

Report to Council

To: Waterworks Committee - New Business
From: Administration - Utility
File #: DOP-CC-15
Date: November 14, 2023
Re: WPCF Upgrading Status

For Information

The Portage la Prairie Water Pollution Control Facility (WPCF) Upgrading project has not advanced as anticipated due mainly to 1) the inability to specify project cost certainty for capital and operating costs; and 2) the significant financial risk it represents for the City, the regional industries and the prospective P3 construction and operation contractor. The Province of Manitoba has denied the City's request to backstop the project with a financial guarantee for the capital and fixed cost components which is believed to be necessary for the project to proceed.

Prior to the election, the Province appointed a coordinator, Nick Kulyk, as requested by the City, to act as a Project Manager on behalf of the various departments involved. A meeting to provide Mr. Kulyk with the project history, status and issues of concern was held on August 15, 2023. There has been no further discussion with the Province concerning a financial backstop for the capital and operating costs.

Since the previous report, Manitoba Strategic Initiatives and Alternate Delivery provided an Interim Contribution Agreement under the Investing in Canada Infrastructure Program, and the City has made its first claim for funds. Administration has also sent a letter to Manitoba SIAD regarding the possibility of proceeding with a traditional Design-Bid-Build approach, or potentially other methods of procurement, to assess the implications with funding. An alternate procurement approach would have reduced complexities compared to the P3 process. No discussion has occurred, other than this would have to be addressed at Cabinet, and no formal response has been received.

Administration has made a request to SIAD to advance some urgently needed "early works" under the ICIP funding program. This would include replacing the automated control systems for several components, including the ultraviolet disinfection facility. Additional works could include HVAC and roof repairs. Again, no response has been received. Utilization of the biogas for electricity generation and/or heating could also be done. The

Province might insist on interim phosphorus reduction as was done in Selkirk and is being done in Winnipeg, however, this has not been discussed.

Administration continues to work on draft Industrial Service Agreements for each of the three industries: McCain Foods Ltd., NutriPea LLP, and Roquette, however, without knowing the final implementation strategy, these cannot be finalized. None of the industries have formally committed to wastewater flow and load limits. There are additional industries that are in discussions with the City and RM of Portage la Prairie. The water and wastewater requirements are preliminary and no commitments by either party have been made. The project directive is to construct modular facilities for future expansion; however, no additional capacity is being considered for future growth.

Administration is also preparing a proposal to the Public Utilities Board for the approval process for the utility rate amendments to coincide with the Public Private Partnership proposal submission process and contract award since this project is unique in Manitoba. Further discussion on the P3 project implementation process and the PUB process has not taken place. The rate amendment application has not yet been submitted.

The Utility Maintenance Building, which is being partially funded under the interim ICIP agreement, was substantially completed on December 22, 2022. There is one significant deficiency being negotiated, and until that is complete, the contractor will not achieve final completion. There are a few warranty items to be addressed. Two warranty items will be deferred to Spring, 2024.

The details of the P3 Project Agreement and Request for Proposal documents continue to be reviewed and revised as needed. Project payment mechanism options and industrial service agreement cost-sharing approaches are being considered. It is intended to issue the RFP once the wastewater loading and required treatment is confirmed, a payment guarantee is received from the Province, and the PUB process is approved; which should be in the Fall.

Tasks over the next several months will include addressing the “early works” with the Province; addressing the project implementation process; confirming the industrial wastewater loading and treatment requirement; finalizing the scope of work for the Request for Proposals and the Project Agreement; obtaining approval of the process for approval of utility rates and preparing the initial utility rate application for the PUB.