REPORT

MEETING TYPE: Regular Council Meeting

To:	Council
From:	Yajvir Deswal, Engineering and Capital Projects Manager
Date:	June 18, 2025
Subject:	WWTP Expansion and Hwy 72 Servicing Extension- MHIP - Health and Safety Water Stream Funding Application
Report No.:	2025-592

TITLE: WWTP Expansion and Hwy 72 Servicing Extension- MHIP - Health and Safety Water Stream Funding Application

RECOMMENDATION:

THAT Council authorizes staff to proceed with the submission of an application under the Municipal Housing Infrastructure Program – Health and Safety Water Stream (MHIP–HSWS) for the Sioux Lookout Wastewater Treatment Plant (WWTP) Expansion and Hwy 72 Servicing Extension project; and further,

THAT Council approves the inclusion of the required municipal capital contributions to support the application, with funding to be sourced from a combination of capital project reserves, taxation, and long-term debt, to be confirmed through future capital budgeting processes.

PURPOSE:

The purpose of this report is to seek Council approval to submit a funding application to MHIP–HSWS to support infrastructure upgrades that expand WWTP treatment capacity and enable future housing development through the Hwy 72 service extension.

BACKGROUND:

The Municipality of Sioux Lookout is pursuing strategic upgrades to its wastewater infrastructure to address long-term servicing needs. The existing WWTP, located at 159 King Street, is nearing its rated capacity of 2,840 m^3/day, with future projections estimating a required capacity of 3,400 m^3/day. Expansion is necessary to meet future residential and commercial growth targets.

In parallel, the Municipality has developed servicing designs for the Hwy 72 extension, intended to support a potential 64-unit development. This scope was originally issued as a provisional item under the Pelican Park Lift Station project, but was deferred to better align with external funding opportunities and development timelines.

DISCUSSION:

The proposed application includes:

- Expansion of the WWTP using Membrane Aerated Biofilm Reactor (MABR) technology
- Construction of a new outfall, routed west of the existing alignment
- Upgraded solids management and dewatering infrastructure
- Extension of water and wastewater servicing along Hwy 72 to support residential development

These components are functionally interconnected. Hwy 72 servicing is dependent on added plant capacity, justifying its bundling with the WWTP project under this funding stream.

A Class D cost estimate was prepared by CIMA+ (attached), identifying total estimated costs of approximately $16.49M, subject to a 25% contingency under the MHIP–HSWS guidelines. The application allows for eligible expenses incurred after April 1, 2024 to be reclaimed.

Some costs related to engineering design and studies have already been approved by Council and incurred. Pending approval, these could be included for reimbursement under the funding agreement.

The Environmental Assessment for the WWTP is currently in Phase 3, with the Environmental Study Report (ESR) expected by Fall 2025. The Hwy 72 component has completed engineering design but remains unfunded for construction which was already approved by Council.

The MHIP–HSWS program allows municipalities to claim up to 73% of total eligible project costs, with the remaining 27% to be funded by the applicant municipality.

RELATIONSHIP TO THE STRATEGIC PLAN:

This project supports the following goals and priorities of the Municipality's 2020–2025 Strategic Plan:

Strategic Priority: Community Innovation & Development

- Provide infrastructure and housing to meet the needs of our community, now and as it grows
- Enable community growth through proactive servicing strategies

Strategic Priority: Operational Excellence

- Maximize use of external funding to reduce long-term debt and optimize lifecycle costs

FINANCIAL IMPLICATIONS:

Project Element	**Estimated Future Cost**
WWTP Expansion	$16.49M

Hwy 72 Servicing Extension	$514,210
Project Total	$17M
Contingency(25%)	$4.25M
Estimated Municipal Contribution (27%)	($5.74M)
Estimated MHIP–HSWS Contribution (73%)	($15.51M)

A 25% contingency has been applied in alignment with MHIP–HSWS funding guidelines, which allow for coarse Class D estimates in early-stage applications. This buffer accounts for potential changes in scope, inflation, or unforeseen construction costs. Final municipal contribution will be through long-term debt.

ATTACHMENTS:

1. Tender_T010-2025_Makkinga Contractors proposal Hwy 72.pdf
2. WWTP Expansion Class D Cost Estimate.pdf

Written By:
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Approved By:
Brian P. MacKinnon, CAO/Municipal Clerk