REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED MAY 9, 2001

On motion of His Worship Mayor Murray, the Report of the Executive Policy Committee, dated May 9, 2001, was considered clause by clause.

Moved by His Worship Mayor Murray,

That the Consent Agenda, Clauses 1,2,3,4,5,6 and 7, be adopted.

Councillor Timm-Rudolph requested that Clause 1 be pulled from the Consent Agenda.

Councillor Lazarenko requested that Clause 7 be pulled from the Consent Agenda.

The motion to adopt the Consent Agenda, Clauses 2,3,4,5 and 6, was put and declared carried.

The Speaker resumed the chair.

2001 Local Improvement Charges for Ornamental Street Lighting, Ornamental Lane Lighting and Wood Pole Lane Lighting as Established by By-law No. 98/72

Files H (Vol. 9), SC-6 (Vol. 5), SL-1 (Vol. 21)

547 - 1. The Executive Policy Committee has been advised that amendments to Local Improvement rates require the approval of the Chief Administrative Officer and Council.

Local Improvement Capital Projects are financed partly by a direct levy on the properties benefited (Property Owner's Share) and partly by a mill rate levy over the City-at-large (City's Share). The direct levy is based on the Local Improvement Charges and the size of their property. Any costs above what is collected from the benefiting property owners are paid by the City-at-large, with the City paying no more than 4/7 (four/sevenths) of the total cost of each project.

Winnipeg Hydro, in consultation with Manitoba Hydro, conducted a review of the costs and charges established by By-law No. 98/72. The result of the review indicates that the assessment for Ornamental Street Lighting, Ornamental Lane Lighting and Wood Pole Lane Lighting should be increased. There have been no increases since 1995 for Ornamental Street Lighting and both Ornamental and Wood Pole Lane Lighting.

A financial impact statement has not been prepared because there is no way to measure the financial impact of increasing the local improvement rate. Increasing the rate means that the City will not incur any local cost beyond the 4/7 maximum cost requirement of The City of Winnipeg Act. With the proposed levy rate increases, the recovery rate for Ornamental Street Lighting, Ornamental Lane Lighting, and Wood Pole Lane Lighting will be approximately equal to the frontage foot cost of installing the above by Local Improvement.

The Executive Policy Committee recommends:

I. That the charges to the benefiting property owners for ornamental street lighting, ornamental lane lighting, and wood pole lane lighting be revised as follows:

Ornamental Street Lighting - no change.

Ornamental Lane Lighting - to increment by $5.43 from $5.50 to $10.93 for each foot of frontage. A 98.7% increase.

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Wood Pole Lane Lighting - to increment by $0.05 from $1.20 to $1.25 for each foot of frontage. A 25% increase.

II. That the new rates become effective upon adoption by Council and shall apply to proposed Local Improvement projects intended to be advertised thereafter.

III. That the City Solicitor/Manager of Legal Services be requested to prepare the necessary amending by-law in accordance with the foregoing.

IV. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.

On April 26, 2001, Council referred the matter back to the Executive Policy Committee for further consideration.

On May 9, 2001, the Executive Policy Committee reconsidered the above matter, concurred in the recommendations noted above, and resubmits same to Council for favourable consideration.

Moved by His Worship Mayor Murray,
Adoption of the clause.

Moved by Councillor Angus,
That the clause be laid over until the next meeting of Council on June 20, 2001.

Carried.

Proposed Widening of Part of the West Side of St. Anne's Road, North and South of Rose Avenue
File DAO 12/2000

548 - 2. The Executive Policy Committee has been advised that the dedication of lands as a public street requires a by-law pursuant to Section 495 of The City of Winnipeg Act.

On June 19, 1996, Council approved Clause 9 of the Report of the former Committee on Planning and Community Services dated May 28, 1996. One of the recommendations of the report was that the applicant, The Home Depot of Canada, dedicate, at no cost to the City, a 4.572 metre widening to the St. Anne's Road right of way along the developer owned and controlled property as outlined on Schedule "A". The Home Depot has recently prepared the documents required to dedicate its land.

The proposal has been circulated to all interested City departments and public utilities. There have been no objections to the street widening. The Local Improvements Branch has advised that the Local Improvement levies for the affected properties, estimated at approximately $750.00, will need to be paid by the applicant.

The roadway pavement and services north of Rose Avenue have been in place since the construction of the Home Depot store in 1996/1997. The Public Works Department has advised that there are no plans to widen the street south of Rose Avenue at any time in the immediate future. The small parcel of land south of Rose Avenue is being dedicated as a street to complete The Home Depot's obligations to The City of Winnipeg.

This report is submitted in accordance with the provisions of By-law No. 7325/98, a by-law to amend current procedures to allow certain street opening and closing applications to be submitted to the Executive Policy Committee for report to Council without the requirement to be reviewed by a Standing Policy Committee.

The following criteria must be met before the authority given in the by-law may be exercised:

1. The proposed opening and acquisition must have been approved by the Director of Public Works.

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2. The proposed opening must have been submitted to all affected City Departments and public utilities with no objections having been received.

3. Any conditions regarding engineering aspects (i.e. relocation of facilities) must have been mutually agreed to.

4. The affected property owner(s) must have agreed to the terms and conditions of the acquisition of the land required for the opening.

5. The terms and conditions of any agreements concerning the proposed opening and acquisition must have been approved by the Director of the department that requested the opening and either the Standing Committee on Fiscal Issues, the Standing Policy Committee on Property and Development, or the Director of Planning, Property and Development, as is appropriate.

All of these criteria have been met.

Copy of attachment referred to in the above clause is on file in the office of the City Clerk.

The Executive Policy Committee recommends:

I. That the City Solicitor/Manager of Legal Services be instructed to prepare the necessary by-law for submission to Council to effect the street opening in accordance with Schedule "A", Misc. Plan No. 11046/1.

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Adopted by consent.

Proposed Closing of Part of Gablehurst Crescent and the Adjoining Public Lanes
File DAC 6/2000

549 - 3. The Executive Policy Committee has been advised that the closure of the street and lanes requires a by-law pursuant to Section 495 of The City of Winnipeg Act.

In May 2000, Qualico Developments (Winnipeg) Ltd. submitted an application to subdivide and rezone the lands shown as DASZ 10/2000, as outlined on Schedule "B". The subdivision application was approved by Council on September 20, 2000. It is necessary to close the portion of Gablehurst Crescent and the public lanes so that they may be transferred to Qualico and incorporated into the subdivision.

The proposal was circulated to all affected City departments and public utilities. There were no administrative objections to the closing.

The street and lane closure was approved by the Riel Community Committee at its public meeting held on July 11, 2000.

The terms and conditions of the sale of the closed street and lane were approved by the Standing Policy Committee on Property and Development on December 13, 2000.

These rights-of-way do not physically exist and there is no public use of the land.

The street and lanes must be closed before they can be incorporated into the subdivision. Title to all public rights-of-way in this province is vested in the name of the Crown. The registration in the Winnipeg Land Titles Office of a closing by-law removes the public right-of-way status from the land and vests the ownership of the property in the City's name. The City is not entitled to dispose of the land until this has been done.

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All costs associated with this proposal are the responsibility of the applicant, Qualico Developments. There is, therefore, no financial impact to the City.

Copy of attachments referred to in the above clause are on file in the office of the City Clerk.

The Executive Policy Committee recommends:

I. That the City Solicitor/Manager of Legal Services be instructed to prepare the necessary by-law for submission to Council to effect the closing in accordance with Schedule "A", Misc. Plan No. 10936.

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Adopted by consent.

Expenditure from the Land Dedication Reserve Fund – 4025 Roblin Boulevard – Assiniboia Community
File EP-2 (Vol. 28) [c/r DAZ 220/2000]

550 - 4. The Executive Policy Committee has been advised that the Assiniboia Community Committee concurred in the allocation of $5,400.00 from the Assiniboia Community Committee Land Dedication Reserve Fund for the planting of trees in the acquired park to act as a noise attenuation buffer.

The Executive Policy Committee concurs with the above and recommends that funds in the amount of $5,400.00 be approved from the Assiniboia Community Committee Reserve Fund for the project.

Adopted by consent.

Expenditure from the Land Dedication Reserve Fund – Crocus Park Softball Diamond – East Kildonan-Transcona Community
Files EP-2 (Vol. 28), PR-7 (33) (Vol. 2)

551 - 5. The Executive Policy Committee has been advised that the East Kildonan-Transcona Community Committee concurred in the allocation of $33,000.00 from the East Kildonan-Transcona Community Committee Reserve Fund for the construction of a baseball diamond in Crocus Park.

The Executive Policy Committee concurs with the above and recommends that funds in the amount of $33,000.00 be approved from the East Kildonan-Transcona Community Committee Reserve Fund for the project.

Adopted by consent.

Expenditure from the Land Dedication Reserve Fund – Lindsey Wilson Park – Riel Community
File EP-2 (Vol. 28)

552 - 6. The Executive Policy Committee has been advised that the Riel Community Committee concurred in the allocation of $25,000.00 from the Riel Community Committee Land Dedication Reserve Fund for park development, which may include lighting, at Lindsey Wilson Park in Island Lakes.

Report of the Executive Policy Committee dated May 9, 2001

The Executive Policy Committee concurs with the above and recommends that funds in the amount of $25,000.00 be approved from the Riel Community Committee Reserve Fund for the project.

Adopted by consent.

Termination of the Brinks Contract with The City of Winnipeg
File GL-9 (Vol. 16)

553 - 7. On April 25, 2001, Council ruled automatic referral of the following motion to the Executive Policy Committee, under Rule 16.1 of the Procedure By-law No. 5400/90:

Moved by Councillor Lazarenko,
Seconded by Councillor Smith,

WHEREAS Local 979 of the Teamsters Union has been on a legal strike against Brink's Canada since October 28, 2000;

AND WHEREAS although the Union has reached a mediated settlement with Loomis, the Union and Brink's remain far apart, primarily on money issues;

AND WHEREAS Brink's has a three-year "per-pick up" contract with the City of Winnipeg, renewable in December 2001, to pick up money from various locations including Transit Treasury, the Treasury Branch in the Administration Building, pools and golf courses, with total annual payments as follows:

1999 $101,000

2000 $102,000

2001 $ 10,000 (projected)

AND WHEREAS due to the labour dispute and in spite of the company's use of replacement workers, Brink's has been unable to meet the City's requirements;

AND WHEREAS the Union may be in a position to receive sympathetic support from the City's 9,500 unionized employees;

THEREFORE BE IT RESOLVED that the City terminate its contract with the struck company.

On May 9, 2001, the Executive Policy Committee considered the matter and recommends that the motion be filed.

Moved by His Worship Mayor Murray,
That the recommendation of the Executive Policy Committee, that the clause be filed, be adopted.

Carried.

Councillor Lazarenko asked to be recorded as having voted against the recommendation of the Executive Policy Committee, that the clause be filed, in accordance with Rule 50.7 of the Procedure By-law.

REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED MAY 16, 2001

On motion of His Worship Mayor Murray, the Report of the Executive Policy Committee dated May 16, 2001, was considered clause by clause.

Moved by His Worship Mayor Murray,
That the Consent Agenda, Clauses 1,2,3,4 and 5, be adopted.

Councillor Steek requested that Clause 4 be pulled from the Consent Agenda.

The motion to adopt the Consent Agenda, Clauses 1,2,3 and 5, was put and declared carried.

Annual Report to the Minister of Intergovernmental Affairs regarding compliance with Part 3 of The City of Winnipeg Act - "Official Languages of Municipal Services"
File GL-5.7 (Vol. 7)

554 - 1. Part 3 of The City of Winnipeg Act (87.13) requires that:

"The council shall annually, not later than four months after the end of the fiscal year of the city, make a report in English and French to the minister respecting the compliance by the city with its obligations under this Part and that report shall include particulars of any complaints under this Part filed with the ombudsman and the disposition of each of those complaints."

In June 1992, the Province of Manitoba passed Bill 78 amending Part 3 of The City of Winnipeg Act (CWA). Part 3 was proclaimed effective May 1, 1994. As required under the new law, a French Language Services Coordinator was appointed in September 1993.

Pursuant to CWA requirements, Council passed its first French language services by-law (By-law No. 6402/94) in 1994. On July 19, 1999, Council adopted By-law No. 7490/99, to replace By-law No. 6402/94. Council also adopted a revised Statement of Policy on French Language Services at that time.

The extent of the City's compliance with the Act, to date, is outlined in Appendix "A". A letter from the Société franco-manitobaine (SFM) with their views on the City's progress is outlined in Appendix "B".

There is no financial impact.

Copy of attachments referred to in the above clause are on file in the office of the City Clerk.

The Executive Policy Committee recommends:

I. That Council receive the report as information and refer it to the Minister of Intergovernmental Affairs, in accordance with Part 3 of The City of Winnipeg Act.

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Adopted by consent.

Report of the Executive Policy Committee dated May 16, 2001

Employer Pension Contributions to the Civic Pension
File GU-2.4 (Vol. 4), GU-3 (Vol. 16)

555 - 2. The Executive Policy Committee has been advised that City Council approval is required to amend a previously adopted Council policy.

On December 15, 1999, Council approved the restructuring of the City of Winnipeg Employee Benefits Program into a joint trusteeship.

On February 23, 2000, Council adopted a number of recommendations dealing with financial policy with regard to restructuring of The City of Winnipeg Employee Benefits Program. As a result, a number of recommendations were adopted. In particular,

"That, subject to Revenue Canada regulations, a Policy be adopted that the City's share of actuarial surpluses be used to reduce employer contributions to the Employee Benefits Program (including Long Term Disability) to a long term sustainable level, determined as follows:

- the reduction in contributions will be based on an annual actuarial calculation that amortizes the City's share of surplus over the expected future service of the City's employees;

- the resulting contribution rate will not be less than 2.3% of pensionable earnings".

In addition, the following Recommendation IV. was also adopted:

IV. "That a Policy be adopted that employers' pay, at a minimum, the Long Term Disability costs on an ongoing basis per the experience of each employer in the Plan".

On November 22, 2000, Council was advised that the terms of the Letter of Understanding now differed materially from that initially adopted by Council on December 15, 1999, specifically:

> "In the event of a wind-up of the Program and where no unfunded liability exists the City shall be entitled to all monies in the City Account and an arbitrator shall determine the distribution of any surplus in the Main Account and in the event of a wind-up of the Program and where an unfounded liability exists and steps 1 to 7 of the Agreement-in-Principle have been implemented, monies in the City Account may be required to reduce the unfunded liability".

The Report further stated that "Given the preceding, the City may wish to review the level of its contributions to the Program on an ongoing basis".

Until the new Board of Trustees is finalized it is prudent to only contribute to the pension plan at the level required to pay for the costs of the Long Term Disability. Due to the provisions of the Employee Benefits By-law it is required, at this time, to contribute to Long Term Disability, but an employer would not want to contribute in excess of Long Term Disability as it is problematic to obtain a refund from a pension plan.

The 2000 costs by employer and as a percentage of pay was as follows:

	% of Pay	Amount of Long Term Disability
City of Winnipeg	1.5788%	$4,731,913.10
Winnipeg Enterprises	.9139%	$14,739.66
Riverview	2.9752%	$579,785.36
Convention Centre	2.4882%	$75,601.29
(See Appendix "A" for details)		

For 2001 and future years, the actual amount of contributions will be equal to the long-term disability benefits paid in 2001 and succeeding years, and will depend on the experience of the employer in a given year.

It should be noted that some small employers made no long-term disability contributions during 2000 as they did not have any employees who were in receipt of long-term disability benefits.

Report of the Executive Policy Committee dated May 16, 2001

In addition, City Council on February 23, 2000 adopted the following policy:

> "Where the City has a financial arrangement with the employer of record, (i.e. when there is financial support, given or received, from the City), and where the City has the budgetary and/or accounting mechanism to effect the required adjustment, that the financial benefits from the reduction in pension contributions flow to the tax-supported general revenue fund".

To be consistent with this policy, once the recommendation in this report is adopted by City Council, the Corporate Finance Department will be advising those employers that have a financial arrangement with the City of the required adjustments in order to affect the recommended policy for 2000 and ongoing years. Any adjustment received by the City from external organizations will be credited to the Pension Stabilization Reserve.

The Executive Policy Committee recommends:

I. That all employers contribute to the Employee Benefits Program at a rate of pay sufficient to cover their individual long-term disability costs retroactive to the year 2000 until finalization of the new Joint Trustee Board is completed.

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Adopted by consent.

Expenditure from the Land Dedication Reserve Fund – Bunn's Creek Environmental Stewardship Association – East Kildonan-Transcona Community
File EP-2 (Vol. 28)

556 - 3. The Executive Policy Committee has been advised that the East Kildonan-Transcona Community Committee concurred in the allocation of $75,000.00 from the East Kildonan-Transcona Community Land Dedication Reserve Fund for the Kildonan Clean and Green Team.

The Executive Policy Committee concurs with the above and recommends that Council criteria be waived as required and funds in the amount of $75,000.00 be approved from the East Kildonan-Transcona Community Land Dedication Reserve Fund for the project.

Adopted by consent.

Financial Management Plan – Review of Reserves
File F-1 (Vol. 15)

557 - 4. On April 18, 2001, the Executive Policy Committee concurred in the updated Financial Management Plan, forwarded same to Council, and referred the management of reserve funds to the Standing Committee on Fiscal Issues for policy review.

On April 25, 2001, Council adopted the Financial Management Plan (Clause 2 of the Report of the Executive Policy Committee dated April 18, 2001).

On May 8, 2001, the Standing Committee on Fiscal Issues considered the above-noted matter and passed the following motion, namely:-

> *"That the recommendations contained in the report from the Director of Corporate Finance dated May 4, 2001, entitled "Review of Reserves", be concurred in and forwarded to the Executive Policy Committee for favourable consideration."*

Report of the Executive Policy Committee dated May 16, 2001

The Executive Policy Committee has been advised that Council authority is required to amend the purpose or conditions applicable to any City Reserve.

On January 13, 1998, Corporate Finance made a presentation with respect to the status of the City's reserves, their purpose, balances and issues relating to the use of reserves. Further to that report, the Chief Financial Officer (CFO) requested additional analysis concerning targeted reserve balances. The Corporate Controllers division conducted interviews of each department and prepared a report to the CFO and Director of Corporate Finance dated December 10, 1998 concerning these issues.

Further discussions ensued with departments and the Corporate Controllers division developed target levels for the reserves. In addition, the Corporate Controllers division implemented a process whereby departments now prepare five-year forecasts for their reserves on a quarterly basis. The first forecasts were submitted for the quarter ending December 31, 1999.

During this same time, the Corporate Controllers division was involved in conducting detailed reviews of the land operating reserve, the land dedication reserve and the equipment replacement reserve. Operations in the land operating reserve recently changed significantly. Analysis of the land dedication reserve has led to a request to the City Auditor for further review. The equipment replacement reserve was also reviewed recently and there are significant reporting recommendations that will be implemented by a joint committee of users.

Council reviews reserves upon request and, historically, reserves are established at the same time as the current estimates are considered when departments identify a need for a new reserve.

The following provides further clarification of the Administrative recommendations:

Recommendation 1:

That for better presentation the classification of Reserves in the City's financial statements be as follows:

Stabilization Reserves: - Established to deal with unanticipated fluctuations in revenues or expenditures.

Included in the Stabilization Reserves classification are the following:

Fiscal Stabilization
Mill Rate Stabilization

Capital Reserves: - Established to provide funding for capital projects in order to reduce the amount required to finance by debt.

Included in the Capital Reserves classification are the following:

Watermain Renewal
Environmental Projects
Wastewater Sewer Renewal
Brady Landfill Rehabilitation
Computer Equipment Replacement
Golf Courses
Transit Bus Replacement
Combined Sewer
Aqueduct Rehabilitation
Water Treatment
Point Du Bois Generating Station
Concession Equipment Replacement
Library
Equipment Replacement

Special Purpose Reserves: - Established to maintain specific program needs and provide budgetary stabilization.

Included in the Special Purpose Reserves classification are the following:

Commitment
Economic Development Investment
Housing Rehabilitation Investment
Insurance
Perpetual Maintenance (Cemeteries)
Snow Clearing
Assiniboine Park Enterprise
Contributions in Lieu of Land Dedication
Heritage Investment
Idea Bank
Land Operating
Recreation Programming
Workers Compensation
Pension Surplus

Report of the Executive Policy Committee dated May 16, 2001

Dividing reserves into three primary categories that include Stabilization Reserves, Capital Reserves and Special Purpose Reserves provides improved presentation and ease of understanding. The individual reserves making up these categories are set out in the recommendation section above. The reserve categories more closely describe the nature of the City's reserves. These categories also directly align to the recommendations made in the new Financial Management Plan which is in the final stages of completion. Stabilization reserves are those that provide the City with financial flexibility to adjust to unexpected issues. Capital reserves relate to funding that has been set aside by the City for capital improvements. Special Purpose Reserves include those that have been created to fund specific needs and are not associated to stabilization or capital reserves.

Recommendation 2:

That a policy be adopted that the timing of the establishment of any new reserve be done annually at the same time as Council adopts the current estimates.

Periodically, departments request that Council add and delete reserves as necessary. We believe that these requests should be considered once a year and at the same time as when the current budget is being submitted for approval to Council. This process would more closely align to the City's business planning cycle.

Recommendation 3:

Subject to Section 338 (3) of The City of Winnipeg Act, the Zoo Animals and Zoo Purposes Reserves be combined. In addition, the reserve be expanded to include a new purpose to enhance the maintenance, operation, planning and minor infrastructure for Assiniboine Park and have additional revenues from net profit of new initiatives, services and products arising from the operation and programming of Assiniboine Park as a business unit as well as revenue sharing from the existing agreement with the Pavilion Gallery Museum Inc. Due to restructuring that the Concession Equipment Reserve balances accumulated for golf courses and Assiniboine Park be transferred to the Golf Course Reserve and the Assiniboine Park Enterprises Reserve respectively. The new combined reserve be renamed the Assiniboine Park Enterprise Reserve and that the Fund Manager be the Director of Community Services.

Under Section 338(3) of The City of Winnipeg Act, monies raised for a reserve fund can only be used for the purpose of the reserve (as of the date the monies were raised). Where reserves are to be combined, it will be necessary to account for existing funds in a manner that will ensure the monies presently in the fund are used for the original purpose for which they were raised.

The Zoo Animals and Zoo Purposes Reserves together average approximately $1 million in equity and have similar mandates relating directly to Zoo operations.

Retaining revenues generated within Assiniboine Park for reinvestment into the park will also allow for the City to enter into negotiations with various partners and stakeholders regarding potential joint activities that could potentially result in new revenue generation for both parties. If the City share of monies generated by such activities is not to be reinvested in the park, there will be reluctance at best on the part of partner groups to participate.

Through this reserve the Assiniboine Park Enterprise will be in a far better position to act and react to quickly changing circumstances as a business unit. Moreover, having knowledge that revenues generated by the Enterprise will be reinvested in this public amenity would serve as a strong motivator to create new initiatives and enhance existing programs and infrastructure for the Enterprise and private stakeholders as well. It is recommended that the Director of Community Services be appointed as Fund Manager to ensure that the authority to spend funds and the associated accountability of this responsibility rests with the Administration; said expenditures to be used to enhance maintenance, operations, planning and minor infrastructure renewal for Assinboine Park.

In summary, expansion of the reserve as proposed herein would represent an extremely positive step in strengthening the symbiotic relationship between the public and the private sector necessary to make the Assiniboine Park Enterprise venture successful financially as well as operationally.

Recommendation 4:

That the Retirement Allowance Reserve Fund be eliminated by re-categorizing the balances to reduce the unfunded liabilities relating to the reserve.

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The Retirement Allowance reserve was set-up to fund the unfunded vacation pay and sick time liabilities that exist. However, there is no need for this reserve because the related liability can be funded on a pay-as-you-go basis. In addition, the liability for the retirement allowance reserve has been included on the City's balance sheet. As a result, it would now be more appropriate to offset the reserve against the unfunded amount. In order to comply with Section 338(4) of The City of Winnipeg Act, the monies raised for the purpose of the reserve will still be allocated to the original purpose. The change proposed is mainly of presentation and accounting methodology.

Recommendation 5:

Subject to Section 338(3) of The City of Winnipeg Act, the Pension Stabilization Reserve and Pension Surplus Reserve be combined and renamed the General Purpose Reserve.

Under Section 338(3) of The City of Winnipeg Act, monies raised for a reserve fund can only be used for the purpose of the reserve (as of the date the monies were raised). Where reserves are to be combined, it will be necessary to account for existing funds in a manner that will ensure the monies presently in the fund are used for the original purpose for which they were raised.

The Pension Surplus Reserve and Pension Stabilization Reserve were established in 2000. The Pension Surplus Reserve was funded with the refund of 1998 and 1999 contributions to be utilized for one-time major expenditures. The Pension Stabilization Reserve was, with the difference between the benefit, realized by the City through reduced ongoing pension contributions and that required to be contributed to the General Revenue Fund in any given year. It is recommended that the two reserves be combined to provide greater flexibility in managing the City's finances.

Recommendation 6

Subject to Section 338(3) of The City of Winnipeg Act that

- *$7.035 million be transferred from the Pension Surplus Reserve to the Fiscal Stabilization Reserve and $9.664 million be transferred to the Mill Rate Stabilization Reserve*
- *That in 2001 $3.1 million of net taxes added be transferred to the Mill Rate Stabilization Reserve and that beginning in 2002, the Fiscal Stabilization Reserve revenue be limited to interest earned, and that the revenue from net supplementary taxes added in a year be recorded as revenue in the General Revenue Fund.*
- *That the Mill Rate Stabilization Reserve continue to grow by way of interest earned and any year-end surplus.*
- *That if either Stabilization Reserve has achieved its target but the total of 10% tax-supported expenditures of Stabilization Reserves has yet to be achieved, then excess interest revenue of either Reserve be redirected to the Reserve which has yet to reach its individual target of 5%.*
- *That if the Stabilization Reserves are in excess of the 10% target then the excess funds be identified as available for one-time expenditures.*
- *That if the Stabilization Funds are reduced below the target of 10% or that the pace of increase in the stabilization funds as approved in the Financial Management Plan are not being met that a replenishment plan be adopted by Council which may include using net added taxes in addition to surplus and interest to achieve the 10% target.*

On April 25, 2001, City Council adopted the Financial Management Plan which includes Recommendation 6 that Stabilization Reserves be at a minimum of 10% of tax-supported revenues by 2009. In order to effect that recommendation and still provide City Council with budgetary flexibility the policies stated above are being recommended.

Recommendation 7:

That the classification of the General Reserve Fund be changed to be appropriated surplus (classified as equity) as opposed to "reserve". It is further recommended that the account be renamed to "Equity in Capital Assets".

The general reserve is used to provide internal financing for capital expenditures. This is not truly a reserve but more so a fund where surpluses have occurred. It would be preferable to describe this balance as appropriated surplus and remove it from our reserves. If this balance was removed our reserves would fall in total to $180mm which is more in line with other municipalities. Further, it is recommended that the name of the reserve be called "Equity in Capital Assets".

Report of the Executive Policy Committee dated May 16, 2001

In addition, unlike most other reserves the General Reserves assets are in infrastructure such as road, streets and provides an accounting methodology to depreciate capital assets and recognize internal debt. The other reserves established typically have assets in cash or investments.

In order to comply with Section 338(4) of The City of Winnipeg Act, the monies raised for the purpose of the reserve will still be allocated for the original purpose. The change proposed is mainly of presentation and accounting methodology.

Recommendation 8

That the Fund Manager for the Golf Course Reserve Fund be changed from the Chief Administrative Officer to the Chief Operating Officer, Golf Courses

The Golf Course Reserve Fund Manager has recently been the Chief Administrative Officer. Due to organizational changes where the Golf Courses have been moved from the Community Services Department to the Planning, Property and Development Department, it is recommended that the Chief Operating Officer, Golf Courses be the Fund Manager.

Combining other reserves

The City considered a number of other reserves that could be combined. In each case, departments have asked to retain these reserves in their current state. The following reserves were examined in this respect:

- The Computer Replacement and Concession Equipment Replacement reserves have equity balances averaging $300,000 annually. These reserves could be combined with the Equipment Replacement Reserve. We are not recommending the reserves be combined as the Equipment Reserve Fund is mainly for replacement of equipment of capital nature while the Computer Replacement Reserve is designed to be a replacement program for technology which allows for the smoothing of budgets for that purpose. All user departments were concerned in combining these two reserves with the Equipment Replacement Reserve because they have specific purposes. The larger departments use the Equipment Replacement Reserve to facilitate major capital acquisitions. Because of the size of the fund, acquisitions of equipment may be influenced from time to time by the financial position of the City.
- The Recreation Programming reserve averages $700,000 in amount. The fund is managed by Community Services and is used to fund community activities. The department was asked whether the Fund could be folded with the idea that future expenditures would be budgeted in current operations. Because of the nature of the fund and its application to the community as a whole, Community Services has asked to retain the fund as is.
- There are perpetual maintenance reserve funds for the St. Vital, Transcona and Brookside cemeteries. Community Services was asked whether these funds could be combined into one. By Provincial legislation, each fund must be identified separately with each cemetery.
- The Library Reserve will be examined by Community Services to determine if the formula for accessing funds accumulated in the reserve could be changed to accelerate the use of funds.

Analysis:

The following information is relevant with respect to Winnipeg in comparison to other jurisdictions. The financial information set out should be reviewed in conjunction with the observations noted below.

RESERVES:

	EDMONTON 1999	***CALGARY 1999***	***WINNIPEG 1999***
	000's		
Number of reserves	20+	13+	30
Total $ in reserves	98,487	148,836	178,555
Total revenues	1,066,458	1,399,025	1,042,966
Reserves as a % of Revenues	9.3%	10.6%	17.1%*
Balance in stabilization reserves	40,117	62,853	18,752
Stab. Reserves as a % of total	40.7%	42.2%	10.5%

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* Approximately $84 MM of reserves relate to utilities that add $302 MM of revenue to City operations. Utility reserves represent 27.8% of total utility revenue. As a result, the percentages noted above for Winnipeg are much higher than Edmonton and Calgary where utility operations are in whole or in part excluded from reserves and revenue results.

COMPARISON OF STABILIZATION RESERVES:

City	***1999***	***1998***
Edmonton	40,117	31,834
Calgary	62,853	78,254
Winnipeg	18,752	10,610

As noted above, excluding the General Reserve Fund the City has 30 reserves with a combined balance of approximately 179mm. However, the following five major reserves were established near the end of 1999:

Economic development reserve
Heritage investment reserve
Housing rehabilitation reserve
Pension surplus reserve
Pension stabilization reserve

The following observations can be made from the information presented above:

- Excluded from Winnipeg's reserve balance is the general reserve fund which is unique to our City. The general reserve balance represents the City's calculation of its equity in capital assets. The City's of Calgary and Edmonton embrace a similar concept but have valued their equity on the basis of Public Sector Accounting Principles.
- Included in reserve totals for Winnipeg are reserves relating to utility operations. The electric energy and water utility services in Edmonton have been moved to separately incorporated companies. The financial results from these operations have not been included in Edmonton's consolidated financial results. Similarly, Calgary has separately incorporated a company to house its electric energy operation.
- Calgary and Edmonton have captioned reserves in an "Other" category on their financial statements so it is difficult to tell how many reserves they actually have at any point.
- Municipalities use reserves for different purposes. Many of Winnipeg's reserves have been set-up to accommodate replacement or repair of major infrastructure. Balances will increase and decrease depending on when projects are expected to be complete. Calgary and Edmonton do not appear to have as many reserves relating to infrastructure. In addition, it is possible that Calgary and Edmonton may run certain financial activity directly through their general revenue fund. As an example, Calgary and Edmonton do not appear to have an equipment replacement reserve similar to Winnipeg.
- Calgary and Edmonton have larger balances accumulated in their stabilization reserves in comparison to Winnipeg. In addition, their equity balances are much larger as a percentage of total assets. Much of Winnipeg's assets have been financed by debt.

Details concerning reserves and their projected balances are outlined on Appendix "B". Please note that projected balances are approximate and may change from year to year.

Continued funding of reserves is important to the financial health and viability of the City of Winnipeg. Not only does this course of action enable the City to save and plan for future projects, but it provides financial flexibility for unanticipated events. In turn, financial flexibility provides City Council with the ability to maintain or reduce property taxes to acceptable levels.

Council has several policy options when considering reserves.

- Funding for reserves could be maintained at their current levels.
- Contributions to reserves could be reduced or eliminated.
- Contributions to certain reserves could be extended over a longer period. For example, contributions to the fiscal stabilization reserve could be extended so that the target reserve balance is not reached until after 2005.
- Alternatively, interest payments to reserves could be reduced to cut back on the build-up of balances.
- Finally, reserves could be eliminated or periodically adjusted to reduce their balances.

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The Executive Policy Committee recommends:

I. That for better presentation the classification of Reserves in the City's financial statements be as follows:

Stabilization Reserves: - Established to deal with unanticipated fluctuations in revenues or expenditures.

Included in the Stabilization Reserves classification are the following:
Fiscal Stabilization
Mill Rate Stabilization

Capital Reserves: - Established to provide funding for capital projects in order to reduce the amount required to finance by debt.

Included in the Capital Reserves classification are the following:

Watermain Renewal	Combined Sewer
Environmental Projects	Aqueduct Rehabilitation
Wastewater Sewer Renewal	Water Treatment
Brady Landfill Rehabilitation	Point Du Bois Generating Station
Computer Equipment Replacement	Concession Equipment Replacement
Golf Courses	Library
Transit Bus Replacement	Equipment Replacement

Special Purpose Reserves: - Established to maintain specific program needs and provide budgetary stabilization.

Included in the Special Purpose Reserves classification are the following:

Commitment	Contributions in Lieu of Land
Economic Development Investment	Dedication
Housing Rehabilitation Investment	Heritage Investment
Insurance	Idea Bank
Perpetual Maintenance (Cemeteries)	Land Operating
Snow Clearing	Recreation Programming
Assiniboine Park Enterprise	Workers Compensation
	Pension Surplus

II. That a policy be adopted that the timing of the establishment of any new reserve be done annually at the same time as Council adopts the current estimates.

III. Subject to Section 338 (3) of The City of Winnipeg Act, the Zoo Animals and Zoo Purposes Reserves be combined. In addition, the reserve be expanded to include a new purpose to enhance the maintenance, operation, planning and minor infrastructure for Assiniboine Park and have additional revenues from net profit of new initiatives, services and products arising from the operation and programming of Assiniboine Park as a business unit as well as revenue sharing from the existing agreement with the Pavilion Gallery Museum Inc. Due to restructuring that the Concession Equipment Reserve balances accumulated for golf courses and Assiniboine Park be transferred to the Golf Course Reserve and the Assiniboine Park Enterprises Reserve respectively. The new combined reserve be renamed the Assiniboine Park Enterprise Reserve and that the Fund Manager be the Director of Community Services.

IV. That the Retirement Allowance Reserve Fund be eliminated by re-categorizing the balances to reduce the unfunded liabilities relating to the reserve.

V. Subject to Section 338(3) of The City of Winnipeg Act, the Pension Stabilization Reserve and Pension Surplus Reserve be combined and renamed the General Purpose Reserve.

VI. Subject to Section 338(3) of The City of Winnipeg Act that:

- $7.035 million be transferred from the Pension Surplus Reserve to the Fiscal Stabilization Reserve and $9.664 million be transferred to the Mill Rate Stabilization Reserve

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- That in 2001 $3.1 million of net taxes added be transferred to the Mill Rate Stabilization Reserve and that beginning in 2002, the Fiscal Stabilization Reserve revenue be limited to interest earned, and that the revenue from net supplementary taxes added in a year be recorded as revenue in the General Revenue Fund.
- That the Mill Rate Stabilization Reserve continue to grow by way of interest earned and any year-end surplus.
- That if either Stabilization Reserve has achieved its target but the total of 10% tax-supported expenditures of Stabilization Reserves has yet to be achieved, then excess interest revenue of either Reserve be redirected to the Reserve which has yet to reach its individual target of 5%.
- That if the Stabilization Reserves are in excess of the 10% target then the excess funds be identified as available for one-time expenditures.
- That if the Stabilization Funds are reduced below the target of 10% or that the pace of increase in the stabilization funds as approved in the Financial Management Plan are not being met that a replenishment plan be adopted by Council which may include using net added taxes in addition to surplus and interest to achieve the 10% target.

VII. That the classification of the General Reserve Fund be changed to be appropriated surplus (classified as equity) as opposed to "reserve". It is further recommended that the account be renamed to "Equity in Capital Assets".

VIII. That the Fund Manager for the Golf Course Reserve Fund be changed from the Chief Administrative Officer to the Chief Operating Officer.

IX. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Moved by His Worship Mayor Murray,
Adoption of the clause.

Carried.

Winnipeg Commuter Challenge 2001 – June 4 to 8, 2001

File E (Vol. 3)

558 - 5. On May 16, 2001, the Executive Policy Committee passed the following motion, namely:

WHEREAS Resource Conservation Manitoba and its Partners, The City of Winnipeg, Heart and Stroke Foundation, Manitoba Lung Association, Manitoba Cycling Association, International Institute for Sustainable Development, Roller Sports Manitoba, Prairie Pathfinders, Manitoba Recreational Trails Association and Winnipeg Transit invite Winnipeggers to join in the second annual Winnipeg Commuter Challenge in Winnipeg from June 4 to 8.

AND WHEREAS the Commuter Challenge encourages participants to bus, bike, walk, roller-blade or car-pool to work during the week of June 4 to 8, emphasizing a healthier means of commuting.

AND WHEREAS the Commuter Challenge is an environmentally friendly, exciting inter-corporate and inter-city competition in which Canadian cities compete to determine which city can reduce the most pollution and greenhouse gas emissions by "green commuting" such as walking, cycling, riding, public transit, telecommuting, and carpooling.

AND WHEREAS during the weeklong event, challengers record their mode of transportation and distance traveled on a daily basis, via the internet through a designated Commuter Challenge Coordinator, and at the end of the week, totals are tallied to determine local and national event winners.

Report of the Executive Policy Committee dated May 16, 2001

THEREFORE BE IT RESOLVED that Council encourage all City of Winnipeg staff and citizens to take up the challenge from June 4 to 8 and give their cars a rest.

and submits same to Council for favourable consideration.

Adopted by consent.

REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED MAY 17, 2001

On motion of His Worship Mayor Murray, the Report of the Executive Policy Committee, dated May 17, 2001, was considered.

Development and Financing of the True North Centre

File F-5.1 (Vol. 6)

559 - 1. The Executive Policy Committee has been advised that Council approval is required to proceed with settling formal agreements to allow City participation in the development and financing of an entertainment and sports complex at the site of the former Eaton's store on land bounded by Portage Avenue, Graham Avenue, Donald Street and Hargrave Street (the "Eaton's site").

The Term Sheet contemplates the acquisition and demolition of the Eaton's site by the True North Entertainment Complex Limited Partnership ("True North L.P.") and the construction of a new multi-purpose sports and entertainment complex called the True North Centre. The True North Centre is a project requiring $125 million in capital expenditure, part of which will be provided through the Government of Canada, the Province of Manitoba and The City of Winnipeg as follows:

The Government of Canada will contribute:
- $10 million cash
- $2 million additional contribution

The Province of Manitoba will contribute:
- $10 million cash
- $3 million additional contribution

The City of Winnipeg will contribute:
- $10 million cash
- Up to $3.5 million in infrastructure costs (such as sewer and water service, sidewalk reconstruction, hydro service and permit fees and charges)

Further, the Province of Manitoba will cause its agent, The Manitoba Lotteries Corporation, to enter into a Siteholder Agreement with True North L.P. providing for fifty (50) video lottery terminals being re-distributed by The Manitoba Lotteries Corporation to the True North Centre.

As well, Manitoba has agreed to recommend changes to regulations under The Municipal Assessment Act and if passed, True North Centre would fall into a class with reduced portioned assessments.

True North L.P. is required to pay all usual taxes and charges arising out of the development and operation of the new facility however, in exchange for community and amateur sport access to the facility, the City has undertaken to pay True North L.P. over a period of twenty-five (25) years, a sum equivalent to entertainment funding taxes collected and remitted and business taxes paid with respect to the presentation of events and the carrying on of business within the arena component of the True North Centre.

The City's financial obligations are as set out above and the Term Sheet as outlined on Appendix "A" clearly stipulates that the City will not be responsible for any cost overruns during construction nor will the City be responsible for any operating losses at the new facility.

The organization structure for the partnership responsible for the development and operation of the True North Centre shall include representation from the three (3) levels of government. The Board of Directors of the General Partner for the True North L.P. shall include two (2) appointments by Canada, Manitoba and Winnipeg.

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As to the design of the facility, the Term Sheet anticipates participation by the three (3) levels of government in the design and approval process. The project must pass all usual design/development review/regulatory processes.

The True North Centre will incorporate full time public access as an integrated part of the Winnipeg skywalk system providing full connectivity with the rest of the downtown commercial area.

Community access is an important aspect of the project and in that regard, the Term Sheet has set out the obligation undertaken by True North L.P. to provide for community use, the particulars of which shall be set out in the appropriate master agreement and collateral agreement.

The Term Sheet anticipates and requires the demolition of the existing Winnipeg Arena. In that regard, a transition team has been established to accomplish the shut down of the Winnipeg Arena and transfer of staff as required to the completed True North Centre.

It is important to note that detailed particulars of all matters pertaining to the development, financing and operation of the new facility as it affects Canada, Manitoba and Winnipeg will be settled by way of final terms and conditions within a Master development, financing and public contribution agreement prior to commencement of construction and where and when applicable, collateral agreements will be completed.

The Executive Policy Committee recommends

I. That Council approve the Term Sheet as outlined on Appendix "A".

II. That final terms and conditions of all agreements and documentation required to implement matters set out in the Term Sheet (Appendix "A") be settled and approved by the Chief Administrative Officer.

III. That the City's contribution of up to $3.5 million for related infrastructure and site servicing costs be referred to the Standing Committee on Fiscal Issues to identify a funding source.

IV. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Moved by His Worship Mayor Murray,
Adoption of the clause.

The Speaker called Councillor Gerbasi to the chair and left the chamber

The Speaker resumed the chair.

Council recessed at 12:00 noon, and reconvened at 1:36 p.m, the Speaker in the chair, same members present, except for Councillor Timm-Rudolph.

The Speaker called the Deputy Speaker, Councillor Lazarenko, to the Chair in order to participate in the debate, and after speaking, resumed the Chair.

The motion for adoption of the clause was put.

Councillor Lazarenko called for the yeas and nays, which were as follows:-

Yea: Councillors Clement, De Smedt, Gerbasi, Lubosch, Prystanski, Smith, Steek, Steeves, Deputy Mayor Thomas, Vandal, Eadie, His Worship Mayor Murray and Councillor O'Shaughnessy. 13

Nay: Councillor Lazarenko 1

and the motion for the adoption of the clause was declared carried.

(See Minute No. 588 for attachment)

EXECUTIVE POLICY COMMITTEE

CONSIDERATION OF BY-LAWS

560 - On motion of His Worship Mayor Murray, the following by-laws were read a first, second and third time, the rule being suspended for the third reading of each by-law, and were passed and ordered to be signed and sealed, namely:

By-law No. 7835/2001, a by-law of The City of Winnipeg to widen the west side of St. Anne's Road north and south of Rose Avenue. File DAO 12/2000

By-law No. 7843/2001, a by-law of The City of Winnipeg to close part of Gablehurst Crescent and adjoining lane and public lane west of Ashworth Street and north of John Forsyth Road. File DAC 6/2000