Minute No. 445
Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – May 17, 2021

Item No. 1 **Recommendation for the Preferred Proponent for Design Build of the North End Sewage Treatment Plant (NEWPCC) Upgrade: Headworks Facilities Project Request for Proposal No. 659-2018B and Increase in the Capital Budget**

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment, as amended, and adopted the following:

1. That Aecon Water Infrastructure Inc. and Oscar Renda Contracting of Canada, Inc., an Aecon Oscar Renda Joint Venture, doing business under the name of Red River Solutions ("Red River Solutions") being the Proponent that scored the highest points for its combined technical and financial submission and which obtained a "Pass" on each of the Pass/Fail submission components, be selected as the Preferred Proponent for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project.

2. That authority be delegated to the Chief Administrative Officer, subject to Investing in Canada Infrastructure Program ("ICIP") funding approval by the Province of Manitoba and the Government of Canada, by June 12, 2021, to approve that the City enter into, execute, deliver and perform the agreement to design build the NEWPCC Upgrade: Headworks Facilities Project ("Design Build Agreement") in the amount of $271,611,000.00 including MRST, GST extra, and all such other agreements ancillary to the Design Build Agreement as deemed necessary by the Director of Legal Services and City Solicitor (the "Ancillary Agreements").

3. That a budget amendment increase of $65,000,000.00 be approved for the NEWPCC Upgrade: Power Supply and Headworks Facilities Capital Budget to be funded 50/50 through utility rates and debt financing.

4. That, given current market conditions, the Public Service be directed to review the AACE Class 3 cost estimates for Biosolids and Nutrient Removal facilities projects and refer any increases to the 2022 capital budget process.

5. That the Public Service be directed to update the ten-year water and sewer financial plan and report back to Council in October 2021.

6. That the Winnipeg Public Service be directed to report back to the Standing Committee at its June 29, 2021 meeting with a labour force estimate from the proponent and the public service for the design build phase.

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – May 17, 2021

COUNCIL DECISION (continued):

7. That the proponent be required to provide a report on efforts to engage with local labour organizations as well as local vendors and suppliers to build relationships for a successful project and that the Winnipeg Public Service be directed to report back to the Standing Committee in September 2021 with an update on the matter.

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

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – May 17, 2021

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 adopted.

In amendment,

Moved by Councillor Mayes,
Seconded by Councillor Gillingham,

BE IT RESOLVED THAT Item 1 of the Report of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment dated May 17, 2021 be amended as follows:

1. In Recommendation 2, delete "June 1, 2021" and replace with "June 12, 2021"

2. Add the following new Recommendation 7 and renumber the remaining recommendation accordingly:

   "7. That the proponent be required to provide a report on efforts to engage with local labour organizations as well as local vendors and suppliers to build relationships for a successful project and that the Winnipeg Public Service be directed to report back to the Standing Committee in September 2021 with an update on the matter."

The motion for the adoption of the amendment was put.

Councillor Eadie called for the yeas and nays which were as follows:

Yea: His Worship Mayor Bowman, Councillors Allard, Browaty, Chambers, Eadie, Gillingham, Gilroy, Klein, Lukes, Mayes, Nason, Orlikow, Rollins, Santos, Schreyer and Sharma. 16

Nay: 0

and the motion for the adoption of the amendment was declared carried.

The motion for the adoption of the item, as amended, was put and declared carried.

Councillors Klein and Nason asked to be recorded as having voted against the item as amended in accordance with Rule 47(7) of the Procedure Bylaw.

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – May 17, 2021

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 18, 2021, 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 matter to Council.

Sudhir Sandhu, Manitoba Building Trades, submitted a communication dated May 18, 2021, in support of the matter.

STANDING COMMITTEE RECOMMENDATION:

On May 17, 2021, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service, with the following amendment:

- Add the following new Recommendation 6 and renumber the remaining accordingly:

    "6. That the Winnipeg Public Service be directed to report back to the Standing Committee at its June 29, 2021 meeting with a labour force estimate from the proponent and the public service for the design build phase."

and submitted the matter to the Executive Policy Committee and Council.

On May 7, 2021, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment laid the matter over for up to 30 days.

Sudhir Sandhu, CEO, Manitoba Building Trades, submitted a communication dated May 7, 2021 with respect to the matter.

On April 14, 2021, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment granted a further extension of time to its May 7, 2021 meeting for the Winnipeg Public Service to report back on the matter.

On March 9, 2021, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment granted an extension of time of 30 days for the Winnipeg Public Service to report back on the matter.

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – May 17, 2021

DECISION MAKING HISTORY (continued):

COUNCIL DECISION:

On October 29, 2020, Council concurred in the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment and adopted the following:

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: **RECOMMENDATION FOR THE PREFERRED PROPONENT FOR DESIGN BUILD OF THE NORTH END SEWAGE TREATMENT PLANT (NEWPCC) UPGRADE: HEADWORKS FACILITIES PROJECT REQUEST FOR PROPOSAL NO. 659-2018B AND INCREASE IN THE CAPITAL BUDGET**

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
T. W. Shanks, M. Eng., P. Eng., Acting Manager of Engineering Services	M. L. Geer, CPA, CA Director, Water and Waste Department	C. Kloepfer	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

This report recommends the Preferred Proponent and the delegation for award of a Design Build contract for the North End Sewage Plant (NEWPCC) Upgrade: Headworks Facilities Project ("Headworks Facilities Project"), subject to confirmation of funding from the Province of Manitoba and the Government of Canada under the Investing in Canada Infrastructure Program (ICIP). The proposals expire on June 12, 2021 so it is critical that funding approval occur by June 1, 2021.

This is the essential first step of the three NEWPCC projects and completing projects two and three – Biosolids and Nutrient Removal Facilities.

This recommended Preferred Proponent report is the culmination of a two-year, phased procurement process which started with the release of a Request for Qualification on March 6, 2019 followed by a Request for Proposal process for the two proponents who passed the qualification phase. Throughout the procurement process the Public Service was assisted by external legal counsel who specialize in infrastructure procurement and an external fairness advisor monitored the process.

Despite disclosing an affordability limit in the RFP documents both proposal submissions exceeded this threshold. The affordability limit was set at $200,000,000 based upon an AACE Class 3 estimate that was independently verified by an external construction cost consultant (Hanscomb Ltd.) and audited by Turner & Townsend through the City Auditor.

The value of the proposal from the recommended Preferred Proponent is $271,611,000 which is $72,611,000 higher than the affordability limit. The proposal price is indicative of the infrastructure market where demand exceeds supply, where the COVID-19 pandemic and tariffs are affecting supply chain and overall there is less risk acceptance in the private sector.

The City's external legal counsel advises that these types of cost increases are occurring in other jurisdictions and are not unique to Winnipeg.

The existing capital budget for the Headworks Facilities Project is $408,380,000 which includes the power supply upgrade of $52,279,000, which has been commissioned. The City applied for funding for the $356,101,000 Headworks Facilities Project (excludes power supply upgrade) under the Investing in Canada Infrastructure Program. The $356,000,000 budget is for this design build of the Headworks Facility as well as other capital works, including upgrades to the UV facility and primary clarifiers. Because the Preferred Proponent proposal is higher than the budget associated with the design build for the Headworks Facilities Project under this Request for Proposal, the Public Service is also requesting a capital budget increase of $65,000,000.

Disclosure of the affordability limit in the RFP allows the City to not recommend a Preferred Proponent for the project but the Public Service is advising we proceed because of end of life equipment, Headworks Facilities Project is a pre-requisite for Biosolids and Nutrient Removal facilities which are needed for growth and Environment Act Licence requirements and restarting the procurement would add further delay and further cost.

Not proceeding with this procurement process will be subject to a break payment of $1,000,000 payable to each proponent.

As a result of this budget recommendation the Public Service will also:

- review the AACE Class 3 cost estimates for Biosolids and Nutrient Removal facilities and refer any increases to the 2022 capital budget process
- update the ten-year water and sewer financial plan and report back to Council in October 2021

The recommendations of this report are compliant with the Materials Management Policy and applicable Trade Agreements.

RECOMMENDATIONS

1. That Aecon Water Infrastructure Inc. and Oscar Renda Contracting of Canada, Inc., an Aecon Oscar Renda Joint Venture, doing business under the name of Red River Solutions ("Red River Solutions") being the Proponent that scored the highest points for its combined technical and financial submission and which obtained a "Pass" on each of the Pass/Fail submission components, be selected as the Preferred Proponent for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project.

2. That authority be delegated to the Chief Administrative Officer, subject to Investing in Canada Infrastructure Program ("ICIP") funding approval by the Province of Manitoba and the Government of Canada, by June 1, 2021, to approve that the City enter into, execute,

deliver and perform the agreement to design build the NEWPCC Upgrade: Headworks Facilities Project ("Design Build Agreement") in the amount of $271,611,000.00 including MRST, GST extra, and all such other agreements ancillary to the Design Build Agreement as deemed necessary by the Director of Legal Services and City Solicitor (the "Ancillary Agreements").

3. That a budget amendment increase of $65,000,000.00 be approved for the NEWPCC Upgrade: Power Supply and Headworks Facilities Capital Budget to be funded 50/50 through utility rates and debt financing.

4. That, given current market conditions, the Public Service be directed to review the AACE Class 3 cost estimates for Biosolids and Nutrient Removal facilities projects and refer any increases to the 2022 capital budget process.

5. That the Public Service be directed to update the ten-year water and sewer financial plan and report back to Council in October 2021.

6. 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 above recommendations require Council approval.

IMPLICATIONS OF THE RECOMMENDATIONS

Funds in the amount of $311,595,463.44 ($408,380,000.00 Budget - $96,784,536.56 expended/encumbered for other works) are included in the NEWPCC Upgrade: Power Supply and Headworks Facilities Capital Budget; Account Distribution No. 444 181000 200752 2031001304, 2031001310 and 203110013B Contractex, to enter into the contract for the Design Build of the NEWPCC Upgrade: Headworks Facilities Project.

Delegation of authority to the Chief Administrative Officer for the City to enter into, execute, deliver and perform the Design Build Agreement and Ancillary Agreements will ensure that delays resulting from the approval of the ICIP funding by the Province of Manitoba and the Government of Canada, has minimal cost and schedule impact on the project.

A budget amendment increase of $65,000,000.00 is required to proceed with other projects within the same Capital Budget for the NEWPCC Upgrade: Power Supply and Headworks Facilities. The proposed funding is 50 percent rates and 50 percent borrowing as borrowing authority is available under existing by-laws. The actual funding sources will be confirmed when the ten-year water and sewer financial plan is updated.

Not proceeding with this procurement process will be subject to a break payment of $1,000,000 payable to each proponent.

HISTORY/DISCUSSION

History of NEWPCC Upgrade

The NEWPCC has been in operation since 1937 and treats about 70 percent of 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

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; it is substantially complete and not included in the scope of the Design Build of the NEWPCC Upgrade: Headworks Facilities Project.

On September 26, 2019 Council approved the Investing in Canada Infrastructure Program funding application for the $356,000,000 Headworks Facilities Project with expected funding of approximately $220,000,000, $120,000,000 from the Government of Canada and $100,000,000 from the Province of Manitoba.

NEWPCC Upgrade Headworks Facilities Design Build Project

The 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. Implementing the Headworks Facilities Project will improve the performance of the downstream processes in the scope of work for the NEWPCC Upgrade: Biosolids Facilities and Nutrient Removal Facilities projects. The two latter projects are required to meet regulatory requirements for the NEWPCC.

The two-stage Request for Qualifications and Request for Proposal process started on March 6, 2019, when the City issued a Request for Qualifications (RFQ) for the Headworks Facilities Project. The City received two submissions to the Request of Qualification and both proponents, Red River Solutions and Graham/PCL A Joint Venture, were shortlisted as prequalified

proponents for the Request for Proposals (RFP) process. The RFP, which contained the draft Design Build Agreement, was issued to both proponents on March 10, 2020.

During the RFP open period, the proponents were invited to participate in four (4) pre-scheduled commercially confidential meetings to provide feedback to the City on the Design Build Agreement as well as submit design information for feedback from the City on their compliance with the technical requirements of the project. Proposals were received from both prequalified proponents on January 13, 2021 and the proposal validity period expires June 12, 2021.

The proposals consisted of separate technical and financial submissions. Each proposal was evaluated based on evaluation categories contained in the RFP as set out in Table 1 below. In addition, the RFP outlined the following provisions:

- A proponent's technical submission must receive a score of at least 60% (420 out of 700 points) in order to achieve a "pass" in the evaluation process
- Only those proponents that received a "pass" on their technical submissions will have their financial submissions opened and scored
- Each submission was to be evaluated in accordance with the evaluation criteria set out in the evaluation categories table
- The proponent with the highest overall score was considered the most advantageous to the City

A Fairness Advisor (procured through RFP 9-2017) was involved in the entire procurement process, including the evaluation consensus meetings for both the technical and financial evaluations to ensure that the procurement was conducted in a fair and transparent manner and that the evaluation process was followed. A statement was provided by the Fairness Advisor as follows:

"P1 Consulting confirms that we are satisfied, from a fairness perspective, that the processes undertaken related to the City of Winnipeg's North End Sewage Treatment Plant (NEWPCC) Upgrade: Headworks Facilities Project have been conducted in a fair, open and transparent manner. As Fairness Monitor for this Project, we are satisfied that the City have followed the procedures in accordance with the applicable RFQ, RFP and policy documentation, and that the project participants followed the procedures and fairly applied the evaluation criteria."

TABLE 1 – Evaluation Categories and Scoring specified in the Request for Proposal

Evaluation Categories	**Maximum Points**
Technical Submission Evaluation	
1. Management Systems and Plans	35
2. Project Schedule and Planned Resources	105
3. Design Report and Drawings	560
Technical Submission Evaluation Total*	**700**
Financial Submission Evaluation	
1. Proposal Price score	250
2. Milestone score	50
Financial Evaluation Submission	**300**
Grand Total	**1000**
**Technical Submission Pass Threshold*	*420*

Red River Solutions, the proponent with the highest overall score, received a pass on the technical evaluation and submitted a contract price of $271,611,000.00.

The City included an Affordability Threshold of $200,000,000.00 in the RFP. The Affordability Threshold was based on the Class 3 Cost Estimate and set out as the maximum value the City was prepared to pay for the design build contract. Class 3 Cost Estimates have an expected accuracy range of -20% to +30% ($160,000,000.00 to $260,000,000.00), based on Association for the Advancement of Cost Engineering (AACE) International 18R-97 Cost Estimate Classification System – As Applied in Engineering, Procurement and Construction for the Process Industries. The nature of design build contracts is for most of the design to be carried out by the design builder; accordingly, the Affordability Threshold provided by the City's lead technical advisor, AECOM Canada Ltd., was based on a preliminary design. The Class 3 Cost Estimate was completed prior to the COVID-19 pandemic and other recent market influences and accordingly does not reflect current market conditions.

Both evaluated price submissions exceeded the Affordability Threshold. It is anticipated that the price submissions were above the Affordability Threshold as a result of:

- Lack of competitiveness – There were only two submissions for the Request for Qualifications and both were issued the Request for Proposals.
- COVID impacts, which included supply chain issues, availability of products and materials, cost escalations, etc.
- Cost escalation of equipment and materials impacted by trade agreements, foreign exchange rates and economic issues in foreign countries.
- Inherent financing cost due to timing between payments throughout the duration of project – The RFP specified milestone payments and allowed for proponents to determine the number of milestones based on a set of predetermined criteria.
- Volatility in pricing input materials.
- Proponents' risk tolerance less than expected – may have resulted from constructability issues and the plant size, age and complexity.

- Recent market risk profile shift in the design build procurement model. Design builders are taking on less risk than before and those risks are starting to attract higher pricing if accepted by design builders.

Most of these items were discussed with proponents during the commercially confidential meetings, and certain accommodations were made for the proponents by the City in the Design Build Agreement. The City did maintain its position on certain items, which could have translated to additional costs in proponents' proposals.

The RFP provides a process in the event the evaluated price submissions exceed the Affordability Threshold.

Pursuant to the RFP process, the Public Service is recommending that Red River Solutions, the proponent with the highest overall score, be selected as the Preferred Proponent for the North End Sewage Treatment Plant (NEWPCC) Upgrade: Headworks Facilities Project.

The Headworks Facilities Project will be substantially completed in three and a half years. The recommended Preferred Proponent, Red River Solutions, has a Manitoba Certificate of Recognition (COR) Equivalency provided by the Alberta Construction Safety Association, Certification No. 20190404-1865, from Aecon Water Infrastructure Inc.

Engineering staff of the Water and Waste Department is satisfied that Red River Solutions has the necessary resources to perform all of the work in accordance with the requirements of the specifications. The members of Red River Solutions have satisfactorily carried out previous construction works of a similar nature.

The Manager of Materials has advised that each of the submissions was accompanied by satisfactory proposal security. This offer is open for acceptance until June 12, 2021.

Construction will not commence prior to the execution of the Design Build Agreement.

Delegation of Authority

In September 2019, the City applied for funding through the Investing in Canada Infrastructure Program (ICIP) for the NEWPCC Upgrade: Headworks Facilities Project. The application is yet to be approved by the Province of Manitoba and by the Government of Canada. There have been ongoing communications with the Province of Manitoba and Canada with respect to the ICIP funding and the risks associated with delays in the ICIP funding approval.

ICIP funding is required prior to June 1, 2021, in order to be able to execute the Design Build Agreement prior to June 12, 2021, the proposal validity date, to protect the proposals from expiring and to protect the 2021/2022 construction season. If this construction season is missed, the project completion date will be extended by a year and result in additional project costs. In addition, if the June 12, 2021 date is missed, the proposals will expire and may result in a two-year delay and increase the project costs, as the RFP process may begin again, unless the proponents agree to extend their proposals.

In order to minimize schedule and cost impacts resulting from delays in the ICIP funding approval, the Public Service is requesting that the Chief Administrative Officer be delegated the authority for the City to enter into, execute, deliver and perform the Design Build Agreement and Ancillary Agreements subject to approval of the ICIP funding by the Province of Manitoba and the Government of Canada.

Additional Capital Budget Funds

The NEWPCC Upgrade Power Supply & Headworks Facilities budget of $408,380,000.00 was based on an AACE International Class 3 Cost Estimate classification with an expected accuracy range of -20% to +30% ($326,700,000.00 to $530,900,000.00). The construction estimates were confirmed by an independent cost consultant (Handscomb Ltd.) and the budget was audited by Turner & Townsend through the City Auditor. The audit report concluded that the estimates provided in the NEWPCC Upgrade: Power Supply & Headworks Facilities budget are AACE International Class 3 Cost Estimates and complied with the City of Winnipeg Asset Management framework.

The Headworks Facilities Project can be carried out with existing funds in the NEWPCC Upgrade: Power Supply and Headworks Facilities Capital Budget. However, as a result of the contract price being above the Affordability Threshold, a budget amendment increase of $65,000,000.00 is required for a total capital budget of $473,380,000.00 which is still within the expected range of the AACE International Class 3 Cost Estimate.

The breakdown of the $65,000,000.00 budget revision is summarized as follows:

Budget Revision	
Headworks Design Build & Contingency	$ 50,616,000.00
Contingency for other projects	$ 14,384,000.00
Total	$ 65,000,000.00

The Department is recommending that an increase of $65,000,000.00 be approved in order to have enough funds to execute, deliver and perform the Design Build Agreement and also proceed with other projects within the same Capital Budget so that the NEWPCC Headworks Facilities can be fully upgraded.

The additional funding will be distributed between 2022 and 2024 as cash flowed in Appendix A.

Borrowing Authority
Borrowing authority is available under existing Water and Waste Department borrowing by-laws.

Debt Strategy
On October 28, 2015, Council adopted a Debt Strategy for Tax Supported, Utilities and total City borrowing.

Subject to approval of the recommendations of this report, additional external borrowing of $32,500,000.00 is required. This borrowing in anticipated to start in 2025.

$128 million of Tax Supported and $113 million of Utilities borrowing capacity will remain if Council approves this report (based on 2021 borrowing).

The impact of this debt financing falls within the debt limits established in the Council Policy as outlined in the table below:

Tax Supported net debt as a percentage of revenue not to exceed	80%
Forecasted peak rate including proposed debt from this report	65.5%
Utilities net debt as a percentage of revenue not to exceed	220%
Forecasted peak rate including proposed debt from this report	94.6%
Total City net debt as a percentage of revenue not to exceed	90%
Forecasted peak rate including proposed debt from this report	78.2%
Tax Supported debt servicing as a percent of revenue not to exceed	10%
Forecasted peak rate including proposed debt from this report	5.0%
Utilities debt servicing as a percent of revenue not to exceed	20%
Forecasted peak rate including proposed debt from this report	8.4%
Total City debt servicing as a percent of revenue not to exceed	11%
Forecasted peak rate including proposed debt from this report	6.0%
Tax Supported Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,147
Utilities Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	813
Total City Debt per Capita not to exceed	2,800
Forecasted peak rate including proposed debt from this report	2,041

Financial Status

The financial status of the NEWPCC North End Sewage Treatment Plant (NEWPCC) Upgrade: Power Supply and Headworks Facilities Capital Budget is as follows:

Authorized Capital		$408,380,000.00
Amount of Previous Awards or Expenditures	$96,784,536.56	
Amount of this Preferred Proponent Recommendation	$271,611,000.00	
Total Estimated Cost	$368,395,536.56	$368,395,536.56
Estimated Residual for Remaining Projects	$39,984,463.44	

FINANCIAL IMPACT

Financial Impact Statement

Date: March 19, 2021

Project Name:

First Year of Program **2021**

DESIGN BUILD OF THE NORTH END SEWAGE TREATMENT PLANT (NEWPCC) UPGRADE: HEADWORKS FACILITIES PROJECT, REQUEST FOR PROPOSAL NO. 659-2018B

	2021	2022	2023	2024	2025
Capital					
Capital Expenditures Required	$ 22,956,343	$ 26,013,657	$ 52,464,000	$ 56,048,000	$ 65,000,000
Less: Existing Budgeted Costs	22,956,343	26,013,657	52,464,000	56,048,000	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ 65,000,000
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	$ -	-	-	-	32,500,000
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	32,500,000
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ 65,000,000
Total Additional Capital Budget Required	$ 65,000,000				
Total Additional Debt Required	$ 32,500,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ 1,101,750
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ 1,101,750
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ 1,101,750

Additional Comments: Funds for this project are included in the NEWPCC Upgrade: Power Supply and Headworks Facilities Capital Budget; Account Distribution No. 444 181000 200752 2031001304, 2031001310 and 203110013B. This project is financed by the Environmental Projects Reserve (EPR), Retained Earnings and External Debt.
Although there are sufficient existing funds available to award this contract (RFP 659-2018B), a budget amendment increase of $65,000,000.00 is required in order to have enough funds to execute, deliver and perform this Design Build Agreement and also proceed with other projects within the same Capital Budget so that the NEWPCC Headworks Facilities can be fully upgraded. It is assumed that the additional funds required would be split 50/50 from the EPR and External Debt as sufficient borrowing authority is available from existing by-laws. The funding will be confirmed through an updated ten-year water and sewer financial plan with a report back to Council later in the year.

"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)
Corporate Finance Department, Materials Management Division
Corporate Finance Department, Treasury Division

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: Lana Obach; M.A. Sc., PMP, P. Eng.; Remi Adedapo; M.A. Sc., PMP, P. Eng.
Date: March 27, 2021
File No.: S-1208-4

ATTACHMENTS:

Appendix A: 2021 Capital Budget Sheet for NEWPCC Upgrade Power Supply & Headworks Facilities

Appendix A: 2021 Capital Budget Sheet for NEWPCC Upgrade Power Supply & Headworks Facilities

WATER & WASTE - SEWAGE DISPOSAL SYSTEM FUND

Project Name:	**North End Water Pollution Control Centre (NEWPCC) Upgrade: Power Supply and Headworks Facilities**
Standing Policy	Water and Waste, Riverbank Management and the Environment
Dept ID:	200752
Department:	Water and Waste
Project:	203110013B
Investment Driver:	Regulatory
Service:	Wastewater
OurWinnipeg:	Environment

AUTHORIZATION	Previous Budgets	2021 Estimate	FORECAST 2022	2023	2024	2025	2026	Five-Year Forecast Total	Six-Year Total
Project Costs ($000's)	408,380	65,000	-	-	-	-	-	-	65,000
Financed by:									
Environmental Projects Reserve		32,500						-	32,500
External Debt		32,500							32,500

CASH FLOW	2021	2022	2023	2024	2025	2026	Beyond 2026	Total
Project Costs ($000's)	-	-	-	-	65,000	-	-	65,000
Financed by:								
Environmental Projects Reserve					32,500			32,500
External Debt					32,500			32,500

NET OPERATING IMPACT (000's)	2021	2022	2023	2024	2025	2026
Operating costs						
Debt and finance charges						
Transfer to General Capital Fund						
Total Direct Costs	-	-	-	-	-	-
Less: Incremental Revenue/Recovery						
Net Cost/(Benefit)	-	-	-	-	-	-
Incremental Full Time Equivalent Positions	-	-	-	-	-	-

Class Estimate: 3

@	2021	2022	2023	2024	2025	2026
Class Estimate	3					
Detailed Design & Construction	65,000					

An Environment Act Licence has been issued for the North End Sewage Treatment Plant (NEWPCC) requiring treatment for nitrogen (N) and phosphorus (P). The implementation of a nutrient removal process will require a major plant expansion and, given the age of the existing structure and the complexity of phasing the construction, several new facilities will be constructed as part of this project. The NEWPCC Upgrade will be implemented in three projects (each with their own budget): 1) Power Supply & Headworks Facilities (delivered in two separate design build projects), 2) Biosolids Facilities, and 3) Nutrient Removal Facilities. The Power Supply & Headworks Facilities includes upgrades to the electrical supply and equipment at end of life.

The NEWPCC Upgrade: Power Supply & Headworks Facilities budget was based on a Class 3 cost estimate
The expected life of the structures are 50 years, the expected life of electrical and mechanical components are 25 years, and the expected life for computer related systems is 10 years.