

Agenda – Standing Policy Committee on Finance – November 27, 2018

REPORTS

**Item No. 7 Comprehensive Integrated Waste Management Strategy – Reduce
Reuse Recycle Repeat “4R” Winnipeg Depots Financial Status Report**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

That the financial status of the Comprehensive Integrated Waste Management Strategy – Reduce Reuse Recycle Repeat “4R” Winnipeg Depots, as contained in this report, be received as information.

ADMINISTRATIVE REPORT

Title: Comprehensive Integrated Waste Management Strategy – Reduce Reuse Recycle Repeat “4R” Winnipeg Depots Financial Status Report,
Project ID: 2065001100,
Quarterly Project Status Report No. 15
For the Period Ended May 31, 2018

Critical Path: Standing Policy Committee on Finance

AUTHORIZATION

Author	Department Head	CFO	CAO
Randy Park, C.E.T. Acting Manager of Solid Waste Services	M. L. Geer, CPA, CA, Director, Water and Waste Department	M. Ruta	D. Wardrop, Acting CAO

EXECUTIVE SUMMARY

Project On Schedule: Yes No

Project On Adopted Budget: Yes No

Percent of Schedule Complete:

Percent of Adopted Budget Spent:

The third depot at Panet Road has an estimated completion cost of \$4.58 million and has been operational since February 2, 2018. The need for the fourth depot in West Winnipeg, estimated cost of \$5.445 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. An additional \$4.875 million is forecast in the 2024 in the adopted 2018 Capital Budget for a total of \$20.298 million budget estimated for all four depots.

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 Comprehensive Integrated Waste Management Strategy – Reduce Reuse Recycle Repeat “4R” Winnipeg Depots, 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)

Construction and other events (Update from last report)

Construction of the Panet Road 4R Winnipeg Depot is completed and opened on February 2, 2018. Minor outstanding construction outside of the original contract requirements will be completed in Q4 2018.

The original design of the large entrance signs for the three depots has been determined to be insufficient. Prior to the installation of the Panet Depot sign and the re-installation of the Brady Road sign (due to recent road reconstruction), a new entrance sign for all three depots is being developed. The cost of the design and installation of the signs is estimated at \$75,000 and funding for this additional work is within the existing program budget.

Table 1 – 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
143-2013	Dillon Consulting Ltd.	Professional Consulting Services for Design and Contract Administration of Two CRRC's	\$ 601,392	\$ 150,845	2013 07 12	2013 05 24	100%
559-2014	ConPro Industries	Construction of a Community Resource Recovery Centre (4R Winnipeg Depot) at the Brady Road Resource Management Facility, including Roadworks and Building	\$ 4,103,159	80,752.00	2014 09 19	2016 08 18	100%
268-2014	Harder Machine	Supply and Delivery of Roll-off Containers	\$ 416,300	-	2014 07 14	2016 07 15	100%
1113-2015	J.C. Paving Ltd.	Construction of a Community Resource Recovery Centre (4R Winnipeg Depot) - Pacific Site, including Roadworks and Building	\$ 3,916,000	398,391.00	2016 04 21	2017 02 03	100%
18-2016	KGS Consulting Ltd.	Request for Proposal for Professional Engineering Services for Design and Contract Administration of the Eat Winnipeg Community Resource Recovery Centre (CRRC)	\$ 366,523	2,000.00	2016 05 27		99%
39-2017	Parkwest Projects Ltd.	Construction of a Community Resource Recovery Centre (4R Winnipeg Depot) - East Winnipeg Site, including Roadworks and Building	\$ 3,855,268	-	2017 06 01	2018 04 18	100%
Total			\$ 13,258,642	\$ 631,988			

Upcoming Procurements:

Description	Anticipated Award Date
Installation of 4R Winnipeg Depot Signs at 1120 Pacific Ave, 1777 Brady Rd, and 429 Panet Rd	Q2 2019

Note: No upcoming procurement in 2018.

Schedule (Update from last report)

N/A

Table 2 – Milestones

Milestones					
	Deliverable	Original Targeted Completion Date	Revised Targeted Completion Date	Actual Completion Date	Estimated % Complete
1	Brady Road 4R Winnipeg Depot	Q4 2015		Q1 2016	100
2	Pacific Avenue 4R Winnipeg Depot	Q4 2016		Q1 2017	100
3	Panet Road 4R Winnipeg Depot	Q4 2017	Q1 2018	Q1 2018	100

Risk (Update from last report)

Construction has been completed; therefore there are no current risks to the project.

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Ongoing:	
Mitigated:	

Financial (Update from last report)

For further information, refer to Appendix B – Financial Forecast

The final cost of the Pacific Ave 4R Winnipeg Depot has been finalized at \$4.81 million. This final cost is lower than the previously estimated final cost of \$4.85 million.

Funding (Update from last report)

N/A

Table 4 – Project Funding Forecast and Receivable

Funding Forecast & Receivable			
Funding Source	Adopted	Amended	Committed
Class of Estimate	Class 3		
City of Winnipeg Total	15.42	15.27	15.27
External Debt	15.42	11.97	11.97
Waste Diversion Reserve	-	3.30	3.30
Province of Manitoba ¹	-	0.15	0.15
Total	15.42	15.42	\$ 15.42

¹ - Contribution by Green Manitoba

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:** [November 8, 2018](#)

Project Name:

Comprehensive Integrated Waste Management Strategy – Reduce Reuse Recycle Repeat
“4R” Winnipeg Depots Financial Status Report,
Project ID: 2065001100,
Quarterly Project Status Report No. 15
For the Period Ended May 31, 2018

COMMENTS:

Spending and budget information is presented in Appendix B.

"Original signed by L. 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

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.

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

02-2 Environment – Set long range goals for solid waste diversion.

SUBMITTED BY

Department: Water and Waste
Division: Solid Waste Division
Prepared by: Duy Doan, C.E.T. – Project Coordinator
Date: November 13, 2018
File: G-135

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	4R Winnipeg Depots
Business Owner (Department)	Water and Waste Department
Project ID	2065001100
Project Sponsor	Solid Waste
Department Responsible for Project Delivery	Solid Waste Division
Consultant Engineer (Company Name)	Dillon consulting/KGS Consulting
Adopted Budget	15.423
Class of Estimate (Adopted)	3
Range of Estimate (Adopted)	13.88 to 18.51
Amended Budget	15.423
Class of Estimate (Amended)	
Range of Estimate (Amended)	
<u>Project Scope</u>	
On October 19, 2011 City council, as part of the Comprehensive Integrated Waste Management Strategy approved the following:	
<i>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)</i>	
Major Capital Projects Advisory Committee Membership:	
<ul style="list-style-type: none"> - Moira Geer - Director, Water and Waste Department - Lucy Szkwarek, Manager of Finance, Water and Waste Department - Cindy Fernandes, Director, Community Services Department - John Kiernan, Director, Planning, Property, and Development Department - Georges Chartier, Chief Asset and Project Management Officer - Dave Wardrop, Chief Transportation and Utilities Officer - Randy Park, Acting Manager of Solid Waste Services, Water and Waste Department 	

Appendix B – Financial Forecast

Appendix B - Comprehensive Integrated Waste Management Strategy - Reduce Reuse Recycle Repeat 4R Winnipeg Depots Financial Status Quarterly Report No. 15 As at May 31, 2018

Project Component Deliverables	Budget (in 000's)			Actual Costs to May 31, 2018	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							
					2018	2019	2020	2021 and beyond				
Engineering, Design and Other	\$ 1,249	\$ -	\$ 1,249	\$ 1,238	\$ 16	\$ 84	\$ -	\$ -	\$ 1,338	\$ (89)	\$ (26)	\$ (63)
Construction	\$ 13,174	\$ -	\$ 13,174	\$ 12,580	\$ 20	\$ 1,034	\$ -	\$ -	\$ 13,634	\$ (460)	\$ (522)	\$ 62
Land Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Financing/Overhead Costs	\$ 290	\$ -	\$ 290	\$ 411	\$ 3	\$ 37	\$ -	\$ -	\$ 451	\$ (161)	\$ (162)	\$ 1
Contingency	\$ 710	\$ -	\$ 710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 710	\$ 710	\$ -
Total Project Budget	\$ 15,423	\$ -	\$ 15,423	\$ 14,229	\$ 39	\$ 1,155	\$ -	\$ -	\$ 15,423	\$ -	\$ -	\$ -
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	92%		92%									

* Amended budget and actual costs to date have been agreed to the City's general ledger and Monthly Capital Expenditures Report.

** The adopted budget is for the completion of three depots.

Appendix C – Key Project Events (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 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 was increased by \$3.949 million in 2020 to \$19.372 million to reflect construction estimates and costs. On October 26, 2017 the decision was made to defer the fourth depot to 2024, the budget was increased by \$0.926 million and was deferred from 2020 to 2024. This increased the overall budget to \$20.298 million to reflect construction estimates and costs if Council decides there is a need for the fourth depot in west Winnipeg.

The 2018 Capital Budget includes the following Project Identifications:

Project ID	Description	Budget Year	Adopted Budget
Project ID 2065001100 - Approved 2013-2017			\$ 15,423,000
Forecast beyond 2019			\$ 4,875,000
Total Program Budget			\$ 20,298,000

Of the total \$20,298,000 budget, \$3,949,000 was removed from the forecast that was to be authorized by Council in the 2020 Capital Budget and \$4,875,000 was budgeted in 2024 to be authorized by Council 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 to 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.

On December 12, 2017, City Council approved amending the garbage disposal fee for the 4R Winnipeg Depot from \$63.00/tonne to \$64.00/tonne in 2018 with an increase to the minimum charge from \$15.00 to \$20.00 as part of the adoption of the 2018 operating budget. This rate change was implemented on March 1, 2018.

The construction of Brady Road 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 Avenue 4R Winnipeg Depot was completed at a cost of \$4.81 million.

The Panet Road 4R Winnipeg Depot was completed at an estimated cost is \$4.58 million. The final cost for this location will not be available until close out costs are completed. This is expected to be finalized in Q4 2018. This estimated cost is down from the previously estimated \$4.88 million as a majority of the budgeted contingency was not required.

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 \$5.445 million and would be constructed in 2024. 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 2024 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 2024 Capital budget.

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

The project will be:

- Debt-funded for the Brady Road 4R Winnipeg Depot with the Province providing \$150k in funding with debt servicing revenues to be generated by the on-site tipping fee plus a portion of the waste diversion fee revenues
- Debt-funded for the Pacific Avenue 4R Winnipeg Depot from the waste diversion fees revenues
- Funded from the Waste Diversion Fee for the Panet Road 4R Winnipeg Depot

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

The funding support provided from the Sustainable Development Department - Province of Manitoba (formerly Green Manitoba) for the Brady Road 4R Winnipeg Depot has been confirmed with the submission of the final report in the Contribution Agreement. As such the \$150,000 support payment is now reflected as a funding source.