

Minutes – Standing Policy Committee on Finance – September 15, 2017

REPORTS

Item No. 4 Comprehensive Integrated Waste Management Strategy – Reduce Reuse Recycle Repeat “4R” Winnipeg Depots Financial Status Report No. 11 for the Period March 1, 2017 to May 31, 2017

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and received the report as information.

Minutes – Standing Policy Committee on Finance – September 15, 2017

DECISION MAKING HISTORY:

Moved by Councillor Lukes,

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

Carried

ADMINISTRATIVE REPORT

Title: COMPREHENSIVE INTEGRATED WASTE MANAGEMENT STRATEGY –
REDUCE REUSE RECYCLE REPEAT “4R” WINNIPEG DEPOTS FINANCIAL
STATUS REPORT NO. 11 FOR THE PERIOD MARCH 1, 2017 TO MAY 31,
2017

Critical Path: The Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO
D. Doubleday, Manager of Solid Waste Services	M. L. Geer, CPA, CA Director, Water and Waste Department	M. Ruta	M. Jack A/CAO

EXECUTIVE SUMMARY

The first depot at Brady Road was opened on February 18, 2016 at a cost of \$5.13 million. The second depot on Pacific Avenue was opened on January 26, 2017 at an estimated cost of \$4.85 million. The third depot at Panet Road, estimated at \$4.88 million, is on schedule to be opened in the fourth quarter 2017. The need for the fourth depot in West Winnipeg, estimated cost of \$4.51 million, is yet to be determined and is dependent on uptake at the other locations.

Council has approved \$15.423 million of the program budget to date. Additional \$3.949 million is forecast in the 2020 Capital Budget for a total of \$19.372 million budget estimated for all four depots.

RECOMMENDATIONS

That this report be received as information.

REASON FOR THE REPORT

Administrative Directive No. FM-004 requires quarterly reporting to the Standing Policy Committee on Finance.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no immediate implications resulting from this report being accepted as information.

HISTORY

1. THE PROJECT

A 4R Winnipeg Depot is a place where residents can drop off material that they no longer have a use for, but could be recycled, reused, composted, or resold. The objective of the 4R Winnipeg Depot is to divert more material away from the landfill, and either find alternative secondary use for the materials, or ensure that they are disposed of safely (in the case of hazardous waste).

Residents will be able to drop off materials such as:

- bulky waste,
- household hazardous waste (paint, pesticides, florescent lights, etc.)
- construction materials,
- wood,
- metals,
- electronic waste, and
- yard waste.

The project will have up to four phases:

1. Opening of the 4R Winnipeg Depot at the Brady Road Resource Management Facility (BRRMF). This site services the south west, as well as portions of west and south east Winnipeg.
2. A 4R Winnipeg Depot on Pacific Avenue between Weston Street and McPhillips Street. This site will sit on approximately five hectares of land, and service the area north of the Assiniboine River and west of the Red River.
3. The third phase will be located on the east side of Panet Road, immediately north of Mission Street. This site will service all of eastern Winnipeg, except those areas in the extreme south, which are better serviced by the BRRMF location.
4. Up to four sites were recommended by the Garbage and Recycling Master Plan. Based on the operation of the initial three sites, the Public Service will assess whether there will be sufficient demand for the fourth site.

On October 19, 2011 City Council, as part of the Comprehensive Integrated Waste Management Strategy approved the following:

That, subject to the approval of capital budgets, beginning in 2013, up to four Community Resource Recovery Centres (CRRCs) be developed in strategic locations, with initial sites at Brady Road Landfill and in the north area of the city (location to be determined), and that an access fee of \$5.00 be applied for all material except those covered under other programs, such as household hazardous waste, electronic waste or recycling.

On March 25, 2015, as part of City Council's approval of the 2015 operating budget, Council directed:

That commencing on the date of the opening of the Brady Road 4R Winnipeg Depot, the 4R Depot access fee of \$5 be waived and that the Public Service bring forward to Council an alternative fee structure for 2016.

The 2017 Capital Budget includes the following Project Identifications:

Project ID	Description	Budget Year	Adopted Budget
2065001013	CIWMS-North and South	2013	\$ 7,200,000
2065001114	CIWMS-4R Wpg Depots	2014	\$ 3,720,000
2065001115	CIWMS-4R Wpg Depots	2015	\$ 800,000
2065001116	CIWMS-4R Wpg Depots	2016	\$ 400,000
2065001117	CIWMS-4R Wpg Depots	2017	\$ 3,303,000
Project ID 2065001100 - Approved budget to date			\$ 15,423,000
Forecast beyond 2017			\$ 3,949,000
Total Program Budget			\$ 19,372,000

Of the total \$19,372,000 budget, \$3,949,000 is forecasted to be authorized by Council in the 2020 Capital Budget if the fourth depot in west Winnipeg is deemed necessary by Council.

On July 15, 2015, City Council approved amending the garbage disposal fee for the 4R Winnipeg Depot located at the BRRMF from \$60.00/tonne to \$61.00/tonne with a \$15.00 minimum, effective the opening date of the depot.

On March 22, 2016, City Council approved amending the garbage disposal fee for the 4R Winnipeg Depot from \$61.00/tonne to \$62.00/tonne in 2016 to \$63.00/tonne in 2017 while retaining the \$15.00 minimum as part of the adoption of the 2016-2018 operating budget. This rate change to \$62.00/tonne was implemented on April 1, 2016 and the rate change to \$63.00/tonne was implemented on January 1, 2017. All loads are subject to a \$15.00 minimum charge.

MAJOR CAPITAL PROJECT STEERING COMMITTEE

Administrative policy for projects with capital cost exceeding \$20 million requires the formation of a Major Capital Project Steering Committee. This threshold was approved by Council on October 28, 2015. The Committee has been formed and its members are:

Moira Geer, Director, Water and Waste
 Ken McKim, Acting Director, Community Services
 John Kiernan, Director, Planning, Property and Development
 Georges Chartier, Chief Asset and Project Management Officer
 Lucy Szkwarek, Acting Manager of Finance, Water and Waste Department
 Daryl Doubleday, Manager of Solid Waste Services, Water and Waste Department

Dave Wardrop, Chief Transportation and Utilities Officer (a new addition to the committee)

The Project Manager and report presenter is Duy Doan, Project Coordinator.

2. RISKS AND RISK MITIGATION STRATEGY

Schedule risks are present on any project dependent on dry weather and the limited summer construction season. The City's project manager meets regularly with the contractors to monitor the schedule and critical path, and make adjustments as required. The project manager monitors costs on a regular basis and manages cost risk. Change control procedures are in place to avoid scope creep.

Financial Forecast

The original budget of \$14.4 million was increased to \$15.423 million in 2017 to include household hazardous waste collection at each depot which enables the City of Winnipeg to enter into agreements with Producer Responsibility Organizations to accept various materials. The budget has since been increased by \$3.949 million in 2020 to \$19.372 million to reflect construction estimates and costs if Council decides there is a need for the fourth depot in west Winnipeg.

The construction of Brady 4R Winnipeg Depot was completed at a cost of \$5.13 million. The budget was increased for this location to accommodate the closure of the residential tipping face and introduction of a weigh scale for garbage disposal. The Environmental Impact Assessment, required by the Brady Road Resource Management Facility Environment Act License 3081R resulted in moving to one tipping face at the landfill, which has operational, environmental and financial benefits as well as safety improvements for residential customers.

The construction of the Pacific 4R Winnipeg Depot was completed at an estimated cost of \$4.85 million. The final cost for this location will not be available until close out costs are completed. This is expected to be finalized in second quarter, 2017.

The Panet site has an estimated cost is \$4.88 million. This cost is based on the prices received for the construction Bid Opportunity 39-2017 and consulting Request For Proposal 18-2016.

If required, Site 4 would be located in the west end of the City of Winnipeg (Site to be determined) at an estimated cost of \$4.51 million and would be constructed in 2020. This is a Class 5 estimate as the location is yet to be determined.

The Public Service is examining options to reduce costs, including the assessment of whether there will be sufficient demand for a fourth facility. If a fourth location is deemed necessary, design will progress with more precise cost estimates and if a budget change is required, it would be put forward during the 2020 capital budget discussions.

If it is determined that the fourth depot is not necessary, the program would not require the allocated funding forecast currently reflected in the 2020 Capital budget.

General

All Producer Responsibility Organization agreements are in place for the Brady Road 4R Winnipeg Depot. Agreements for the Pacific 4R Winnipeg Depot are being reviewed and agreements with the Producer Responsibility Organizations are in process.

3. CHANGES FROM LAST REPORT

Panet 4R Winnipeg Depot

- Construction Bid Opportunity awarded to Parkwest Projects Ltd at a value of \$3,855,268.
- Construction to begin in second quarter, 2017

4. CURRENT ISSUES/RISKS REQUIRING FURTHER ATTENTION

None.

5. SCHEDULE

The following is the current schedule of the 4R Winnipeg Depot project:

Site	Expected opening	
	Last Report	This Report
BRRMF	Opened February 2016	Operational
Pacific Avenue - between McPhillips Street and Weston Street	Opened January 2017	Operational
Panet Road - at Mission Street	Q4 2017	Q4 2017
Site 4 - West Winnipeg	TBD based on need	TBD based on need

Brady Road Resource Management Facility Site

- Has been operational since February 18, 2016.
- The facility reached total performance in third quarter, 2016.
- There have been approximately 103,000 customers who utilized the site since it opened.
- The facility has diverted approximately 5,900 tonnes of material.

Pacific Avenue Site

- Has been operational since January 26, 2017.
- The facility reached total performance in first quarter, 2017.
- There have been approximately 5,200 customers who utilized the site since it opened.
- The facility has diverted approximately 330 tonnes of material.

Panet Road Site

- Tender documents for Consultant services were posted in first quarter, 2016 and awarded in second quarter, 2016.
- The design phase will be completed in first quarter, 2017.
- The construction tender was posted in second quarter, 2017 and awarded in second quarter, 2017. Construction to begin second quarter, 2017.

Site 4 – West Winnipeg

- The need for this site is to be determined based on the uptake on the other depots.
- In the event the depot is required, it is anticipated that this depot would be constructed in 2020.

6. MAJOR CONTRACTS

The status of current Requests for Proposal (RFP) and Bid Opportunities are as follows:

RFP or Bid Opportunity	Description	Current Status	Contract Value (GST and MRST extra as applicable)	Over-expenditures
143-2013	Professional Consulting Services for Design and Contract Administration of Two CRRC's	Awarded to Dillon Consulting	\$601,392	\$42,026
559-2014	Construction of a Community Resource Recovery Centre (4R Winnipeg Depot) at the Brady Road Resource Management Facility, Including Roadworks and Building	Awarded to Con-Pro Industries	\$4,103,159	\$80,752
268-2014	Supply and Delivery of Roll-off Containers	Awarded to Harder Machine	\$416,300	
1113-2015	Community Resource Recovery Centre (4R Winnipeg Depot) - Pacific Site, Including Roadworks and Building	Awarded to JC Paving	\$3,916,000	\$398,391
18-2016	Request for Proposal For Professional Engineering Services For Design And Contract Administration Of The East Winnipeg Community Resource Recovery Centre (CRRC)	Awarded to KGS Consulting	\$366,523	
39-2017	Community Resource Recovery Centre (4R Winnipeg Depot) – East Winnipeg Site, including Roadworks and Buildings	Awarded to Parkwest Projects Ltd.	\$3,855,268	

Project funding

The project will be debt-funded with debt servicing revenues to be generated by the on-site tipping fee plus a portion of the waste diversion fee revenues.

These initiatives will further enhance diversion and avoid cost and environmental impact of hazardous waste entering the landfill.

A summary of the budget-to-forecast comparison is contained in Appendix 1 (attached).

FINANCIAL IMPACT

Financial Impact Statement

Date: June 20, 2017

Project Name:

COMPREHENSIVE INTEGRATED WASTE MANAGEMENT STRATEGY – REDUCE REUSE RECYCLE REPEAT “4R” WINNIPEG DEPOTS FINANCIAL STATUS REPORT NO. 11 FOR THE PERIOD MARCH 1, 2017 to MAY 31, 2017.

COMMENTS:

As this report is submitted for informational purposes only, there is no financial impact associated with this recommendation.

"Original signed by L. Szkwarek, CPA, CGA"
Lucy Szkwarek, CPA, CGA
Acting Manager, Finance and Administration

CONSULTATION

In preparing this report there was consultation with:

n/a

OURWINNIPEG POLICY ALIGNMENT

The 4R Winnipeg Depot Program is consistent with:

1. Section 02-1 Sustainability – *“Incorporate sustainable practices into internal civic operations and programs and services.”*

2. Section 02-2 Environment – *“Set long range goals for solid waste diversion.”*

By providing new and convenient diversion options and a single stop facility for reuse, recycling, special wastes and residual materials, the quantity of materials landfilled or released to the environment, will be reduced.

SUBMITTED BY

Water and Waste Department
Division: Solid Waste Services
Prepared by: D. Doan
Date: June 22, 2017
File No. G-135

ATTACHMENTS: Appendix 1 – Projected costs to complete

Appendix 1 – Projected costs to complete

WATER AND WASTE DEPARTMENT - SOLID WASTE SERVICES DIVISION
31-May-17

Components	Approved Budget to date (1)	Costs incurred up to last report (Feb 28, 2017)	Costs submitted this report	Total Costs incurred to date (May 31, 2017)	PROJECTED COSTS TO COMPLETE		TOTAL	VARIANCE
					2017	2020 and Beyond (2)	Total Project Cost	Variance from Budget (Unfavourable)
A PROFESSIONAL SERVICES	\$2,034,060	\$1,072,045	\$62,550	\$1,134,595	\$502,633	\$486,470	\$2,123,698	(\$89,638)
B CONSTRUCTION	\$16,230,889	\$8,296,237	\$0	\$8,296,237	\$4,825,278	\$3,065,891	\$16,187,406	\$43,483
C CONTINGENCY	\$1,107,051	\$359,763	\$0	\$359,763	\$304,494	\$396,639	\$1,060,896	\$46,155
TOTALS	\$19,372,000	\$9,728,045	\$62,550	\$9,790,595	\$5,632,405	\$3,949,000	\$19,372,000	(\$0)

- (1) Council has approved \$15.423 million of the program to date. The remaining \$3.949 million of the program is forecast to be approved in the 2020 Capital Budget. Total of \$19.372 million estimated for all four Depots.
- (2) Figures include costs to design and construct 4th Depot.