Agenda – Executive Policy Committee – January 21, 2025

Report – Standing Policy Committee on Water, Waste and Environment – January 14, 2025

Item No. 1 Issuance of a Letter of Credit for Centreport South Force Main – Phase 1A Contract 2A

STANDING COMMITTEE RECOMMENDATION:

On January 14, 2025, the Standing Policy Committee on Water, Waste and Environment concurred in the Winnipeg Public Service, and recommended the following to Council:

1. That the issuance of an Irrevocable Letter of Credit to the RM of Rosser to a maximum amount of $1 million be approved.

2. That authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the Irrevocable Letter of Credit and any ancillary agreements necessary to give effect thereto and secure same, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

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

Agenda – Executive Policy Committee – January 21, 2025

Report – Standing Policy Committee on Water, Waste and Environment – January 14, 2025

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On January 14, 2025 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: Issuance of a Letter of Credit for Centreport South Force Main - Phase 1A Contract 2A

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

AUTHORIZATION

Author	Department Head	CFO	CAO
C. D. Wiebe, P. Eng., CAMP, Manager of Engineering Services	Tim W. Shanks, M. Eng., P. Eng., Director of Water and Waste Department	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

Parts of the work for the CentrePort South Regional Water and Wastewater Servicing Phase 1A Contract 2A - Force Main requires an early construction commencement agreement with the Rural Municipality (RM) of Rosser. This Agreement requires that the City of Winnipeg provide a Letter of Credit to the RM of Rosser.

This report is seeking Council approval for issuance of an Irrevocable Letter of Credit to a maximum amount of $1 million. The purpose of the Letter of Credit is to provide a financial assurance mechanism should the City fail to comply with its obligations under the Agreement. The amount identified is within the approved Capital project Budget.

RECOMMENDATIONS

1. That Council approve the issuance of an Irrevocable Letter of Credit to the RM of Rosser to a maximum amount of $1 million.

2. That authority be delegated to the Chief Financial Officer to negotiate and approve the terms and conditions of the Irrevocable Letter of Credit and any ancillary agreements necessary to give effect thereto and secure same, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

3. 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 to issue a Letter of Credit.

IMPLICATIONS OF THE RECOMMENDATIONS

Recommendation 1 will allow the City's subcontractor, Tri-Core Projects Ltd., to start construction on the CentrePort South Regional Water and Wastewater Servicing Phase 1A Contract 2A - Force Main in the RM of Rosser.

On March 20, 2023, the 2024 Capital Budget was adopted by Council and included $12.7 million for CentrePort South Water and Wastewater Servicing for a total project budget of $73.7 million, Account Distribution No's. 444 181000 200752 20370017YY (Sewer) and 443 181000 200751 20040012YY (Water) Miscellexp.

The cost to obtain and carry the Letter of Credit is estimated at $11,500.00. This estimated amount is included in the approved Capital Budget and no new funding is required.

HISTORY/DISCUSSION

CentrePort Canada is North America's largest trimodal inland port shared between the City of Winnipeg and the RM of Rosser. The goal of this project is to bring regional water and wastewater infrastructure to the southern portions of CentrePort Canada (CentrePort South) located within the City of Winnipeg. These lands, previously referred to as Airport Area West (AAW), will ultimately result in an additional 1,457 hectares of serviced lands planned for commercial and residential development.

On June 27, 2023, Kontzamanis Graumann Smith MacMillan Inc. (doing business as KGS Group) was awarded a contract for Professional Consulting Services for CentrePort South Regional Water and Wastewater Servicing – Phase 1A in accordance with RFP No. 122-2023.

KGS Group designed four construction contracts for CentrePort South Water and Wastewater Servicing – Phase 1A:

(a) Contract 1A – By-pass Lift Station
(b) Contract 2A – 450 mm Force Main
(c) Contract 3 – Interceptor and Intake Sewers; and
(d) Contract 4A – 750 mm Feeder Main

In July 2024, KGS Group completed the design for Contract 2A – 450 mm Force Main. As part of the design, two segments of the Force Main are to be located within the RM of Rosser.

The Public Service is pursuing Early Construction Commencement Agreement with the RM of Rosser. As part of this Agreement, a Letter of Credit is required by the RM of Rosser.

The value of the Letter of Credit is a maximum amount of $1 million and the Public Service agrees and acknowledges that $500,000.00 of the Letter of Credit will remain open and accessible for the RM of Rosser to utilize should the City fail to meet its obligations under the

Agreement. Upon successful completion of the work, the Letter of Credit will terminate and no longer be required.

Tri-Core Projects Ltd. is the contractor for the 450 mm Force Main work (Tender No. 427-2024) and would like to start construction work in the RM of Rosser. Failure to obtain a Letter of Credit will prevent construction from starting and delay the overall project schedule.

FINANCIAL IMPACT

Financial Impact Statement

Date: November 26, 2024

Project Name:

First Year of Program **2025**

ISSUANCE OF A LETTER OF CREDIT TO THE RURAL MUNICIPALITY OF ROSSER IN CONNECTION WITH THE EARLY CONSTRUCTION COMMENCEMENT AGREEMENT – CENTREPORT SOUTH REGIONAL WATER AND WASTEWATER SERVICING PHASE 1A CONTRACT 2A – FORCE MAIN

	2025	2026	2027	2028	2029
Capital					
Capital Expenditures Required	$ 4,500	$ 3,500	$ 3,500	$ -	$ -
Less: Existing Budgeted Costs	4,500	3,500	3,500	-	-
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 for this project are included in the approved Capital Budgets for CentrePort South Water and Sewer Servicing, Account Distribution No's. 444 181000 200752 20370017YY (Sewer) and 443 181000 200751 20040012YY (Water). This project is financed by Retained Earnings and Province of Manitoba Funding.

Lucy Szkwarek, CPA, CGA

Lucy Szkwarek, CPA, CGA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

- Corporate Finance – Treasury Division
- Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

This report aligns with OurWinnipeg 2045, Policy 2.17 Regional Water Resource Management, by protecting local and regional watershed resources from the negative impacts of development, flooding, and pollution.

> Objective: Protect and value ecosystems as essential components to quality of life through municipal activities and urban environment.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (WCAP) and its Goals and Objectives. 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 (WPRS) and its Goals and Objectives. It was determined that the WPRS is not applicable to this specific report.

SUBMITTED BY

Department: Water and Waste
Division: Engineering Services
Prepared by: Tim Turzak, C.E.T.
Date: November 26, 2024
File No.: S-1268