide Installation | Q2 2030                           |                                  |                        |                      |
| 6          |                                     |                                   |                                  |                        |                      |
| 7          |                                     |                                   |                                  |                        |                      |
| 8          |                                     |                                   |                                  |                        |                      |

**Risk** (Update from last report)

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

- The Water Meter Renewal Reserve (WMtrRR) does not have sufficient funds to fully fund the project at this time. The Public Service will monitor expenditures and contracts to ensure that the reserve is not over drawn for the duration of the project.

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>   |  |
| Concerns regarding AMI technology as related to Health Concerns have been brought to Council.   | The City will follow Health Canada Safety Code 6 in relation to radiofrequency electromagnetic fields.   |
| Concerns regarding AMI technology as related to Data Privacy have been brought to Council.  | The City will follow industry established Data Privacy Protocols.  |
| Council has directed the Public Service to provide a preliminary assessment of the opt-out program to the Standing Committee in Q1 2025   | A follow up report to Council assessing the cost and structure of an 'Opt-Out' program is scheduled for Q1 2025.   |
| Water Meter Renewal Reserve does not have sufficient funds to fully fund the project at this time.  | Transfer to the WMtrRR are completed annually to match anticipated spending. The Public Service will schedule and monitor balances to ensure the Reserve is not overdrawn at any point during the project. |
| The 2024 Capital budget was approved based on a cashflow distribution and not contract award encumbrances. Current approved budget of \$2,000,000 is insufficient to cover contract awards in 2024, | Award of the Consultant RFP will be delayed to Q1 2025 when funding becomes available contingent on Council approval of the 2025 Capital Budget.   |
| Increase costs of materials and installation due to inflation   | Consultant to inquire with suppliers and installers throughout the design and tendering periods to ensure and accurate project estimates and budget alignment  |
| Reluctancy by customer to allow access to water meters for replacement.   | Consultant to work with the Vendor to provide public information and outreach campaigns, review existing bylaw and assist with amendments required   |
| <b>Ongoing:</b>   |  |
|   |  |
|   |  |
|   |  |
|   |  |
| <b>Mitigated:</b>   |  |
|   |  |
|   |  |

**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

| <b>Funding Forecast</b>   |  |   |  |                                    |
|---|--|---|--|------------------------------------|
| <b>Funding Source</b>   | <b>Adopted Budget<br/>(in thousands)</b> | <b>Forecasted Budget<br/>(in thousands)</b> | <b>Total Budget<br/>(in thousands)</b> | <b>Committed<br/>(in millions)</b> |
| <b>Class of Estimate</b>  | <b>Class 3</b>                           | <b>Class 3</b>                              | <b>Class 3</b>                         |                                    |
| Water Meter Renewals -<br>Advanced Metering Systems<br>'Reserve | 2,000                                    | 133,000                                     | 135,000                                | 2,000                              |
| <b>Total</b>  | <b>\$ 2,000</b>                          | <b>\$ 133,000</b>                           | <b>\$ 135,000</b>                      | <b>\$ 2,000</b>                    |

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

N/A

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

N/A

**Subsequent Events after Report Period End Date**

N/A

**FINANCIAL IMPACT**

**Financial Impact Statement**      Date: [August 23, 2024](#)

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**Project Name:**

**Water Meter Renewals - Advanced Metering System Project,  
Project IDs: 2001003420, 2001003424  
Quarterly Project Status Report No. 1  
For the Period Ended May 31, 2024**

**COMMENTS:**

Financial Forecast for WMR - AMS Project can be found in Appendix B

*Lucy Szkwarek, CPA, CGA*

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Lucy Szkwarek, CPA, CGA  
Manager of Finance and Administration



## CONSULTATION

This Report has been prepared in consultation with:

N/A

## OURWINNIPEG POLICY ALIGNMENT

This report aligns with OurWinnipeg 2045 policies as follows:

### **Goal: Leadership and Good Governance**

**Objective 1:** Establish and implement priority actions through evidence-informed decision-making processes.

**Policy 1.6 Results-Based Budgeting:** Use this Plan as a foundation for municipal budget priorities to achieve integrated, intergenerational life-cycle planning that maximizes community return on investment

### **Goal: Environmental Resilience:**

Objective 1: Prioritize the transition to a resilient, low-carbon future through demonstrated organizational and community leadership, and collaborative actions that mitigate and adapt to a changing climate.

## WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report aligns with Winnipeg Climate Action Plan as follows:

### **Strategic Opportunity #1 - Corporate Leadership**

Key Direction 1.2 Understand and Integrate Business and Economic Implications of Climate Action into Decision Making Processes.

Key Direction 1.5 Reduce Employee Vehicle Kilometers Travelled (VKT) and associated GHGs.

## 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.

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

**Department:** Water and Waste  
**Division:** Finance and Administration  
**Prepared by:** Duy Doan, C.E.T.  
**Date:** August 27, 2024

**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>  | Water Meter Renewals - Advanced Metering System            |
| <b>Business Owner (Department)</b>   | Water and Waste Department                                 |
| <b>Project ID</b>  | 2001003420, 2001003424                                     |
| <b>Project Sponsor</b>   | Lucy Szkwarek  |
| <b>Department Responsible for Project Delivery</b>   | Water and Waste Department                                 |
| <b>Consultant Engineer</b> (Company Name)  | N/A  |
| <b>Adopted Budget</b>  | \$2.00M (additional \$133.0 forecasted 2025 to 2029)       |
| <b>Class of Estimate (Adopted)</b>   | Class 3 cost estimate                                      |
| <b>Range of Estimate (Adopted)</b>   | High +30%, Low -20%<br>\$175.5 million to \$108.0 million) |
| <b>Amended Budget</b>  |  |
| <b>Class of Estimate (Amended)</b>   |  |
| <b>Range of Estimate (Amended)</b>   |  |
| <b><u>Project Scope</u></b>  |  |
| <p>The City of Winnipeg has approximately 220,000 residential and commercial water meters. Over 139,000 (63 percent) are past their service life and need replacement. This project will initiate the renewal of the water meters and the implementation of an Advanced Metering Infrastructure (AMI) to address meter accuracy, improve customer service, provide equity in the customer base, and create operational efficiencies.</p> |  |
| <b>Major Capital Projects Advisory Committee Membership:</b>   |  |
| <ul style="list-style-type: none"> <li>- Tim Shanks, Director of Water and Waste</li> <li>- Lucy Szkwarek, Manager of Finance, Water and Waste</li> <li>- Danny Tooth, Acting Manager of Major Project Oversight</li> <li>- Geoff Patton, Director Assets &amp; Project Management</li> <li>- Tyler Gooch, Director Innovation &amp; Technology</li> <li>- Tracy Graham, Chief Financial Officer</li> </ul>                              |  |

## Appendix B – Financial Forecast

### Appendix B - Project Water Meter Renewals Financial Forecast As at May 31, 2024

| Project Component Deliverables  | Budget (in 000's)         |                         |                   | Actual Costs To May 31, 2024 | Expenditure Forecast (in 000's) |                 |                 |                   | Total Forecasted Costs | Surplus (Deficit) From Amended Budget | Variance Last Report | Change in Variance |
|---|---------------------------|-------------------------|-------------------|------------------------------|---------------------------------|-----------------|-----------------|-------------------|------------------------|---------------------------------------|----------------------|--------------------|
|   | Adopted/Forecasted Budget | Council Approved Change | Amended Budget    |                              | Projected Costs                 |                 |                 |                   |                        |                                       |                      |                    |
|   |                           |                         |                   |                              | 2024                            | 2025            | 2026            | 2027 and beyond   |                        |                                       |                      |                    |
| Engineering, Design and Other   | \$ 14,992                 | \$ -                    | \$ 14,992         | \$ -                         | \$ 299                          | \$ 1,408        | \$ 1,642        | \$ 11,643         | \$ 14,992              | \$ -                                  | \$ -                 | \$ -               |
| Construction  | \$ 106,735                | \$ -                    | \$ 106,735        | \$ -                         | \$ -                            | \$ 1,461        | \$ 7,962        | \$ 97,312         | \$ 106,735             | \$ -                                  | \$ -                 | \$ -               |
| Land Acquisition  | \$ -                      | \$ -                    | \$ -              | \$ -                         | \$ -                            | \$ -            | \$ -            | \$ -              | \$ -                   | \$ -                                  | \$ -                 | \$ -               |
| Internal Financing/Overhead Costs   | \$ 100                    | \$ -                    | \$ 100            | \$ -                         | \$ -                            | \$ 70           | \$ 30           | \$ -              | \$ 100                 | \$ -                                  | \$ -                 | \$ -               |
| Contingency   | \$ 13,173                 | \$ -                    | \$ 13,173         | \$ -                         | \$ -                            | \$ -            | \$ -            | \$ 13,173         | \$ 13,173              | \$ -                                  | \$ -                 | \$ -               |
| <b>Total Project Budget</b>   | <b>\$ 135,000</b>         | <b>\$ -</b>             | <b>\$ 135,000</b> | <b>\$ -</b>                  | <b>\$ 299</b>                   | <b>\$ 2,939</b> | <b>\$ 9,634</b> | <b>\$ 122,128</b> | <b>\$ 135,000</b>      | <b>\$ -</b>                           |                      |                    |
| <b>% of Project Budget Spent</b><br>(Actual Costs to Date / Adopted & Amended Budget) | 0%                        |                         | 0%                |                              |                                 |                 |                 |                   |                        |                                       |                      |                    |

| Project ID | Adopted Budget (in thousands) | Forecasted Budget per 2024 Adopted Capital Budget (in thousands) | Total Adopted/Forecasted Budget (in thousands) | Actual Costs (in thousands) |
|------------|-------------------------------|--|--|-----------------------------|
| 2001003424 | \$ 2,000                      | \$ -   | \$ 2,000                                       | \$ -                        |
| 2001003425 | -                             | 10,000   | 10,000   | -                           |
| 2001003426 | -                             | 20,000   | 20,000   | -                           |
| 2001003427 | -                             | 44,000   | 44,000   | -                           |
| 2001003428 | -                             | 45,000   | 45,000   | -                           |
| 2001003429 | -                             | 14,000   | 14,000   | -                           |
| Total      | \$ 2,000                      | \$ 133,000   | \$ 135,000                                     | \$ -                        |

## **Appendix C – Key Project Events (History)**

The City of Winnipeg has approximately 220,000 residential and commercial water meters. Over 139,000 (63 percent) are past their service life and need replacement. The Public Service recommended the renewal of the water meters and the implementation of an Advanced Metering Infrastructure (AMI) to address meter accuracy, improve customer service, provide equity in the customer base, and create operational efficiencies.

On February 22, 2011, Council approved the Meter Infrastructure Program as part of the 2011 Annual Capital Budget. The program included the development of a business case for an advanced metering technology project and a 12-month pilot project.

On March 20, 2019, Council approved the Water Meter Replacement Program as part of the 2019 Capital Budget. This project was to review current water meter technology, validate the best replacement technology, and develop a plan and Class 3 estimate for implementation of a multi-year direct-read water meter replacement program.

On January 30, 2020, Council approved the 2020 to 2023 Water and Sewer Rate report which included the establishment of a Water Meter Renewal Reserve for replacement and renewal of aging water meters and a City-wide advanced metering system (AMS), and referenced an automated meter read pilot project with the objective to develop, test and evaluate policies and processes required for a larger AMS implementation.

As part of the 2020 Capital Budget, Council approved funding of \$450,000 to review current water meter technology, validate the best replacement technology, and develop a plan and Class 3 estimate for implementation of a multi-year water meter replacement program.

The Public Service contracted with Diameter Services through a Request for Proposal (RFP No. 801-2020) process to review the City's current inventory of water meters, analyze current meter reading and billing processes, and identify opportunities for improvements in functionality and efficiencies. Analysis included feasibility and benefits of using improved metering technologies commonly referred to as smart meters for the City. This contract reached Total Performance Nov 25, 2022.

On November 23, 2023, Council approved the Advanced Water Metering Solution Business Case and referred any financial implications to the 2024-2027 budget process.

On March 20, 2024, Council approved the Water Meter Renewals capital project as part of the 2024 Annual Capital Budget with a capital cost estimate of \$135,000,000.