Agenda – Executive Policy Committee – December 5, 2023

Reports – Standing Policy Committee on Water, Waste and Environment – November 24, 2023

Item No. 2 Request for First Charge Against the 2024 Capital Budget for Water and Waste Department Capital

STANDING COMMITTEE RECOMMENDATION:

On November 24, 2023, the Standing Policy Committee on Water, Waste and Environment concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That expenditures of up to $1,000,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Land Drainage Utility Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Outfall Rehabilitation.

2. That expenditures of up to $2,500,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Sewage Disposal System Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Sewer Renewals.

3. That expenditures of up to $375,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Sewage Disposal System Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Sludge Drying Beds Decommissioning.

4. That expenditures of up to $2,000,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Waterworks System Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Water Main Renewals.

5. That expenditures of up to $2,000,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Waterworks System Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Feeder Main Condition Assessment and Rehabilitation.

6. That expenditures of up to $2,000,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Waterworks System Fund, to allow for the award of contracts to ensure timely delivery of projects associated with the Water Treatment Plant Asset Refurbishment and Replacement Program.

Reports – Standing Policy Committee on Water, Waste and Environment – November 24, 2023

STANDING COMMITTEE RECOMMENDATION (continued):

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

Reports – Standing Policy Committee on Water, Waste and Environment – November 24, 2023

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION

On November 24, 2023, the Standing Policy Committee on Water, Waste and Environment concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Request For First Charge Against The 2024 Capital Budget For Water And Waste Department Capital

Critical Path: Standing Policy Committee on Water, Waste and Environment – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
C. D. Wiebe	T. W. Shanks	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

Council approval is required before the adoption of the 2024 Capital Budget in order to procure contracts in a timely manner for the following programs/projects funded from the 2024 Capital Budget:

- Outfall Rehabilitation;
- Sewer Renewals;
- Sludge Drying Beds Decommissioning;
- Water Main Renewals;
- Feeder Main Condition Assessment and Rehabilitation;
- Water Treatment Plant Asset Refurbishment and Replacement Program.

Upon approval of a first charge against the 2024 Capital Budget for these programs/projects, the Department will proceed with the standard procurement process as per the Materials Management Policy and Administrative Standard FM-002.

RECOMMENDATIONS

1. That expenditures of up to $1,000,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Land Drainage Utility Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Outfall Rehabilitation.

2. That expenditures of up to $2,500,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Sewage Disposal System Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Sewer Renewals.

3. That expenditures of up to $375,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Sewage Disposal System Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Sludge Drying Beds Decommissioning.

4. That expenditures of up to $2,000,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Waterworks System Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Water Main Renewals.

5. That expenditures of up to $2,000,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Waterworks System Fund, to allow award of contracts to ensure timely delivery of projects associated with the 2024 Feeder Main Condition Assessment and Rehabilitation.

6. That expenditures of up to $2,000,000 be authorized in 2023, or prior to the adoption of the 2024 Capital Budget, as a first charge against the Waterworks System Fund, to allow for the award of contracts to ensure timely delivery of projects associated with the Water Treatment Plant Asset Refurbishment and Replacement Program.

7. 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

Council approval is required for a first charge for expenditures of Capital funds prior to the adoption of the 2024 Capital Budget, not exceeding in total 30 percent of the expenditures estimated in the city's operating and capital budgets for the previous fiscal year.

IMPLICATIONS OF THE RECOMMENDATIONS

The recommendations, if approved, will allow a first charge on the 2024 Capital Budget to permit the award of contracts prior to the adoption of the 2024 Capital Budget.

Funds in the amount of $1,000,000 are included in the 2024 forecast of the 2023 Capital Budget submission for Outfall Rehabilitation, Account Distribution No. 446 181000 200754 20780001YY. Up to $1,000,000 is requested for a First Charge.

Funds in the amount of $21,000,000 are included in the 2024 forecast of the 2023 Capital Budget submission for Sewer Renewals, Account Distribution No. 444 181000 200752 20391001YY. Up to $2,500,000 is requested for a First Charge.

Funds in the amount of $375,000 are included in the 2024 forecast of the 2023 Capital Budget submission for Sludge Drying Beds Decommissioning, Account Distribution No. 444 181000 200752 20340011XX. Up to $375,000 is requested for a First Charge.

Funds in the amount of $19,000,000 are included in the 2024 forecast of the 2023 Capital Budget submission for Water Main Renewals, Account Distribution No. 443 181000 200751 20131001YY. Up to $2,000,000 is requested for a First Charge.

Funds in the amount of $3,700,000 are included in the 2024 forecast of the 2023 Capital Budget submission for Feeder Main Condition Assessment and Rehabilitation, Account Distribution No. 443 181000 200751 20040007YY. Up to $2,000,000 is requested for a First Charge.

Funds in the amount of $9,800,000 are included in the 2024 forecast of the 2023 Capital Budget submission for the Water Treatment Plant Asset Refurbishment and Replacement Program, Account Distribution No. 443 181000 200751 20025008YY. Up to $2,000,000 is requested for a First Charge.

Table 1 – Summary of Programs/Projects Requiring First Charge Approval against the 2024 Capital Budget for the Water and Waste Department

Program / Project	Fund	2024 Budget Forecast	First Charge on the 2024 Budget
Outfall Rehabilitation	Land Drainage Utility Fund	$1,000,000	$1,000,000
Sewer Renewals	Sewage Disposal System Fund	$21,000,000	$2,500,000
Sludge Drying Beds Decommissioning	Sewage Disposal System Fund	$375,000	$375,000
Water Main Renewals	Waterworks System Fund	$19,000,000	$2,000,000
Feeder Main Condition Assessment and Rehabilitation	Waterworks System Fund	$3,700,000	$2,000,000
Water Treatment Plant Asset Refurbishment and Replacement Program	Waterworks System Fund	$9,800,000	$2,000,000
Total		**$54,875,000**	**$9,875,000**

HISTORY/DISCUSSION

In order to procure contracts in a timely manner for the following programs/projects funded from the 2024 Capital budget, Council approval is required before the adoption of the 2024 Capital Budget:

- Outfall Rehabilitation;
- Sewer Main Renewals;
- Sludge Drying Beds Decommissioning;
- Water Main Renewals;
- Feeder Main Condition Assessment and Rehabilitation;
- Water Treatment Plant Asset Refurbishment and Replacement Program.

Outfall Rehabilitation
The Rivergate Drive Outfall is the only sewer relief outfall for the gravity portion of the South End Sewage Treatment Plant (SEWPCC) catchment area on the East side of the Red River. This outfall is critical to the SEWPCC operations and basement flooding protection. In 2022, the outfall was cleaned and inspected to assess the condition of the pipe. It was determined that approximately 52 meters of pipe urgently needs to be replaced to mitigate potential failure of the outfall pipe.

Council authorization for an expenditure of up to $1,000,000 before the 2024 Capital Budget is adopted, as a first charge on the 2024 Capital Budget, is required in order to procure contractors to begin work in early 2024 and ensure the construction work can be completed before March 2024.

Sewer Renewals
Over the past few years, there have been significant increases in prices for sewer rehabilitation projects, particularly for the rehabilitation of large diameter and non-circular sewers. These cost escalations have resulted in the deferral of three 2023 contracts until 2024. The Department also has a sewer condition assessment and cleaning contract that requires extension to support the overall program. Program funds will be exhausted prior to the adoption of the 2024 Capital Budget.

First charge funds are required for the procurement of consulting and contractor services so that detailed design is complete and construction tenders are issued in time for the May to October construction period. A delay could result in higher construction costs for work to be done in winter and/or impact level of service by delaying construction.

Council authorization for an expenditure of up to $2,500,000 before the 2024 Capital Budget is adopted, as a first charge on the 2024 Capital Budget, is required in order to procure consulting services and contractors for the 2024 Sewer Renewal Program and ensure timely construction tenders are issued for the 2024 construction season.

Sludge Drying Beds Decommissioning
The former sludge drying beds are located outside the City of Winnipeg limits, in the rural municipality (RM) of West St. Paul. This land was used in the biosolids dewatering process from the late 1960s until 2016. This process has been discontinued and an alternative land use for the sludge drying bed site is desired. However, the lands must first be confirmed as remediated. A requirement for an Environmental Impact Assessment by March 31, 2025, is part of the biosolids land application Environmental Act Licence. The next steps of this project involve procuring consulting services to assess the former sludge drying beds, complete environmental testing, and determine the work outstanding to confirm the site as remediated.

Council authorization for an expenditure of up to $375,000 before the 2024 Capital Budget is adopted, as a first charge on the 2024 Capital Budget, is required in order to procure consulting services in early 2024 to investigate site remediation works outstanding for the former sludge drying bed site.

Water Main Renewals
During the 2023 construction season, prices for water main renewal contracts were upwards of 40 percent higher than for similar work the previous year. Cost escalations resulted in the Department having to defer two 2023 contracts until 2024.

First charge funds are required for the procurement of consulting services so that detailed design is complete and construction tenders are issued in time for the May to October construction period. A year delay will impact level of service provided by the Department and could result in higher construction costs for work to be done.

Council authorization for an expenditure of up to $2,000,000 before the 2024 Capital Budget is adopted, as a first charge on the 2024 Capital Budget, is required in order to procure consulting services for the 2024 Water Main Renewals Program and ensure the timely issuance of construction tenders for the 2024 construction season.

Feeder Main Condition Assessment and Rehabilitation
The Charleswood-Assiniboia Feeder Main is part of City of Winnipeg's water distribution system. This feeder main was inspected as part of the Department's High-Risk River Crossing Condition Assessment Program. Inspection data showed significant corrosion and rehabilitation is required to manage risk associated with pipe failure that would impact the level of service.

Council authorization for an expenditure of up to $2,000,000 before the 2024 Capital Budget is adopted, as a first charge on the 2024 Capital Budget, is required in order to procure contractors to begin work in early 2024 to expedite associated material order and ensure the construction work can be completed at the earliest opportunity.

Water Treatment Plant Asset Refurbishment and Replacement Program
The Winnipeg Drinking Water Treatment Plant (WTP) has experienced concrete deterioration in various tanks and channels. A condition assessment and conceptual design completed in 2022 recommended the application of different concrete coatings and linings to various concrete structures within the WTP. The next steps of this project include procuring consulting services to complete a preliminary design, detailed design, and contract administration for the first phase of the concrete rehabilitation. The preliminary design phase was originally scheduled to begin in 2023. As a result of project cost escalations, the preliminary design was deferred until 2024.

First charge is being requested to ensure project schedule risk is minimized and preliminary design is complete by Q3 of 2024. Project delays will increase the potential for further concrete deterioration to occur and may result in increased costs due to continued deferral.

Council authorization for an expenditure of up to $2,000,000 before the 2024 Capital Budget is adopted, as a first charge on the 2024 Capital Budget, is required in order to procure consulting services for the WTP phase one concrete rehabilitation.

These contracts cannot be awarded without approved funds in place. Upon approval of a first charge against the 2024 Capital Budget for the programs/projects listed above, the Department will proceed with the standard procurement process as per the Materials Management Policy and Administrative Standard FM-002.

FINANCIAL IMPACT

Financial Impact Statement **Date:** **October 3, 2023**

Project Name:

REQUEST FOR FIRST CHARGE AGAINST THE 2024 CAPITAL BUDGET
FOR WATER AND WASTE DEPARTMENT CAPITAL

COMMENTS:

The Department is requesting First Charge on the 2024 capital budget totalling $9,875,000 (refer to Table 1 for details), in order to proceed with procurement of goods and services including consultants for assessment, preliminary and detailed design work for upcoming contracts for construction works for these programs/projects. Award Reports to the appropriate award authority for these projects would follow subject to Council approval of the First Charge.

The recommendations, if approved, will allow a first charge on the 2024 Capital Budget to permit the award of contracts prior to the adoption of the 2024 Capital Budget.

Lucy Szkwarek, CPA, CGA

Lucy Szkwarek, CPA, CGA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

Legal Services Department

OURWINNIPEG POLICY ALIGNMENT

This report aligns with OurWinnipeg 2045 policies as follows:

Goal: Leadership and Good Governance

Objective 1: Establish and implement priority actions through evidence-informed decision-making processes.

Policy 1.6 Results-Based Budgeting: Invest City resources in prioritized, proactive, long-term community-beneficial outcomes.

Goal: Environmental Resilience

Objective 1: Prioritize the transition to a resilient, low-carbon future through demonstrated organizational and community leadership, and collaborative actions that mitigate and adapt to a changing climate.

Objective 5: Protect and value ecosystems as essential components to life.

Policies:

2.1 Climate Action Targets: Pursue GHG reduction targets with a sense of urgency through meaningful climate action.

2.2 Climate Action Investment: Make climate action a higher priority by demonstrating its economic, social and environmental benefits to decision-makers.

2.17 Regional Water Resource Management: Protect local and regional watershed resources from the negative impacts of development, flooding and pollution.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the WCAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Water and Waste
Division: Engineering Services
Prepared by: B. Jones, P. Eng.
Date: October 6, 2023
File No.: 020-07-06-01-01

ATTACHMENTS:

Appendix A: Detail Sheets