

**Minutes - Standing Policy Committee on Finance - December 1, 2016**

**REPORTS**

**Item No. 11                    Comprehensive Integrated Waste Management Strategy – Reduce Reuse  
Recycle Repeat “4R” Winnipeg Depots Financial Status Report No. 9 for the  
Period July 1, 2016 to September 30, 2016**

**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 – December 1, 2016**

DECISION MAKING HISTORY:

Moved by Councillor Luke,

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. 9 FOR THE PERIOD JULY 1, 2016 TO SEPTEMBER  
30, 2016

**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 Acting Director, Water and Waste Department	M. Ruta	D. McNeil

## EXECUTIVE SUMMARY

The first depot at Brady Road was opened on February 18, 2016 at cost of \$5.1 million. The second depot on Pacific Avenue is on schedule to be opened in the fourth quarter of 2016. The third depot at Panet is on schedule to be opened in the fourth quarter 2017. The need for the fourth depot in West Winnipeg is dependent on uptake at the other locations and is yet to be determined.

The program for four depots is currently forecast to be \$2.1 million over budget, assuming four depots are to be constructed. If it is determined that the fourth depot is not needed, the program would forecast a surplus of approximately \$2.1 million.

## 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.*

On March 25, 2015 City Council approved the 2015 Capital Budget, which included an increase in the budget and forecast from \$14,413,000 to \$16,870,000.00. The increase is for the construction of facilities for household hazardous waste, installation of a weigh scale at the Brady Road depot and construction inflation.

On July 15, 2015, City Council approved amending the garbage disposal fee for the 4R Winnipeg Depot located at the BRRMF from \$61.00/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 while retaining the \$15.00 minimum as part of the adoption of the 2016-2018 operating budget. This rate change was implemented on April 1, 2016.

The 2016 Capital budget was also approved by Council on March 22, 2016. The total program budget of \$16,870,000 was not changed by this budget. The remaining \$4.75 million of the program is being forecasted to be authorized by Council in the 2017 Capital budget.

The project budget includes the following Project Identifications:

<b>Project ID</b>	<b>Description</b>	<b>Budget Year</b>	<b>Adopted Budget</b>
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
<b>Approved budget to date</b>			<b>\$ 12,120,000</b>
<b>Forecast beyond 2016</b>			<b>\$ 4,750,000</b>
<b>Total Program Budget</b>			<b>\$ 16,870,000</b>

## **2. 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, Acting Director, Water and Waste  
 Clive Wightman, 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  
Duy Doan, Project Manager, Water and Waste Department

### **3. 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.

The construction of four depots is expected to cost an estimated total of \$19 million. This is a cost risk and the matter has been referred to the 2017 capital budget process.

#### **Financial Forecast**

The original budget of \$14.0 million was increased to \$16.87 million 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 construction of Brady 4R Winnipeg Depot was completed at a cost of \$5.1 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 and safety improvements for residential customers.

The Pacific site cost is primarily made up of the prices received for Bid Opportunity 1113-2015.

The Panet site is a class 3 estimate. Site 4 (if required) is a Class 5 estimate as the location is yet to be determined.

Based upon the level of estimates, there is a risk that future capital budgets might require an increase of roughly \$2.1 million in order to build all four depots. The Public Service is examining options to reduce costs to remain within the existing capital budget, including the assessment of whether there will be sufficient demand for a fourth facility. As Council has approved up to four sites, the Public Service will determine the uptake. 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 2018 capital budget discussions.

If it is determined that the fourth depot is not necessary, the program would be forecasted to have a surplus of approximately \$2.1 million.

#### 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.

### **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	Q4 2016	Q4 2016
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 Q3, 2016.
- There have been approximately 58,000 customers.
- The facility has diverted approximately 3,000 tonnes of material

### Pacific Avenue Site

- Design work has been completed and a construction tender was awarded in Q2, 2016.
- The construction has commenced and is on schedule to complete Q4, 2016.

### Panet Road Site

- Tender documents for Consultant services were posted in Q1, 2016 and awarded in Q2, 2016.
- The design phase has started and will continue into Q4, 2016.
- The construction tender is expected to be posted in Q1, 2017 with construction to begin Q2, 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 2018.

## 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	

<b>RFP or Bid Opportunity</b>	<b>Description</b>	<b>Current Status</b>	<b>Contract Value (GST and MRST extra as applicable)</b>	<b>Over-expenditures</b>
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	
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	

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: [October 31, 2016](#)

#### Project Name:

COMPREHENSIVE INTEGRATED WASTE MANAGEMENT STRATEGY – REDUCE REUSE  
RECYCLE REPEAT “4R” WINNIPEG DEPOTS FINANCIAL STATUS REPORT NO.98 FOR THE  
PERIOD July 1, 2016 to September 30, 2016

#### 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: November 1, 2016  
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

30-Sep-16

Components	Budget to date *	Costs incurred up to last report (Jun 30, 2016)	Costs submitted this report	Total Costs incurred to date (Sept 30, 2016)	PROJECTED COSTS TO COMPLETE			TOTAL Total Project Cost	VARIANCE Variance from Budget (Unfavourable)
					2016	2017	and Beyond		
PROFESSIONAL SERVICES	\$1,821,960	\$686,723	\$72,980	\$759,703	\$472,860	\$528,088	\$319,216	\$2,079,867	(\$257,907)
CONSTRUCTION	\$15,048,040	\$4,237,658	\$1,209,000	\$5,446,658	\$3,451,445	\$4,377,013	\$3,571,013	\$16,846,129	(\$1,798,089)
<b>TOTALS</b>	<b>\$16,870,000</b>	<b>\$4,924,381</b>	<b>\$1,281,980</b>	<b>\$6,206,361</b>	<b>\$3,924,305</b>	<b>\$4,905,101</b>	<b>\$3,890,229</b>	<b>\$18,925,996</b>	<b>(\$2,055,996)</b>

(\*) – Council has approved \$12.12 million of the program to date. The remaining \$4.75 million of the program is forecast to be approved in the 2017 Capital Budget.