

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

REPORTS

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

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service that the financial status of the Comprehensive Integrated Waste Management Strategy – Reduce Reuse Recycle Repeat “4R” Winnipeg Depots, 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: Comprehensive Integrated Waste Management Strategy – Reduce Reuse Recycle Repeat “4R” Winnipeg Depots Financial Status Report,
Project ID: 2065001100,
Quarterly Project Status Report No. 13
For the Period Ended November 30, 2017

Critical Path: 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	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 third depot at Panet Road, estimated at \$4.88 million has experienced delays due to permitting and construction. It is now expected to open in the first quarter of 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 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 Depots is ongoing and is approximately 90% complete with interior works in the household hazardous waste building progressing.

On September 11, 2017 there was a grass fire on the property to the east of the Panet Road 4R Winnipeg Depot construction site. Fire crews were in attendance. The grass fire caused massive amounts of smoke resulting in the closure of Lagimodiere Boulevard for 1.5 to 2 hours, but there was no damage to the construction site itself.

The scheduled Panet Road Recycling Depot shut down for roadway construction was extended from September 21, 2017 to September 29, 2017 due to construction delays caused by weather. It has been re-opened.

On October 26, 2017 the decision was made by EPC to defer the fourth depot to 2024, the budget was moved from 2020 to 2024 and increased from \$3.949 to \$4.875 million to reflect construction estimates and costs if Council decides there is a need for the fourth depot in west Winnipeg. The overall budget increased from \$19.372 million to \$20.298 million.

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
143-2013	Dillon Consulting Ltd.	Professional Consulting Services for Design and Contract Administration of Two CRRC's	\$ 601,392	\$ 150,845	2013 07 12		99%
559-2014	ConPro Industries	Construction of a Community Resource Recovery Centre (4R Winnipeg Depot) at the Brady Road Resource Management Facility, Including Roadworks and Bulding	\$ 4,103,159	80,752	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 Bulding	\$ 3,916,000	398,391	2016 04 21	2017 02 03	99%
18-2016	KGS Consulting Ltd.	Request for Proposal for Professional Engineering Services for Design and Contract Administration of the East Winnipeg Community Resource Recovery Centre (CRRC)	\$ 366,523	-	2016 05 27		95%
39-2017	Parkwest Projects Ltd.	Construction of a Community Resource Recovery Centre (4R Winnipeg Depot) - East Winnipeg Site, Including Roadworks and Bulding	\$ 3,855,268		2017 06 01		90%
Total			\$ 13,258,642	\$ 629,988			

Note: No upcoming procurement in 2018.

Schedule (Update from last report)

Panet Road 4R Winnipeg Depot Site – Construction is ongoing and is approximately 90% complete. Construction delays and permitting have delayed the completion to Q1 2018.

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		90
4					

Risk (Update from last report)

N/A

Table 3 – Significant Risks and Mitigations Strategies

Significant Risks and Mitigation Strategies	
Risk Statement and Explanation	Risk Mitigation Management Plan
New:	
Ongoing:	
Scheduling	Regular meetings with the contractors to monitor the schedule and critical path and make adjustments as required.
Costs	The Project Manager monitors costs on a regular basis and manages cost risk.
Scope creep	Change control procedures are in place to avoid scope creep.
Mitigated:	

Financial (Update from last report)

For further information, refer to Appendix B – Financial Forecast

Direction provided by EPC during the October 26, 2017 meeting was to defer building the fourth 4R Winnipeg Depot to 2024 to allow time to evaluate the other 4R Winnipeg Depots and determine if a fourth depot is required. It is consistent with the Council-approved Garbage and Recycling Master Plan which authorizes the construction of up to four depots throughout the city. The deferral allows for:

- Time to evaluate the true costs of construction and operation of similar sites in order to verify the cost/benefit ratios of additional projects.
- Potential cost savings due to design improvements learned from the first three 4R Winnipeg Depots.

The \$3.949 million was removed from the 2020 Capital Budget and re-budgeted to \$4.875 million in 2024 based on the 2020 Construction Cost Estimate of \$3.949 million with an escalation factor of 5% to 2024.

Funding (Update from last report)

Funding allocation for the \$15.42 Adopted Budget has been amended to include \$11.97 million funded by External Debt and \$3.30 million funded by the Waste Diversion Reserve.

Table 4 – Project Funding Forecast and Receivable

Funding Source	Adopted Budget (in millions)	Amended Budget (in millions)	Committed (in millions)
Class of Estimate	Class 3		
City of Winnipeg - External Debt	15.42	11.97	11.97
City of Winnipeg - Waste Diversion Reserve	-	3.30	3.30
Province of Manitoba ¹ - Green Manitoba	-	0.15	0.15
Total	15.42	15.42	\$ 15.42

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

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:** [January 30, 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. 13
For the Period Ended November 30, 2017

COMMENTS:

There is no financial impact as this report is provided for information only.
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 Department
Division: Solid Waste Division
Prepared by: Duy Doan, C.E.T. – Project Coordinator
Date: January 31, 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>	
<p>On October 19, 2011 City council, as part of the Comprehensive Integrated Waste Management Strategy approved the following:</p> <p><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></p>	
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 - Daryl Doubleday, Manager of Solid Waste Services, Water and Waste Department 	

Appendix B – Financial Forecast

Appendix B - Project 2065001100 Financial Forecast As at Nov 30, 2017

Project Component Deliverables	Budget (in 000's)			Actual Costs to Nov 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	2024				
Engineering, Design and Other	\$ 1,249	\$ -	\$ 1,249	\$ 1,173	\$ 35	\$ 66	\$ -	\$ 446	\$ 1,720	\$ (471)	\$ 41	\$ (512)
Construction	\$ 13,174	\$ -	\$ 13,174	\$ 11,554	\$ 1,125	\$ 1,018	\$ -	\$ 3,772	\$ 17,469	\$ (4,295)	\$ 39	\$ (4,334)
Land Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Financing/Overhead Costs	\$ 290	\$ -	\$ 290	\$ 377	\$ 20	\$ 55	\$ -	\$ 176	\$ 628	\$ (338)	\$ (126)	\$ (212)
Contingency	\$ 710	\$ -	\$ 710	\$ -	\$ -	\$ -	\$ -	\$ 481	\$ 481	\$ 229	\$ 46	\$ 183
Total Project Budget	\$ 15,423	\$ -	\$ 15,423	\$ 13,104	\$ 1,180	\$ 1,139	\$ -	\$ 4,875	\$ 20,298	\$ (4,875)	\$ -	\$ (4,875)
% of Project Budget Spent (Actual Costs to Date / Adopted & Amended Budget)	85%	85%	85%									

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

** Variance due to projected costs reflecting the construction of four depots but the adopted budget to date is for three. The budget for the fourth depot is included in future forecast capital budgets. Please see Appendix C.

*** Change in Variance due to decision made by EPC on October 26, 2017 to defer the fourth depot to 2024.

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 2017 Capital Budget includes the following Project Identifications:

Project ID	Description	Budget Year	Adopted Budget
Project ID 2065001100 - Approved budget to date			\$ 15,423,000
Forecast beyond 2018			\$ 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. All loads are subject to a \$15.00 minimum charge.

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 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 Q4 2017.

The Panet Road 4R Winnipeg Depot 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 \$5.375 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 2020 Capital budget.

All Producer Responsibility Organization agreements are in place for the Brady Road 4R Winnipeg Depot. Agreements for the Pacific Avenue 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.