Agenda – Executive Policy Committee – December 3, 2014

REPORTS

Item No. 11 Single Source Engineering Consultant Contract – Watershed and Asset Protection Considerations

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

That the Executive Policy Committee delegate the authority to the Chief Administrative Officer to negotiate a single source engineering consultant contract for technical support to the City as an intervenor in the application of Energy East Pipeline Ltd. to the National Energy Board in an amount not to exceed $800,000.00, GST and MRST, extra as applicable.

ADMINISTRATIVE REPORT

Title: **NEGOTIATION OF A SINGLE SOURCE ENGINEERING CONSULTANT CONTRACT FOR WATERSHED AND ASSET PROTECTION CONSIDERATIONS**
BID SOLICITATION NO. 1070-2014

Critical Path: **Executive Policy Committee**

AUTHORIZATION

Author	Department Head	CFO	CAO
G. Patton, P. Eng., Manager of Engineering Services	D. P. Sacher, P. Eng. Director, Water and Waste Department	Betty Holsten-Boyer A/CFO	M. Jack A/CAO

RECOMMENDATIONS

That the Executive Policy Committee delegate the authority to the Chief Administrative Officer to negotiate a single source engineering consultant contract for technical support to the City as an intervenor in the application of Energy East Pipeline Ltd. to the National Energy Board in an amount not to exceed $800,000.00, GST and MRST, extra as applicable.

REASON FOR THE REPORT

In accordance with B1.1 of the Administrative Standard FM-002, the approval of the Executive Policy Committee is required for any single source negotiation for consultant services where the estimated value relating to capital projects exceeds $100,000 in total, including all phases of any given project, prior to submission to the award authority for award.

IMPLICATIONS OF THE RECOMMENDATIONS

Funds in the amount of $1,000,000.00 are included in the proposed 2015 Capital Budget submission for the Watershed and Asset Protection Considerations Project.

Council approved the “First Charge on the 2015 Capital Budget for Water and Waste Department Capital Projects” Report at the December 10, 2014 Council Meeting.

HISTORY

Energy East Pipeline Ltd. is proposing to construct and operate a 4,500 kilometre pipeline system to transport crude oil from Alberta and Saskatchewan to refineries in eastern Canada. The pipeline will transport up to 175,000 cubic metres/day (1.1 million barrels) of a variety of crude oil types.

The project, known as the "Energy East Pipeline Project", includes: the conversion of an existing natural gas pipeline to crude oil service; the installation of new pipelines to link with the converted pipe; and the construction of support facilities including tank terminals, marine terminals and remotely controlled pump stations. As an interprovincial pipeline, the project will be federally regulated under the jurisdiction of the National Energy Board (NEB). The NEB has indicated a public hearing process will be held for the Energy East Pipeline Project. Hearings will occur in 2015 with a decision by the NEB on the project anticipated by January of 2016.

The pipeline to be converted to crude oil service is in very close proximity to critical City of Winnipeg assets including the Brady Resource Management Facility, Shoal Lake Water Supply Intake, and the Shoal Lake Aqueduct. The Brady Road Resource Management Facility is the City's sole landfill. This facility also accepts biosolids from the City's wastewater treatment facilities. Winnipeg's sole drinking water source is Shoal Lake and the Shoal Lake Aqueduct is the sole water transmission for the City. Should a failure of the pipeline(s) occur near critical assets above, there is potential for significant impacts to the delivery of services to the citizens of Winnipeg.

Given the unique impact that the project may have on City of Winnipeg facilities and resources, Legal Services and the Water and Waste Department have recommended that the City apply for intervenor status to appear at the NEB hearing, provide evidence, cross-examine the witnesses of Energy East Pipeline Ltd. and make argument (Administrative Report: Application for intervenor status in the application of Energy East Pipeline Ltd. ("Energy East") to the National Energy Board ("NEB")).

Based on the tight regulatory timelines for the Energy East Pipeline Project, approval for single source negotiations to retain a consultant to provide technical support to the City for the hearing process is recommended. Section B4.1 (j) of the Materials Management Policy allows for single source negotiations where there is an emergency which adversely affects the functioning of the City and which may not be reasonably met by any other procedure. A public bid solicitation would not be required pursuant to the Agreement on Internal Trade because the proposed services would be provided by licensed professionals that are exempt from the application of the Agreement on Internal trade.

The Department is requesting that the Executive Policy Committee delegate the authority to the Chief Administrative Officer to negotiate a single source engineering consultant contract for technical support to the City as an intervenor in the application of Energy East Pipeline Ltd. to the National Energy Board in an amount not to exceed $800,000.00, GST and MRST, extra as applicable.

The City and engineering consultant will develop a mutually acceptable scope of work for this assignment. The scope of work is anticipated to include developing an understanding of the proposed pipeline design, potential impacts and risks of the project and exploring available options/alternatives to actively protect the City of Winnipeg's critical assets and the Shoal Lake watershed. It is anticipated that this work will include preparation of written evidence and participation in the NEB hearing process. A separate Award Report will follow for the single source engineering consultant assignment to be awarded in accordance with the Materials Management Policy.

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 18, 2014

Project Name:

NEGOTIATION OF A SINGLE SOURCE ENGINEERING CONSULTANT CONTRACT FOR WATERSHED AND ASSET PROTECTION CONSIDERATIONS BID SOLICITATION NO. 1070-2014

COMMENTS:

There is no financial impact associated with this report. An award report will follow to the Award Authority.

"Orignal signed by M. L. Geer, CA"

js
4-Nov-14

Moira L. Geer, C. A.
Manager of Finance and Administration

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department (as to legal issues)
Materials Management Division

SUBMITTED BY

Water and Waste Department
Engineering Services Division
Prepared by: Alison Weiss, P. Eng.
Date: November 24, 2014
File No. W-847

c: Director of Legal Services/City Solicitor, Legal Services Department (email**)**
Manager of Materials, Corporate Finance Department (email)
J. Smalley, C.E.T., Water and Waste Department (email)
S. Cournoyer, P. Eng., Water and Waste Department (email)
L. Toews, Water and Waste Department (email)
A. McMillan, P. Eng., Water and Waste Department (email)