

Minutes – Standing Policy Committee on Finance – March 5, 2018

REPORTS

Item No. 5 Biosolids – Alternative Disposal Delivery and Management System

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service that the financial status of the Biosolids – Alternative Disposal Delivery and Management System, be received as information.

Minutes – Standing Policy Committee on Finance – March 5, 2018

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

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

Carried

ADMINISTRATIVE REPORT

Title: Biosolids – Alternative Disposal Delivery and Management System,
Project ID: 203110004B,
Quarterly Project Status Report No. 9
For the Period Ended November 30, 2017

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO
G.K Patton, P. Eng., Manager of Engineering Services	M. L. Geer, CPA,CA, Director, Water and Waste Department	M. Ruta	D. Wardrop, Acting for D. McNeil

EXECUTIVE SUMMARY

Project On Schedule: Yes No

Project On Adopted Budget: Yes No

Percent of Schedule Complete:

Percent of Adopted Budget Spent:

The Biosolids – Alternative Disposal Delivery and Management System is currently on schedule and within budget.

An environment act licence application for land applying biosolids will be submitted to Manitoba Sustainable Development in January 2018.

The Advisory Committee has reviewed this report and recommends that the report be sent to the Standing Policy Committee on Finance.

RECOMMENDATIONS

That the financial status of the Biosolids – Alternative Disposal Delivery and Management System, 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 \$22 million (2018) or more report quarterly to the Standing Policy Committee

on Finance. This threshold is adjusted annually for construction inflation as part of the annual Capital Budget approval. The Standing Policy Committee on Finance may also request reporting on any capital project.

IMPLICATIONS OF THE RECOMMENDATIONS

No implications.

HISTORY/DISCUSSION

See Appendix C – Key Project Events (History)

Piloting and Implementation Phase (Update from last report)

153-2012 RFP for Professional Consulting Services for a Leaf and Yard Waste Composting Facility and a Pilot Biosolids Composting Facility at BRRMF

- Design contract for the pilot biosolids composting facility.
- The values in Table 1 represent the portion of contract funded from the Biosolids – Alternative Disposal Delivery and Management System Account.
- The design and construction is complete, the remaining funds are for providing professional advice regarding compost operations for the duration of the pilot.

839-2012 Construction of the Brady Road Resource Management Facility Pilot Biosolids Composting Facility

- Contract for the construction of the pilot biosolids composting facility.
- The values in Table 1 represent the portion of contract funded from the Biosolids – Alternative Disposal Delivery and Management System Account.
- Construction is complete.
- Warranty repair work is underway.

89-2014 Professional Consulting Services for RFP Development and Recommendation for a Struvite Vendor

- Professional consulting services to procure a phosphorous recovery system.
- Completed.

92-2014 Supply of Woodchips

- Supply of woodchips for biosolids composting pilot.
- Completed.

92-2014 Extension 1

- Annual renewal as part of a multi-year contract for the supply of woodchips for the biosolids pilot composting operation.

- Completed.

92-2014 Extension 2

- Annual renewal as part of a multi-year contract for the supply of woodchips for the biosolids pilot composting operation.
- Completed.

473-2015 Laboratory testing for biosolids compost

- Contract to test biosolids compost generated from the pilot according to the Canadian Council of Ministers for the Environment (CCME) Guidelines for Compost Quality.
- This contract is ongoing until the end of the pilot in May 2018.

619-2016 Biosolids Land Application

- Contract for developing a land application program so that biosolids can be applied to farmland as fertilizer.
- The values in Table 1 represent the portion of contract funded from the Biosolids – Alternative Disposal Delivery and Management System Account.
- Public Engagement:
 - Completed in August 2017.
- Pilots:
 - Land application: Completed in October 2017; the results of the pilot will be summarized and submitted to Manitoba Sustainable Development by December 29, 2017
 - Field storage assessment: Completed in November 2017; the results of the pilot will be summarized and submitted to Manitoba Sustainable Development by December 14, 2017
- Environment Act Licence application:
 - The application for a new Environment Act Licence, which will allow for land application of biosolids is currently being drafted and will be submitted to Manitoba Sustainable Development by January 2018

Table 1 – Contracts

Contracts							
Bid Opportunity #	Company Name	Description	Original Contract Award Value (GST & MRST extra as applicable)	Total Approved Over-Expenditures (Over-Expenditure)	Date of Award	Date of Total Completion	Estimated % Complete
153-2012	CH2M	RFP for Professional Consulting Services for a Leaf and Yard Waste Composting Facility and a Pilot Biosolids Composting Facility at BRRMF	\$ 445,800.00	32,981.00	24-May-12	-	98%
839-2012	Maple Leaf Construction (formerly Mulder Construction)	Construction of the Brady Road Resource Management Facility Pilot Biosolids Composting Facility	6,217,809.51	366,959.49	1-May-13	-	98%
89-2014	AECOM	Professional Consulting Services for RFP Development and Recommendation for a Struvite Vendor	79,840.00	-	4-Mar-14	29-Mar-16	100%
92-2014	Rakowski Cartage	Supply of Woodchips	\$ 367,200.00	-	02-Jul-14	01-Jul-15	100%
92-2014 Ext 1	Rakowski Cartage	Supply of Woodchips	\$ 367,200.00	-	02-Jul-15	01-Jul-16	100%
92-2014 Ext 2	Rakowski Cartage	Supply of Woodchips	\$ 367,200.00	-	02-Jul-16	01-Jul-17	100%
473-2015	A & L Canada Laboratories	Laboratory testing for biosolids compost	\$ 23,730.00	-	01-May-15	-	70%
619-2016	WSP Canada Group Limited	Land applying biosolids as a fertilizer to farmland	\$ 221,863.00	67,665.00	14-Dec-16	-	65%
		Total	8,090,642.51	467,605.49			

Schedule (Update from last report)

The land application pilot was completed on schedule. The land application licence submission will be submitted in January 2018, approximately one month later than the original completion date. The one month extension is not expected to delay the overall project.

Table 2 – Milestones

Milestones					
	Deliverable	Original Targeted Completion Date	Revised Targeted Completion Date	Actual Completion Date	Estimated % Complete
1	Biosolids Master Plan submitted to MB Sustainable Development	3Q 2014		3Q 2014	100%
2	Biosolids Master Plan approved by MB Sustainable Development	2Q 2014		2Q 2016	100%
3	Compost Pilot	2Q 2017	2Q 2018		80%
4	Land Application Public Engagement	3Q 2017		3Q 2017	100%
5	Land Application Licence Submission	4Q 2017	1Q 2018		75%
6	Land Application Licence Approval	2Q 2018			0%
7	Land Application Piloting Phase	3Q 2017		4Q 2017	100%
8	Land Application Transitions to Operations	2Q 2018			0%
9	Compost Pilot Final Report and Recommendations	3Q 2018			0%

Risk (Update from last report)

The City has completed the piloting for field storage of biosolids and has incorporated mitigation strategies for odour control into its environment act licence application.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Ongoing:	
Field storage of biosolids: The City and contractor completed piloting options for field stockpiling of biosolids, including odour mitigation. There may be public concern regarding odour.	Odour mitigation options have been evaluated and piloted. Representatives from the rural municipalities and Manitoba Sustainable Development were invited to participate in odour assessments and give advice. The successful field storage option must be approved by Manitoba Sustainable Development before it is implemented.
The phases of the Biosolids Master Plan are linked to other large infrastructure projects, such as the North End Sewage Treatment Plant upgrade and the South End Sewage Treatment Plant upgrade. Delays in their schedule may impact the Biosolids Master Plan implementation.	The Biosolids Master Plan is being implemented in phases for flexibility and adaptability. There is regular coordination and communication between project managers. Manitoba Sustainable Development will be notified if there are impacts to the implementation schedule.
There may be high public interest in biosolids, their products, and their disposal options.	A public engagement program was implemented as part of the Biosolids Master Plan development. Components of the Biosolids Master Plan (e.g. land application) will have public engagement as part of their scope of work for communication and feedback.
Mitigated:	

Financial (Update from last report)

For further information, refer to Appendix B – Financial Forecast

The project is on budget

Funding (Update from last report)

No changes from previous report.

Table 4 – Project Funding Forecast and Receivable

Funding Forecast and Receivable			
Funding Source	Adopted Budget¹ (in millions)	Amended Budget² (in millions)	Committed (in millions)
Class of Estimate	Class 5	Class 4	
City of Winnipeg	8.3	8.3	8.3
External Debt	36.4	-	-
Environmental Projects Reserve	20.5	8.6	8.6
Total	\$ 65.2	\$ 16.9	\$ 16.9

- The funding forecast should match the Capital Budget Detail Sheet.

¹ Components of the original budget were consolidated into the NEWPCC Nutrient Removal Upgrade Project resulting in a budget reduction.

² Report is based on the amended budget as the budget has not yet been refined to a class 3 estimate.

Property Acquisition (Update from last report)

N/A

Stakeholder Engagements/Communications (Update from last report)

Following the pilots for field storage and land application a debrief meeting was held with the property owner. The City will meet with representatives from the Rural Municipality of Macdonald on December 5, 2017.

Subsequent Events after Report Period End Date

The 2018 Capital Budget has been approved by Council. The next financial status report will be updated to reflect approved changes to the 2018 Capital Budget. In the 2018 budget submission, \$22.05M has been postponed to 2021 to reflect changes to the SEWPCC Upgrade schedule.

The City met with representatives from the Rural Municipality of Macdonald on December 5, 2017 to receive feedback from the pilot land application program. Their suggestions on the program will be incorporated into the environment act licence application.

FINANCIAL IMPACT

Financial Impact StatementDate: **January 31, 2018****Project Name:****Biosolids – Alternative Disposal Delivery and Management System,****Project ID: 203110004B,****Quarterly Project Status Report No. 9****For the Period Ended November 30, 2017****COMMENTS:**

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

"Original signed by L. Szkwerek, CPA, CGA"

Lucy Szkwerek, CPA, CGA

Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

N/A

OURWINNIPEG POLICY ALIGNMENT

01-3 Prosperity Direction 1: Provide efficient and focused civic administration and governance. This report supports demonstration of accountability through service performance measurement and reporting.

SUBMITTED BY

Department: Water and Waste

Division: Engineering Services

Prepared by: M. Paetkau P.Eng

Date: February 26, 2018

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	Biosolids – Alternative Disposal Delivery and Management System
Business Owner (Department)	Water and Waste Department
Project ID	203110004B
Project Sponsor	Geoff Patton, P. Eng
Department Responsible for Project Delivery	Water and Waste Department
Consultant Engineer (Company Name)	Various
Adopted Budget	\$65M
Class of Estimate (Adopted)	Class 5
Range of Estimate (Adopted)	-50% to +100% \$32.5M - \$130M
Amended Budget	\$17M
Class of Estimate (Amended)	Class 4
Range of Estimate (Amended)	-30% to +60% \$11.9M - \$27.2M
<u>Project Scope</u>	
<p>The City has to implement a new biosolids management program as a result of the Water Protection Act. The City of Winnipeg has reviewed its land application practices of biosolids relative to regulation requirements, emerging requirements associated with nutrient management regulations, changes to quantity and quality from upgraded sewage treatment plants, and risk and criticality assessments done at all three plants.</p>	
<p>The current biosolids management program will need to be modified to satisfy the Regulation and will require significant capital investment and transition time to implement the required changes. A Biosolids Master Plan has identified potential options, costs, and timeframes to implement a new biosolids management program, which will comply with the Water Protection Act. Funds included are for engineering, design, and construction for the disposal of biosolids.</p>	
Major Capital Projects Advisory Committee Membership:	
<p>Doug McNeil, Chief Administrative Officer Georges Chartier, Chief Asset and Project Management Officer Moira Geer, Director of Water and Waste Lucy Szkwarek, Manager of Finance and Administration, Water and Waste Jackie Veilleux, Project Director Winnipeg Sewage Treatment Program</p>	

Appendix B – Financial Forecast

Appendix B - Project Biosolids – Alternative Disposal Delivery and Management System Financial Forecast* As at November 30, 2017

Project Component Deliverables	Budget (in 000's)			Actual Costs To November 30, 2017	Expenditure Forecast (in 000's)						Total Forecasted Costs	Surplus (Deficit) From Amended Budget***	Variance Last Report	Change in Variance
	Adopted Budget	Council Approved Change**	Amended Budget		Projected Costs									
					2017	2018	2019	2020	2021	2022				
Engineering, Design and Other	\$ 13,000	\$ (7,816)	\$ 5,184	\$ 4,150	\$ 89	\$ 329	\$ 880	\$ 880	\$ 440	\$ 400	\$ 7,168	\$ (1,984)	\$ (1,984)	\$ -
Construction	\$ 42,250	\$ (35,627)	\$ 6,623	\$ 6,512	\$ 111	\$ -	\$ 1,600	\$ 4,400	\$ 3,800	\$ 8,049	\$ 24,472	\$ (17,849)	\$ (17,849)	\$ -
Pilot Biosolids Composting Operational Costs	\$ -	\$ 1,952	\$ 1,952	\$ 1,513	\$ 103	\$ 404	\$ -	\$ -	\$ -	\$ -	\$ 2,020	\$ (68)	\$ -	\$ (68)
Contingency	\$ 9,953	\$ (6,808)	\$ 3,145	\$ -							\$ 5,294	\$ 5,294	\$ (2,217)	\$ 68
Total Project Budget	\$ 65,203	\$ (48,299)	\$ 16,904	\$ 12,175	\$ 303	\$ 733	\$ 2,480	\$ 5,280	\$ 4,240	\$ 13,743	\$ 38,954	\$ (22,050)	\$ (22,050)	\$ -
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	72%		72%											

* Adopted and Amended budget and actual costs to date have been agreed to the City's general ledger and Monthly Capital Expenditures Report, actual cost variance equals spending from closed budget years

** \$48.229 million reduction part of the 2016 consolidation with the NEWPCC Nutrient Removal Upgrade Project, as part of the 2016 Capital Budget process.

***Variance from Amended budget includes \$22,050,000 of forecast future budget. Please see Appendix C

Appendix C – Key Project Events (History)

Biosolids are the treated sludge and solid residuals leftover from wastewater treatment. On June 16, 2011, the Water Protection Act (Act) was amended to include the following for the City’s biosolids, which are generated at the North End Water Pollution Control Centre (NEWPCC):

- Nutrients must be recovered and recycled to the maximum extent possible through application of the best available technologies.
- Biosolids and wastewater sludge remaining after the treatment process must be reused.

On October 2, 2012, Manitoba Conservation and Water Stewardship sent a letter to the City requiring that a Biosolids Master Plan that considered opportunities to recycle nutrients and beneficially reuse biosolids, be submitted by October 2, 2014. The City’s current practice, landfilling, is not considered beneficial reuse.

On September 30, 2014, the Winnipeg Sewage Treatment Program (WSTP) submitted the City of Winnipeg Biosolids Master Plan. The plan focuses on nutrient recovery and reuse by focusing on disposal options that utilize nitrogen and phosphorous contained within the biosolids. These options include land application, soil manufacturing, and land reclamation. A new sludge digestion facility with nutrient recovery will produce a low-pathogen biosolids product. Construction of the new facility is part of the NEWPCC Biological Nutrient Removal Upgrade.

The plan also proposed interim strategies for beneficial biosolids reuse before the new digestion facility is completed. The interim strategies are a biosolids composting pilot with landfill reclamation and seasonal land application.

The Biosolids Master Plan was approved by the Regulator on March 10, 2016.

The Adopted Budget to date for the Biosolids – Alternative Disposal Delivery and Management System includes the following Project Identification:

Project ID	Project Year	Amended Budget
203110004B	2012 - 2017	11,963,286
Total Closed Project Budget ¹		\$4,940,745
Total Project Budget to Date		\$16,904,031
Forecast beyond 2017		\$22,050,000
Total Project Budget		\$38,954,031

¹ Does not appear in the Capital Expenditures Monthly Report as the funds have been expended and it is designated as a closed Project ID.