

Report to Council

To: Waterworks Committee – New Business
From: Administration
File #: DOP-CC-15
Date: April 22, 2024
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 City is still pursuing a financial backstop from the Province of Manitoba, which is necessary to mitigate the financial risk of the City such as experiencing a significant loss of utility revenue due to the loss of a large utility member.

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 City has made its first two claims for grant funds in accordance with the interim agreement, for Engineering services and for the Utility Maintenance Building construction. Additional approved “Early Works” are in progress. This includes WPCF roof renewal, HVAC replacement, and PLC and automated control communications systems upgrading and replacement. Utilization of the biogas for electricity generation and/or heating was not approved as “Early Works”.

Manitoba Environment and Climate Change has been provided quarterly project status reports. They have not yet insisted on interim phosphorus reduction as was done in Selkirk and is being done in Winnipeg.

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 for the long term. Current Industrial Agreements expire this summer and will have to be extended. None of the industries have formally committed to wastewater flow and load limits. 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.

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 contractor achieved Final Completion. There are warranty items that will be addressed in early summer.

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.

Tasks over the next several months will include:

- Implementing the “early works”.
- Discussion with the Canada Infrastructure Bank regarding financing of the City’s share of the project.
- 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.
- 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.