

Minutes – Standing Policy Committee on Water, Waste and Environment – July 2, 2026

REPORTS

Item No. 5 Award of Contract for Armstrong Sewer Relief Works (Contract 1) Tender No. 839-2025

STANDING COMMITTEE DECISION:

The Standing Policy Committee on Water, Waste and Environment concurred in the recommendation of the Winnipeg Public Service and approved the following:

1. That the City award, enter into, execute and deliver a Contract for Tender No. 839-2025, with Darco Group Ltd., the bidder who submitted the lowest responsive bid, in the amount of \$33,839,521.00, GST extra as applicable, 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”).
2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing

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DECISION MAKING HISTORY:

Moved by Councillor Rollins,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: Award of Contract for Armstrong Sewer Relief Works (Contract 1)
Tender No. 839-2025

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

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	B. D'Avignon, acting for T. Graham	J. Dunford

EXECUTIVE SUMMARY

The Public Service is recommending approval for the award of a contract to Darco Group Ltd. for the Armstrong Sewer Relief Works – Contract 1 Project in the amount of \$33,839,521, GST extra as applicable.

This contract is part of the Combined Sewer Overflow (CSO) program for the Armstrong sewer district. The work includes installation of new sewers on parts of:

- McPhillips Street;
- Leila Avenue;
- Aikins Street;
- Armstrong Avenue;
- Main Street; and
- McGregor Avenue.

Service lines from properties will be disconnected from the existing combined sewer and reconnected to the new wastewater sewer.

The recommended award is approximately 28 percent higher than the pre-bid estimate. However, it remains under the program budget. This capital project is paid from the approved 2021-2026 capital budgets for the CSO and Basement Flood Management Strategy Program. The report's recommendation follows the City's Purchasing Policy and all applicable trade agreements.

RECOMMENDATIONS

1. That the City award, enter into, execute and deliver a Contract for Tender No. 839-2025, with Darco Group Ltd., the bidder who submitted the lowest responsive bid, in the amount of \$33,839,521.00, GST extra as applicable, 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”).

2. 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

As the total conditional amount to be paid by the City pursuant to the contract exceeds \$10 million and there are sufficient funds in an approved budget, approval from the Standing Policy Committee on Water, Waste and Environment is required pursuant to the Purchasing Policy FI-003.

IMPLICATIONS OF THE RECOMMENDATIONS

Following award of this contract, \$55,296,634.89 will remain available from total funds in the amount of \$149,900,000.00 originally included in the approved 2021-2026 Capital Budget for CSO and Basement Flood Management Strategy Program, Account Distribution No. 444 181000 200752 20380001YY Contractex.

Economic Impact Analysis (EIA)

The estimated direct and indirect economic impact of this expenditure is:

Economic Impact	Manitoba	Rest of Canada
Gross Domestic Product (GDP)	\$22.2 million	\$6.0 million
Person Years of Employment	141	36
Federal Government Tax Revenue	\$2.5 million	\$0.7 million
Provincial Government Tax Revenue	\$2.0 million	N/A

Source: Statistics Canada. Table 36-10-0595-01 Input-output multipliers, detail level.

The evaluated expenditure for this project is \$35.1 million. The expenditure and estimated impacts are in 2026 dollars. Contingency and internal staff costs are excluded from the analysis. Some additional elements of the expenditure may be excluded to align with macroeconomic accounting principles.

The 2022 GDP at basic prices simple multiplier for other engineering construction [BS23C500] was used to assess this investment. Federal and provincial government tax revenue estimates include GST, MRST, personal income taxes, corporate income taxes and other sources of taxes and fees. These are estimated using the multipliers noted above in conjunction with effective tax rates calculated from the economic accounts produced by Statistics Canada.

HISTORY/DISCUSSION

This work is part of the Combined Sewer Overflow (CSO) Master Plan implementation program that will ultimately reduce CSOs in the Armstrong Sewer District. The work of this contract consists of the installation of a new wastewater sewer system on the following streets:

- McPhillips Street – Leila Avenue to approximately 100 meters south of Leila Avenue
- Leila Avenue – McPhillips Street to Aikins Street
- Aikins Street – Leila Avenue to Armstrong Avenue
- Armstrong Avenue – Aikins Street to Main Street
- Main Street at intersection with Armstrong Avenue
- McGregor Avenue – Leila Avenue to Forrest Avenue

The major components of the work are as follows:

- Construction of wastewater sewers ranging in size from 150 mm to 900 mm diameter by trenchless methods.
- Installation of new wastewater and land drainage sewer manholes.
- Reconnections of existing sanitary services to the new wastewater sewer system.
- Private sewer separations including installation of new on-site land drainage sewer system and land drainage service or new on-site wastewater sewer system and wastewater service.
- Relocation of existing utilities (temporary or permanent) and regrading of existing sewer and water services (as required) to permit the installation of the new wastewater and land drainage sewers, manholes and associated construction shafts.
- Installation of new catch basin leads and connections to the existing 2,700 mm combined sewer.
- Installation of steel encased PVC wastewater sewers for the CPKC Railway crossing and the 2,700 mm combined sewer crossing.
- Installation of concrete collars for the transitions from concrete pipe to PVC pipe and vice versa.
- Construction of connection manhole between the new 900 mm wastewater sewer trunk and existing 2,250 mm concrete wastewater sewer interceptor at Main Street/Armstrong Avenue intersection.
- Groundwater depressurization work for the shaft installations on Leila Avenue, at the CPKC Railway crossing and at Main Street/ Armstrong Avenue intersection.
- Surface restorations and related work.

The Tender closed on April 24, 2026, with bids received as follows:

Bidder	Bid Price
Darco Group Ltd.	<u>\$33,839,521.00</u>
Tri-Core Projects Ltd.	\$33,959,687.90
GIP Prairie Ltd.	\$40,834,461.00

Pre-bid Estimate \$26,441,547.00

The low total evaluated bid price bid of \$33,839,521 is approximately 28 percent higher than the Pre-bid Estimate. The Pre-bid Estimate is a Class 1 estimate (-10% to +15%) based on past bid prices for similar work in previous years. Complexity of the work, including the CPKC railway crossing and the interceptor connection, as well as large diameter pipe costs, accounted for most of the increased price.

A Pre-Award meeting was held on April 24, 2026, to confirm that the Contractor had the resources and ability to complete the work by the Substantial and Total Performance dates as specified in the Tender. Darco Group Ltd. provided confirmation that their Bid submitted was accurate and were satisfied that they could complete the work under the terms detailed in the Contract Documents, and as recorded in the Pre-Award Meeting Minutes, issued and dated April 26, 2026.

The total cost of the project including the contract works will be \$33,839,521 which is within the budget funds provided.

The Public Service is satisfied that the low Bidder has the necessary resources to perform all of the work in accordance with the requirements of the specifications. The low Bidder has satisfactorily carried out previous construction works of a similar nature.

The recommended Contractor has a Certificate of Recognition (COR) provided by the Manitoba Heavy Construction Association's WorkSafely Program, Certification No. MH041216D.

The Manager of Purchasing has advised that each of the bid submissions was accompanied by satisfactory Bid Security.

The financial status of the CSO and Basement Flood Management Strategy Program is as follows:

Authorized Capital		\$ 149,900,000.00
Amount of Previous Awards or Expenditures	\$ 60,763,844.11	
Amount of this Award	33,839,521.00	
Est. Engineering Cost	-	
Est. Manitoba Retail Sales Tax	-	
Est. Self Assessed MRST	-	
Corporate Interest Charges	-	
Corporate Administrative Charges	-	
Total Estimated Cost	\$ 94,603,365.11	\$ <u>94,603,365.11</u>
Estimated Residual for Remaining Projects		\$ <u>55,296,634.89</u>

The bid recommended for acceptance is the low bid meeting all requirements of the specifications. This offer is open for acceptance until August 22, 2026.

Construction will not commence prior to the award of contract.

FINANCIAL IMPACT**Financial Impact Statement**

Date: April 30, 2026

Project Name:**First Year of Program 2026**

AWARD OF CONTRACT FOR ARMSTRONG SEWER RELIEF WORKS (CONTRACT 1)

TENDER NO. 839-2025

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Capital</u>					
Capital Expenditures Required	\$ 10,151,856	\$ 23,010,874	\$ 676,790	\$ -	\$ -
Less: Existing Budgeted Costs	10,151,856	23,010,874	676,790	-	-
Additional Capital Budget Required	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Funding Sources:</u>					
Debt - Internal	\$ -	\$ -	\$ -	\$ -	\$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Additional Capital Budget Required	<u>\$ -</u>				
Total Additional Debt Required	<u>\$ -</u>				
<u>Current Expenditures/Revenues</u>					
Direct Costs	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Comments: Funds for this project are included in the approved Capital Budgets for the CSO and Basement Flood Management Strategy Program, Account Distribution No. 444 181000 200752 20380001YY. This project is financed by the Environmental Projects Reserve.					

bah
29-Apr-26Tanis Yanchishyn, CPA, CA
Tanis Yanchishyn, CPA, CA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services Department

OURWINNIPEG POLICY ALIGNMENT

This report is in accordance with the 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: Duane Baker, C.E.T.
Date: May 1, 2026
File No.: S-1309