

## Report to Council

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**To:** Waterworks Committee  
**From:** Administration  
**File #:** DOP-CC-15  
**Date:** August 12, 2024  
**Re:** WPCF Upgrading Status

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### 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 previous government of the Province of Manitoba denied the City's request to have the Province backstop the project with a financial guarantee to pay for the capital and fixed operating cost components going forward in the event of a loss of revenue for the City Utility. This financial backstop is believed, by the City and prospective contracted operators, to be necessary to mitigate financial risk and for the project to proceed. Since August 2023, there has been no formal discussion with the Province concerning a financial backstop for the capital and operating costs.

Administration held discussions with the Canada Infrastructure Bank on two occasions in the past quarter. The CIB agrees that considerable financial risk is evident for the City and prospective proponents, and, if they were a lender to the project, they would require some form of risk mitigation such as a Provincial backstop. The CIB is to contact the Province to discuss their potential involvement in the project and their concerns. As of June, they had still not set a date to meet.

The City has proceeded with "Early works" as permitted under the Interim Contribution Agreement under the Investing in Canada Infrastructure Program and approved by Manitoba Strategic Initiatives and Alternate Delivery. The Utility Maintenance Building construction has been completed. Additionally approved "Early Works" are in progress. These include the WPCF office roof renewal, office HVAC replacement, and PLC and automated control communications systems upgrading and replacement.

The administration is reviewing the necessity for additional Early Works to enable the treatment process to operate without interruption or failure. These Works include sludge digester mixing upgrades, decommissioning of the Bulk Volume Fermenter, utilization of the biogas for electricity generation and/or heating. Components such as bar screening, grit removal and ultraviolet disinfection are also at or nearing the end of their reliable operating life.

Manitoba Environment and Climate Change has been provided quarterly project status reports and they have continuously been advised of the project impediments and that the City will not meet the December 31, 2024, Environment Act license compliance deadline. They have not yet insisted on interim phosphorus reduction, as has been required in other jurisdictions.

Administration previously sent a letter to Manitoba SIAD regarding the possibility of proceeding with a traditional Design-Bid-Build (DBB) 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 taken place, other than this would have to be addressed at the Cabinet level, and a formal response has yet to be received.

There has been no further advancement of the 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 for the long term. None of the industries have formally committed to wastewater flow and load limits for the future. Current Industrial Agreements expire at the end of the year and will have to be extended. 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; and no additional capacity is being considered for future industrial growth. There will be an allowance for residential growth in the design.

There has been no further advancement of a planned 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.

There has been no further advancement of the P3 Project Agreement and Request for Proposal documents. Project payment mechanism options and industrial service agreement cost-sharing approaches need to be considered and finalized. 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.

Tasks over the next several months will include:

- Implementing the approved “early works” (roof, HVAC, Control System);
- Assessing the need for additional early works;
- Application to SIAD (Province) for approval of additional early works;
- Discussion with the Canada Infrastructure Bank regarding financing of the City’s share of the project, if their discussions with the Province are positive;
- Discussion with the Province regarding the financial backstop for the Project;
- Addressing the project implementation model (DBFOM or DBB) and process with the Province;
- Negotiating extensions of the interim industrial service agreements;
- Confirming the industrial wastewater loading and treatment requirements for the future;
- 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.