Minutes – Executive Policy Committee – October 20, 2020

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – October 13, 2020

Item No. 1 Delegation of Authority to Approve Selection of Negotiation/Preferred Proponent and Approve and Award A Contract and Over-Expenditures for the Design Build of NEWPCC Upgrade – Headworks Facilities Project Request for Proposal No. 659-2018B

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment and submitted the following to Council:

1. That the Winnipeg Public Service be directed to report back within 150 days to the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment, with recommendations for the Selection of Negotiation/Preferred Proponent and award the contract for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project (RFP No. 659-2018B).

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

Minutes – Executive Policy Committee – October 20, 2020

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – October 13, 2020

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

That the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment be concurred in and forwarded to Council.

Yea:	Bowman, Allard, Browaty, Gillingham, Gilroy, Mayes, Rollins	7
Nay:		0

Carried

STANDING COMMITTEE RECOMMENDATION:

On October 13, 2020, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment did not concur in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the Winnipeg Public Service be directed to report back within 150 days to the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment, with recommendations for the Selection of Negotiation/Preferred Proponent and award the contract for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project (RFP No. 659-2018B).

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

ADMINISTRATIVE REPORT

Title: DELEGATION OF AUTHORITY TO APPROVE SELECTION OF NEGOTIATION/PREFERRED PROPONENT AND APPROVE AND AWARD A CONTRACT AND OVER-EXPENDITURES FOR THE DESIGN BUILD OF NEWPCC UPGRADE: HEADWORKS FACILITIES PROJECT REQUEST FOR PROPOSAL NO. 659-2018B

Critical Path: The Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
L. McCusker, P. Eng., Acting Manager of Engineering Services	M. L. Geer, CPA, CA, Director, Water and Waste Department	N/A	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

Upgrades to the North End Sewage Treatment Plant (NEWPCC) are required to meet Environment Act Licence requirements. As approved by Council on February 28, 2019, upgrades to NEWPCC are being delivered as three capital projects:

- Power Supply and Headworks Facilities
- Biosolids Facilities
- Nutrient Removal Facilities

On March 10, 2020, the Request for Proposal (RFP) No. 659-2018B and associated documents were issued to the two proponents, Aecon/Oscar Renda joint venture (Red River Solutions) and Graham/PCL joint venture, shortlisted as the prequalified proponents for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project.

This report is recommending that the Chief Administrative Officer be delegated the authority to:

(i) Approve the Selection of Negotiation/Preferred Proponent for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project
(ii) Execute, deliver, and perform a Design Build Agreement for the NEWPCC Upgrade: Headworks Facilities Project and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements")
(iii) Approve over-expenditures for the NEWPCC Upgrade: Headworks Facilities Project

All of the costs for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project are within the existing capital budget as approved by Council.

The delegation of authority to the Chief Administrative Officer is required to minimize the duration of the award period, maximize the 2021 construction season, and prevent costly delays in the implementation and execution of the NEWPCC Upgrade: Headworks Facilities Project.

The Standing Policy Committee on Finance reviews the NEWPCC Upgrade Financial Status Report on a quarterly basis.

RECOMMENDATIONS

1. That the Chief Administrative Officer be delegated the authority to approve the Selection of Negotiation/Preferred Proponent and award the contract for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project (RFP No. 659-2018B) provided monies are available within the applicable capital budget as approved by Council.

2. That authority be delegated to the Chief Administrative Officer to, subject to exercise of his authority delegated pursuant to Recommendation 1, approve that the City execute, deliver, and perform a Design Build Agreement for the NEWPCC Upgrade: Headworks Facilities Project and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements”), provided monies are available within the applicable capital budget as approved by Council.

3. That the Chief Administrative Officer be delegated the authority to approve changes to the terms of the Design Build Agreement and to approve over-expenditures for the NEWPCC Upgrade: Headworks Design Build Project, provided monies are available within the applicable capital budget as approved by Council.

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

REASON FOR THE REPORT

The Public Service is requesting delegated authority which can only be provided by Council.

IMPLICATIONS OF THE RECOMMENDATIONS

The recommended delegation of authority to the Chief Administrative Officer will expedite the award and over-expenditure processes, thereby avoiding the potential for lengthy delays to project timelines as well as the potential for increased project costs.

Funds in the amount of $408,380,000.00 are included in the Capital Budget for NEWPCC Upgrade: Power Supply and Headworks Facilities Project, Account Distribution No. 444 181000 200752 203110013B Contactex.

HISTORY/DISCUSSION

The NEWPCC has been in operation since 1937 and treats approximately 70% of all sewage in Winnipeg. It is the largest and most complex of the three sewage treatment plants serving Winnipeg. It provides primary and secondary activated sludge treatment and sludge processing for all of the City's sewage treatment plants.

The objectives of the NEWPCC Upgrade are:

- To meet the requirements of the Province of Manitoba regulatory licence and Water Protection Act.
- To address end-of-life assets.
- To expand the solids processing capacity for future growth within the City and for applicable service sharing agreements with rural municipalities.
- To manage wet weather flows.

On May 19, 2010, Council delegated authority to the Chief Administrative Officer to approve contract awards for the upcoming South and North End Sewage Treatment Plant capital projects so long as the value of each contract does not exceed $30,000,000.00 and there are sufficient funds in a budget approved by Council.

As approved by Council on February 28, 2019, the NEWPCC Upgrade will be implemented in three capital projects:

1. NEWPCC Upgrade: Power Supply* and Headworks Facilities
2. NEWPCC Upgrade: Biosolids Facilities
3. NEWPCC Upgrade: Nutrient Removal Facilities

*The NEWPCC Upgrade: Power Supply Facility was initiated as a separate independent early work project and is not included in the scope of RFP 659-2018B. The project is ongoing and is scheduled for completion at the end of 2020.

NEWPCC Upgrade: Headworks Facilities Project

The NEWPCC Upgrade: Headworks Facilities Project consists of upgrades to the existing infrastructure that are at end of life, such as the raw sewage pump station, screens, and grit removal processes. The processes and equipment in the NEWPCC Upgrade: Headworks Facilities Project need to be in operation before the completion of the NEWPCC Upgrade: Biosolids Facilities and Nutrient Removal Facilities projects so that the performance of the two latter projects are not affected. The two latter projects are required to meet regulatory requirements for the NEWPCC.

On March 10, 2020, the RFP for Design Build of the NEWPCC Upgrade: Headworks Facilities Project was issued to the two proponents, Aecon/Oscar Renda joint venture (Red River Solutions) and Graham/PCL joint venture, shortlisted as the prequalified proponents. It is anticipated that the Design Build Agreement will be executed in March 2021 and that the design builder will maximize the 2021 construction season.

It is anticipated that the cost to Design Build the NEWPCC Upgrade: Headworks Facilities Project will exceed $30,000,000.00, the amount delegated to the Chief Administrative Officer by

Council on March 10, 2010, for the approval of contract awards for the upcoming South and North End Sewage Treatment Plant capital projects.

Completion of the NEWPCC upgrade is required to meet regulatory requirements for the NEWPCC. In order to minimize the award period, maximize the 2021 construction window, and to avoid costly delays to project timelines which could result in increased project costs, it is important that the Chief Administrative Officer be delegated the necessary authority for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project to:

- Approve the Selection of Negotiation/Preferred Proponent.
- Execute, deliver, and perform a Design Build Agreement and such other agreements (the “Ancillary Agreements”), as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing.
- Approve over-expenditures and related change orders.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 27, 2020

Project Name:

DELEGATION OF AUTHORITY TO APPROVE SELECTION OF NEGOTIATION/PREFERRED PROPONENT AND APPROVE AND AWARD A CONTRACT AND OVER-EXPENDITURES FOR THE DESIGN BUILD OF NEWPCC UPGRADE: HEADWORKS FACILITIES PROJECT REQUEST FOR PROPOSAL NO. 659-2018B

COMMENTS:

The report recommends that limited delegated authority be given to the Interim Chief Administrative Officer within the Council approved budget for this project.

"Original signed by L. Szkwarek, CPA, CGA"
Lucy Szkwarek, CPA, CGA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

Legal Services Department (as to legal issues)
Materials Management, Corporate Finance Department

OURWINNIPEG POLICY ALIGNMENT

This report is in accordance with the OurWinnipeg policies through environmental stewardship, innovation, and sustainability.

OurWinnipeg Reference: Section 02-2 Environment

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

SUBMITTED BY

Department: Water and Waste
Division: Engineering Services
Prepared by: R.Y. Adedapo; P. Eng., M.A.Sc., PMP, Senior Project Engineer
Date: September 2, 2020
File No.: S-972-4