

**Minutes - Standing Committee on Fiscal Issues - November 8, 2005**

**REPORTS**

**Minute No. 2            South End Water Pollution Control Centre Upgrading and Expansion  
- Financial Status Report No. 1  
File WS-7.3**

**STANDING COMMITTEE DECISION:**

The Standing Committee on Fiscal Issues concurred in the administrative recommendation and received the report as information.

**Minutes - Standing Committee on Fiscal Issues - November 8, 2005**

DECISION MAKING HISTORY:

Moved by Councillor Pagtakhan,

That the administrative recommendation be concurred in.

Carried

**RE: SOUTH END WATER POLLUTION CONTROL CENTRE (SEWPCC)  
UPGRADING AND EXPANSION - FINANCIAL STATUS REPORT #1**

**FOR SUBMISSION TO:** The Standing Committee on Fiscal Issues

**ORIGINAL REPORT SIGNED BY:** Barry D. MacBride, P.Eng.  
Director  
Water and Waste Department

**REPORT DATE:** October 31, 2005

**RECOMMENDATION(S):** That this report be received as information

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**REPORT SUMMARY**

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**KEY ISSUES:** This project is necessary to meet the anticipated conditions of an Environment Act License to be issued by Manitoba Conservation that include:

- Year round effluent disinfection
- Effluent limits for nitrogen and phosphorous
- Completed construction and commissioning by December 31, 2012.

**IMPLICATIONS OF THE RECOMMENDATION(S):**

**General Implications**

- |                                     |   |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | None  |
| <input type="checkbox"/>            | For the organization overall and/or for other departments               |
| <input type="checkbox"/>            | For the community and/or organizations external to the City of Winnipeg |
| <input type="checkbox"/>            | Involves a multi-year contract  |
- Comment(s):

**Policy Implications**

- |                                     |                   |
|-------------------------------------|-------------------|
| <input checked="" type="checkbox"/> | No                |
| <input type="checkbox"/>            | Yes – Comment(s): |

**Environmental Implications**

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/>            | None   |
| <input checked="" type="checkbox"/> | Yes – Comment(s): The upgrading and expansion proposed for the SEWPCC will improve effluent quality and thereby further protect the water quality and aquatic environments of the Red River and Lake Winnipeg. |

### Human Resources Implications

<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	Yes – Comment(s): The upgrading and expansion proposed for the SEWPCC will require additional staffing resources.

### Financial Implications

<input type="checkbox"/>	Within approved current and/or capital budget
<input checked="" type="checkbox"/>	Current and/or capital budget adjustment required

Comment(s): Approved Capital Funding for this project is in the amount of \$2,700,000. There is a requirement for future approvals of an estimated amount of \$17 million in future Capital Budgets to complete funding for the engineering services for this project.

## REPORT

### REASON FOR THE REPORT:

At its meeting held on December 16, 1999 City Council adopted a policy whereby all Capital projects with a total estimated cost of \$10 million or more be submitted by the associated Civic Department to the Standing Policy Committee on Fiscal Issues for review and recommendation prior to any bid solicitation being issued.

### HISTORY:

2004 December	Council adopted the 2005 Capital Budget and 2006 to 2010 Five- Year Forecast. Relevant projects and budget amounts approved in the 2005 Capital Budget and 2006 to 2010 Five-Year Forecast are: Nutrient Removal – SEWPCC (\$91,900,000); South End Water Pollution Control Centre Expansion (\$23,700,000); Capacity Study/Preliminary Engineering SEWPCC (\$2,700,000); and High River Level (Flood) Protection - SEWPCC (\$2,900,000).
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### DISCUSSION:

Pursuant to the administrative policy pertaining to Capital projects with a total estimated cost of \$10 million or greater, the formation of a Major Capital Projects Steering Committee is required. This committee has been formed and its members are as follows:

- Barry D. MacBride – Director, Water and Waste and Chair
- Mike Ruta - Corporate Controller (Alternate: Jason Ruby)
- Bill Larkin – Director, Public Works
- Harry Finnigan – Director, Planning Property and Development (Alternate: Ian McKay)

This committee has reviewed this report and concurs that the report be submitted for consideration to the Standing Policy Committee on Fiscal Issues.

In early 2004, discussions were held with Manitoba Conservation where it was indicated that the Province would require upgrading and expansion of the SEWPCC to be completed by December 31, 2012. The upgrading was to include the removal of nitrogen and phosphorous from the SEWPCC effluent as well as the inclusion of year round disinfection of the effluent. Additionally expansion of the SEWPCC treatment capacity is required to accommodate population growth in the catchment area of the SEWPCC.

Accordingly, engineering services for the upgrading / expansion of the SEWPCC are required.

Services to be provided under this engineering services contract include:

- Preliminary engineering;
- Functional engineering;
- Contract Administration (Resident and non-resident services);
- Additional Services. Additional Services include the preparation of operating manuals, an emergency response plan, start up and commissioning assistance, and training of operating staff.

Estimated cost of an engineering services assignment to 2013 is \$19.9 million and will be subject to the approval of the Standing Policy Committee on Public Works.

The assignment will be contingent on Council’s approval of future Capital budgets for the expansion / upgrading work at the SEWPCC. Although the plant upgrade will not be operational until 2012, because of the complexity and magnitude of the project, initiation of the project by the start of 2006 is required. The scope of engineering services may be adjusted or the assignment may be terminated depending on evolution of licensing requirements with the Province. Further, because not all of the funding for engineering services has been approved, it is intended the assignment be awarded in phases up to the amount of approved funding, and future phases be assigned contingent upon acceptable performance of the consultant and future approval of funding by Council.

**Budget Summary**

A summary of funds related to the upgrading and expansion of the SEWPCC included in the 2005 Capital Budget and 2006 to 2010 Five Year Forecast are shown in the following table:

<b>Project</b>	<b>Previous Budgets</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Total</b>

Capacity Study Preliminary Engineering (SEWPCC)	\$1,100,000	\$1,600,000	\$1,000,000				\$3,700,000
Nutrient Removal (SEWPCC)			\$7,600,000			\$84,300,000	\$91,900,000
Replacement of Primary Electrical Feed (SEWPCC)						\$150,000	\$150,000
SEWPCC Expansion			\$2,100,000	\$21,600,000			\$23,700,000
High River Level Flood Protection (SEWPCC)			\$1,700,000	\$1,200,000			\$2,900,000
<b>TOTAL</b>	\$1,100,000	\$1,600,000	\$12,400,000	\$22,800,000		\$84,450,000	\$122,350,000

The total estimated project cost is \$122.3 million. The budget estimates are very preliminary and will be subject to change based on revised estimates as additional engineering work is undertaken.

Additional financial information is provided in Appendix 1.

### Schedule

The preliminary project schedule based on the consultant's proposal is as follows:

DESCRIPTION	TIME FRAME
Preliminary Design	December 2005 to January 2007
Conceptual Design	January 2007 to July 2007
Functional Design	July 2007 to January 2008
Detailed Design	January 2008 to October 2009
Contract Administration / Construction	October 2009 to April 2012
Post Construction Services	April 2012 to December 2013

### FINANCIAL IMPACT:

The following financial impact statement for this project has been prepared in accordance with the recommendation adopted by Council on December 13, 2000.

**Project Name:** SOUTH END WATER POLLUTION CONTROL CENTRE UPGRADING AND EXPANSION  
**First Year of Program** 2005

**Comments:** As this report is submitted for information only, there is no financial impact related to the recommendation.

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Maira L. Geer C.A.  
Manager of Finance & Administration

**IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH AND CONCURRENCE BY: N/A**

**THIS REPORT SUBMITTED BY:**

Water and Waste Department  
Engineering Division  
Prepared by: A.H. Permut, P.Eng.  
File No. 020-17-08-25-01

**WATER AND WASTE DEPARTMENT - ENGINEERING DIVISION**  
**APPENDIX 1**  
**As at October 24, 2005**

Components	COSTS					PROJECTED COSTS TO COMPLETE						TOTAL	VARIANCE	NOTE	
	Total Budgeted Costs	Approved Budget To Date	Costs Incurred Up to Last report	Costs Submitted This Report	Total Costs Incurred to Date (per G/L) October 18, 2005	2005	2006	2007	2008	2009	2010 - 2013	Total Costs Remaining to Complete	Total Project Cost	Variance From Budget (Unfavourable)	
<b>ENGINEERING</b>															
A) PRELIMINARY DESIGN/CONCEPTUAL	4,600,000	2,700,000	0	0	0	150,000	2,900,000	1,550,000				4,600,000	4,600,000	0	
B) FUNCTIONAL/DETAILED DESIGN	8,200,000	0	0	0	0			1,600,000	3,600,000	3,000,000		8,200,000	8,200,000	0	
C) CONTRACT ADMIN/COMMISSIONING	7,100,000	0	0	0	0					300,000	6,800,000	7,100,000	7,100,000	0	
<b>Total Engineering</b>	<b>19,900,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>	<b>2,900,000</b>	<b>3,150,000</b>	<b>3,600,000</b>	<b>3,300,000</b>	<b>6,800,000</b>	<b>19,900,000</b>	<b>19,900,000</b>	<b>0</b>	
<b>FACILITIES CONSTRUCTION</b>															
A) NUTRIENT REMOVAL	79,500,000	0	0	0	0		6,300,000			73,200,000		79,500,000	79,500,000	0	
B) REPLACEMENT OF PRIMARY ELECTRICAL FEED	150,000	0	0	0	0					150,000		150,000	150,000	0	
C) SEWPCC EXPANSION	19,900,000	0	0	0	0		1,800,000	18,100,000				19,900,000	19,900,000	0	
D) HIGH RIVER LEVEL FLOOD PROTECTION	2,900,000	0	0	0	0		1,900,000	1,000,000				2,900,000	2,900,000	0	
<b>Total Facilities Construction</b>	<b>102,450,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>10,000,000</b>	<b>19,100,000</b>	<b>7,200,000</b>	<b>73,350,000</b>	<b>13,600,000</b>	<b>102,450,000</b>	<b>102,450,000</b>	<b>0</b>	
<b>Total</b>	<b>122,350,000</b>	<b>2,700,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,000</b>	<b>12,900,000</b>	<b>22,250,000</b>	<b>3,600,000</b>	<b>76,650,000</b>	<b>6,800,000</b>	<b>122,350,000</b>	<b>122,350,000</b>	<b>0</b>	