**Minutes – Executive Policy Committee – October 12, 2016**

## REPORTS

**Item No. 1 Single Source Negotiation and Award of Contract – Load Interconnection Facilities Study at the North End Sewage Treatment Plant (NEWPCC)**
**(Old Kildonan Ward)**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service:

1. That a single source negotiation be approved with Manitoba Hydro to provide Professional Consulting Services for the Load Interconnection Facilities Study at the North End Sewage Treatment Plant (NEWPCC) in the estimated amount of $150,000.00, GST and MRST extra as applicable.

2. That subject to the approval under Recommendation 1, the Director of Water and Waste approve an award of contract to Manitoba Hydro in the estimated amount of $150,000.00, GST and MRST extra as applicable.

3. That the Proper Officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

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

Carried

# ADMINISTRATIVE REPORT

**Title:** SINGLE SOURCE NEGOTIATION AND AWARD OF CONTRACT FOR PROFESSIONAL CONSULTING SERVICES FOR LOAD INTERCONNECTION FACILITIES STUDY FOR THE NORTH END SEWAGE TREATMENT PLANT (NEWPCC)
MATERIALS MANAGEMENT REFERENCE NO. 773-2016

**Critical Path:** Executive Policy Committee

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| D. Griffin, P. Eng.<br>Acting Manager of<br>Engineering Services | M. L. Geer, CPA, CA<br>Acting Director, Water<br>and Waste Department | M. Ruta | D. McNeil |

## EXECUTIVE SUMMARY

This report is for the award of a contract to Manitoba Hydro for the provision of Professional Consulting Services for the Load Interconnection Facilities Study at the North End Sewage Treatment Plant (NEWPCC). The procurement is through the Single Source Negotiation and Award process. This capital project is financed from the approved 2004-2015 Capital Budget for North End Sewage Treatment Plant (NEWPCC) – Nutrient Removal / Upgrade.

## RECOMMENDATIONS

1. That the Executive Policy Committee approve a single source negotiation with Manitoba Hydro to provide Professional Consulting Services for the Load Interconnection Facilities Study at the North End Sewage Treatment Plant (NEWPCC) in the estimated amount of $150,000.00, GST and MRST extra as applicable.

2. That subject to the approval under Recommendation 1, the Director of Water and Waste approve an award of contract to Manitoba Hydro in the estimated amount of $150,000.00, GST and MRST extra as applicable.

3. That the proper officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

## 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 negotiations for consultant services where the estimated value relating to capital projects exceeds $100,000.00 in total, including all phases of any given project, prior to submission to the award authority, under the authority

delegated pursuant to the Materials Management Policy B4. (a) the supplier has an exclusive statutory right to make the requisite supply pursuant to Administrative Standard FM-002.

As the total conditional amount to be paid by the City pursuant to the contract does not exceed $2,000,000.00 and there are sufficient funds in an approved budget, the Director of the Water and Waste Department may award the contract under the authority delegated pursuant to Administrative Standard FM-002.

## IMPLICATIONS OF THE RECOMMENDATIONS

Funds in the amount of $794,609,958.00 are included in the 2004-2015 Capital Budgets for North End Sewage Treatment Plant (NEWPCC) – Nutrient Removal / Upgrade - Account Distribution No. 444 181000 200752 203110013B Exconsult.

## HISTORY / DISCUSSION

The preliminary design for the NEWPCC – Nutrient Removal / Upgrade has identified the electrical power demand required by the upgraded/expanded facility. The increased electrical demand has been conveyed to Manitoba Hydro in a Load Interconnection Evaluation Study Request.

The work of this contract consists of Manitoba Hydro's engineering department undertaking a Load Interconnection Facilities Study to assess the adequacy of the Manitoba Hydro System (System) to accommodate the increased power demand required by the upgrade, to assess the impact on any other affected parties and to determine the work that would be necessary in order to accommodate the increased NEWPCC electrical load to the System.

Upon completion of the study a report will be issued by Manitoba Hydro containing the following information:

1. Identification of any System constraints due to thermal overload, voltage limit violations, or instability or inadequately damped response to system disturbances as a result of the proposed interconnection;
2. Identification of any affected third parties as a result of the proposed interconnection;
3. Identification of any circuit breaker short circuit capability limits exceeded as a result of the proposed interconnection;
4. Identification of any System Upgrades Customer's Interconnection Facilities and Manitoba Hydro Interconnection Facilities required as a result of the proposed interconnection;
5. The costs to be paid by the City to install the System Upgrades and the Manitoba Hydro Interconnection Facilities required as a result of the proposed interconnection which will be included in a comprehensive construction agreement in a form and content satisfactory to the Parties which shall, subject to the Parties entering into the said construction agreement, be binding upon Manitoba Hydro for 90 days after the release of the Study Report; and

6. A good faith estimate of the timeline to complete the installation of the System Upgrades and the Manitoba Hydro Interconnection Facilities as a result of the proposed interconnection.

It is the opinion of the Department that Manitoba Hydro has the necessary experience, skill and resources to complete the work satisfactorily. It is recommended that a contract for professional consulting services for the Load Interconnection Facilities Study for the North End Sewage Treatment Plant be awarded as a single source contract to Manitoba Hydro at an estimated cost of $150,000.00, GST and MRST extra as applicable for the following reasons:

- In accordance with B4.1(a) of the Materials Management Policy, Manitoba Hydro has the exclusive statutory right to provide electrical power in Manitoba and all System requirements fall under their jurisdiction.
- There is an equivalent provision in Appendix D of the Agreement on Internal Trade.
- The study will provide needed information upon which future decisions and recommendations will be made by the Department with respect to electrical power delivery for the North End Sewage Treatment Plant.

Manitoba Hydro requires payment of the study cost prior to Manitoba Hydro undertaking the work.

As this is a consultant contract, no bid or performance security is required.

The financial status of the North End Sewage Treatment Plant (NEWPCC) – Nutrient Removal/Upgrade project is as follows:

| | | |
|---|---|---|
| Authorized Capital | | $ 794,609,958.00 |
| Amount of Previous Awards or Expenditures | $ 50,666,731.96 | |
| Amount of this Award | $ 150,000.00 | |
| Total Estimated Cost | $ 50,816,731.96 | $ 50,816,731.96 |
| Estimated Residual for Remaining Projects | | $ 743,793,226.04 |

The study will not commence prior to the award of contract.

**FINANCIAL IMPACT**

## Financial Impact Statement

**Date:** September 1, 2016

**Project Name:**

**First Year of Program** **2016**

SINGLE SOURCE NEGOTIATION AND AWARD OF CONTRACT FOR PROFESSIONAL CONSULTING SERVICES FOR LOAD INTERCONNECTION FACILITIES STUDY FOR THE NORTH END SEWAGE TREATMENT PLANT (NEWPCC)
MATERIALS MANAGEMENT REFERENCE NO. 733-2016

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ 150,000 | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | 150,000 | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ - | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Funds in the amount of $794,609,958.00 are included in the 2004-2015 Capital Budgets for North End Sewage Treatment Plant (NEWPCC) – Nutrient Removal / Upgrade - Account Distribution No. 444 181000 200752 203110013B Exconsult. This projects is financed by retained earnings.

*"Original signed by L. Szkwarek, CPA, CGA"*

Lucy Szkwarek, CPA, CGA
Acting Manager of Finance and Administration

amc/lt
26-Aug-16

## CONSULTATION

In preparing this report there was consultation with:

Legal Services (as to legal issues)
Material Management Division, Corporate Finance

## OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg Reference: Environment

## SUBMITTED BY

Department: Water and Waste
Division: Engineering Services
Prepared by: Erica Campbell, C.E.T.
Date: September 13, 2016
File No.: S-961

c: Director of Legal Services/City Solicitor, Legal Services Department (email**)**
Manager of Materials, Corporate Finance Department (email)
WWD-Report-Processor (email)
L. Toews, Water and Waste Department (email)