

**Minutes – Standing Policy Committee on Finance and Economic Development –
November 27, 2024**

REPORTS

**Item No. 3 CentrePort South Water and Sewer Servicing,
Project ID: 2004001222, 2004001223, 2004001224, 2037001722,
2037001723, 2037001724,
Quarterly Project Status Report No. 5
For the Period Ended August 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 –
November 27, 2024**

DECISION MAKING HISTORY:

Moved by Councillor Allard,

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. 5
For the Period Ended August 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:

The revised amended Capital Budget for the CentrePort South project is \$73.7 million with expenditures to date totaling \$4.2 million. A total of \$1.2 million was spent during this reporting period.

Key project developments:

- Two of four major construction tenders were awarded on June 28, 2024:
 - Tender 990-2023B interceptor sewer pipe was awarded to Bothar Inc. at a cost of \$11,285,249.67 plus a possible site occupancy bonus of \$225,704.99
 - Tender 220-2024 for construction feeder main pipe was awarded to Tri Core Projects Ltd. at a cost of \$10,688,800.00
- On July 8, 2024, the Province of Manitoba, Historic Resources Branch provided clearance for construction of the regional infrastructure in CentrePort South.
- The final two major construction tenders were posted:
 - Tender 301-2024 lift station was posted on June 24, 2024, and closed on August 13, 2024, with two bids received
 - Tender 427-2024 for construction of force main pipe was posted on July 9, 2024, and closed on August 16, 2024, with four bids received

- On August 12, 2024, the Public Service hosted a ground blessing ceremony with City contractor Tri-Core Projects Ltd. and First Nations representatives. The ceremony took place at the St. James burial mound, which was beside the original feeder main alignment for CentrePort South.
- Enter to Construct agreements were obtained for the interceptor sewer pipe.

New risks:

- Risks identified during the force main design has extended the substantial completion date for that contract to Q3 2026. The force main pipe is required to commission the lift station. As a result, the substantial completion for the lift station has also been revised to Q3 2026.
- Higher than expected ground water conditions have caused the interceptor contractor to review their shoring and shaft design. This may result in a change of scope.

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:

- On July 8, 2024, the Province of Manitoba, Historic Resources Branch provided clearance for construction of the regional infrastructure in CentrePort South.
- Hydraulic Modeling: finalized hydraulic gap analysis for downstream Northwest Interceptor system. Model updates to include population and subcatchments discretization are ongoing.
- Design development for the following construction tenders:
 - Contract 1A – By-pass Lift Station
 - Design was completed. Construction tender 301-2024 was posted on June 24, 2024.
 - Provided support during tender period including evaluation of submitted contractor bids and pre-award meeting.
 - Contract 2A – Force Main
 - Design was completed. Construction tender 990-2023B was posted on July 9, 2024.
 - Provided support during tender period including evaluation of submitted contractor bids and pre-award meeting.
 - Progressed CP rail crossing application.

Construction

990-2023B Interceptor and Intake Sewers

- On July 16, 2024, the contractor notified the City that the ground water elevations had changed, resulting in considerably more adverse conditions. The contractor is reviewing designs for shaft and shoring requirements, as well as construction impacts, and will be submitting a change work order request for the increase in cost and schedule to reflect the change in conditions.
- Pre-construction meeting was held on July 17, 2024.

220-2024 Feeder Main

- Pre-construction meeting was held on July 12, 2024.
- The Contractor mobilized to site on July 30, 2024. Activities have focused on:
 - preparing the site for the pipe installation under Saskatchewan Avenue and exposing the Rouge Road Feeder Main to confirm depth and material.
 - excavations for a valve chamber, including preparing formwork and installed rebar for the chamber slab.
 - preparations to install the feeder main under Saskatchewan Avenue as well as relocation of the existing water main along Sturgeon Road to facilitate the installation of the feeder main across Sturgeon Road.

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	\$ 5,779,900	\$ -	23-Jun-23	2-Apr-27	57%
220-2024	Tri-Core Project Ltd.	Contract 4A - 750mm Feeder Main	\$ 10,688,800	\$ -	2-Jul-24	31-Aug-25	7%
990-2023B	Bothar Inc.	Contract 3 - Interceptor and Intake Sewers	\$ 11,510,955	\$ -	2-Jul-24	31-Oct-25	0%
		Total	\$ 27,979,655	\$ -			

Upcoming Procurements:

Description	Anticipated Award Date
Contract 2A - 450mm Force Main	Q3 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	Q3 2024	100%
2 Contract 1A - By Pass Lift Station Substantial Completion	Q3 2024	Q3 2026		37%
3 Contract 2A - Force Main Substantial Completion	Q4 2025	Q3 2026		39%
4 Contract 3 - Interceptor and Intake Sewers Substantial Completion	Q2 2025	Q4 2025		51%
5 Contract 4A - Feeder Main Substantial Completion	Q2 2025	Q3 2025		56%

Risk (Update from last report)

- The force main tender has unique risks that were identified during the design stage, including difficult ground conditions, limited access, restrictive site conditions from private property and right-of-ways, and varying installation technologies necessary to complete the water and rail crossings. These have extended the substantial completion date to Q3 2026.

- Commissioning of the force main is required to test the performance of the lift station. As a result, the substantial completion date of the lift station has also been extended to Q3 2026.
- Higher than expected ground water conditions have caused the interceptor contractor to review designs and construction methods. This may result in a change in cost and schedule for this contract.

Mitigated Risks

- Negotiations for permanent easements for the interceptor are ongoing. The City is finalizing Enter to Construct agreements to mitigate construction schedule risks.
- Application for a development permit requires the lift station property to be owned by the City. The Province of Manitoba has issued the City a letter of authorization for the approach permit to mitigate schedule risk.
- Potential for extra costs due to higher than anticipated groundwater conditions on the feeder main, force main and lift station contracts have been mitigated by inclusion of extra work allowances in the construction tender for groundwater management.
- The risk of extended delivery times for some lift station equipment has been mitigated by including expedited shop drawing review clauses in the Tenders to allow shop drawing review to begin prior to the award of contract. The substantial completion date has also been extended to Q3 2026.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Higher than expected ground water elevations has caused the interceptor sewer contractor to review designs	The Public Service will continue to work the Contractor to come up with an agreeable solution to minimize cost and schedule impacts
The force main tender has unique risks (difficult ground conditions, limited access, restrictive site conditions from private property and right-of-ways, and varying installation technologies necessary to complete various water and rail crossings	Extension to the substantial completion date to allow Contractors to complete the work on schedule
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
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
Mitigated:	
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.
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
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
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)

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)

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:

- Manitoba Métis Federation
- RM of Rosser
- Manitoba Transportation and Infrastructure
- Private land owners
- Residential and industrial developers

Subsequent Events after Report Period End Date

On September 9, 2024, Standing Policy Committee on Water, Waste and Environment approved an award to Tri-Core Projects Ltd. for construction of 7.0 km of 450mm new force main system. Tender 427-2024 - Contract No. 2A at a cost of \$21,657,005.10.

On October 2, 2024, Purchase and Sale Agreement with the Province of Manitoba was fully executed. Construction of new wastewater lift station can proceed as planned.

On October 4, 2024, Standing Policy Committee on Water, Waste and Environment approved an award to J-Con Civil Ltd. for construction of a new dry well/wet well type wastewater pumping station. Tender 301-2024 - Contract No. 1A at a cost of \$12,736,111.00.

FINANCIAL IMPACT

Financial Impact Statement**Date:** November 8, 2024

Project Name:**CentrePort South Water and Sewer Servicing****Project ID: 2004001222, 2004001223, 2004001224, 2037001722, 2037001723 and 2037001724****Quarterley Project Status Report No. 5****For the Period Ended August 31, 2024****Comments:**

Financial Forecast for CentrePortSouth 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
Division: Engineering Services
Prepared by: Tim Turzak, C.E.T.
Date: November 8, 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	<p>On March 30, 2023 a Bi-party funding agreement was executed between the Government of Manitoba and The City of Winnipeg.</p> <p>The Adopted Budget for CentrePort South is \$73.7 million.</p> <p>The Provincial funding contribution for this project totals \$40 million.</p>
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)	
Project Scope	
<p>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.</p>	
Major Capital Projects Advisory Committee Membership:	
<p>Moir Geer, Deputy Chief Administrative Officer</p> <p>Tracy Graham, Chief Financial Officer</p> <p>Hazel Borys, Director of Planning Property & Development</p> <p>Jim Berezowsky, Director of Public Works</p> <p>Tim Shanks, Director of Water and Waste</p> <p>Danny Tooth, Acting Manager of Major Project Oversight</p> <p>Cynthia Wiebe, Manager of Engineering Services, Water and Waste</p>	

Appendix B – Financial Forecast

Appendix B - CentrePort South Water and Sewer Servicing Financial Forecast As at Aug 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 August 31, 2024	Projected Costs				Total Forecasted Costs				
					2024	2025	2026	2027					
Engineering, Design and Other	\$ 9,941	\$ -	\$ 9,941	\$ 3,247	\$ 700	\$ 3,800	\$ 3,194	\$ -	\$ 10,941	\$ (1,000)	\$ -	\$ (1,000)	
Construction	\$ 51,202	\$ -	\$ 51,202	\$ 597	\$ 2,000	\$ 37,805	\$ 10,800	\$ -	\$ 51,202	\$ (0)	\$ -	\$ (0)	
Land Acquisition	\$ 2,453	\$ -	\$ 2,453	\$ 326	\$ 200	\$ 2,927	\$ -	\$ -	\$ 3,453	\$ (1,000)	\$ -	\$ (1,000)	
Internal Financing/Overhead Costs	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contingency	\$ 10,104	\$ -	\$ 10,104	\$ -			\$ 8,104	\$ -	\$ 8,104	\$ 2,000	\$ -	\$ 2,000	
Total Project Budget	\$ 73,700	\$ -	\$ 73,700	\$ 4,170	\$ 2,900	\$ 44,532	\$ 22,098	\$ -	\$ 73,700	\$ (0)			
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	6%		6%										

Project ID	Project Year	Adopted Budget	Cost to Date
2004001222	2022	\$5,000	\$1,225
2004001223	2023	\$10,000	
2004001224	2024	\$3,200	
2037001722	2022	\$16,000	\$2,945
2037001723	2023	\$30,000	
2037001724	2024	\$9,500	
Total Project Budget		\$73,700	\$4,170

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.