

July 6, 2020

Mr. Mike Ruta
Interim Chief Administrative Officer
City of Winnipeg
2nd Floor, 510 Main Street
Winnipeg, MB R3B 1B9

Dear Mr. Ruta:

I am writing in relation to the City of Winnipeg's Investing in Canada Infrastructure Program (ICIP) project submissions pertaining to the North End Water Pollution Control Centre (NEWPCC) upgrades. The City submitted two components of the overall NEWPCC upgrades for consideration under the ICIP Green Infrastructure Stream–Environmental Quality Sub-Stream (GIS-EQ):

1. NEWPCC Headworks Facilities Upgrade (\$356.09M Total Project Costs); and
2. NEWPCC Biosolids Facilities Upgrade (\$552.71M Total Project Costs)

I am pleased to provide an update on these project submissions. The Province of Manitoba has prioritized both the NEWPCC Headworks Facilities Upgrade Project (Headworks) and NEWPCC Biosolids Facilities Upgrade Project (Biosolids) for advancement to the federal government for consideration and approval of up to \$321.24M federal contribution under the ICIP GIS-EQ.

To date, the Province of Manitoba has provided a total of \$56.2M to the City of Winnipeg for the NEWPCC project, which will be considered part of the Province's required contribution funding requirement under ICIP for the NEWPCC Headworks Facilities Upgrade Project. In addition, with the advancement of the Headworks and Biosolids projects as joint priorities under ICIP, further discussion will be required in relation to flowing these funds within the City of Winnipeg's annual strategic infrastructure basket from the Province of Manitoba that has been committed to remain at at least current levels over the medium term.

Through the ICIP Bi-lateral Agreement, the Government of Canada has presented flexibility to provinces and territories to move federal funds from the Public Transit Infrastructure Stream (PTIS) to the Green Infrastructure Stream (GIS). Manitoba's infrastructure pressures are outside of PTIS, leaving the remaining funding streams under ICIP over-subscribed. Given the significant dollar value of the Headworks and Biosolids projects, the Province plans to exercise this available flexibility.

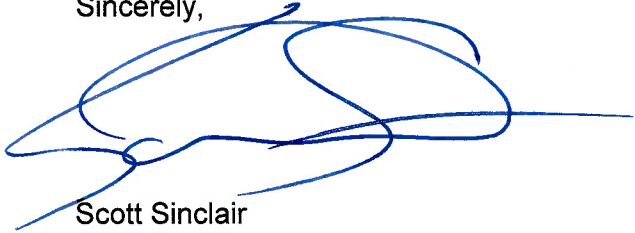
The City of Winnipeg's federal allocation under PTIS is \$524.85M, which envelopes close to half of the federal funds (~45%) available to the Province of Manitoba for ICIP. Proceeding with the Headworks and Biosolids projects will require the City of Winnipeg's agreement to transfer \$321.24M of its PTIS federal allocation to GIS to accommodate the federal share to these projects.

Further, as part of Central Services' mandate, we will be working with the City, Infrastructure Canada, and the Canada Infrastructure Bank to explore the feasibility of utilizing a P3 model for the Biosolids project and Phase 3 of the City's NEWPCC upgrades – Nutrient Removal Facilities Upgrades. As you know, the City of Winnipeg has prior experience successfully implementing projects under a P3 project delivery approach for significant dollar value projects, realizing the benefits of a P3 delivery to leverage innovation, maximize efficiencies and ultimately capture cost-savings that may not have been possible through traditional public procurement.

In close, I ask that this information be considered confidential until federal funding under ICIP is approved and confirmed. Please refrain from discussing with outside parties or in public venues until such time approval is received and joint communication activities are planned as per the ICIP terms and conditions. Public acknowledgement of project funding by the City of Winnipeg without Manitoba and Canada's consent could jeopardize the ICIP funding approval process.

To discuss next steps and finalize decisions regarding the Headworks and Biosolids projects, I would like to arrange a meeting as soon as possible. My office will be in contact with potential dates. I look forward to our discussion.

Sincerely,



Scott Sinclair
Deputy Minister

c: Honourable Rochelle Squires, Minister of Municipal Relations
Honourable Reg Helwer, Minister of Central Services
Bruce Gray, Deputy Minister of Municipal Relations