Report – Executive Policy Committee – December 7, 2005

Item No. 4 InterMunicipal Shared Services: Expression of Interest Process
File EP-1.5

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 7, 2005, the Executive Policy Committee concurred in the administrative recommendation, as amended, and recommends to Council:

1. That the Chief Administrative Officer identify intermunicipal service sharing opportunities through an Expression of Interest Process.

2. That the following principles be utilized to guide the Expression of Interest Process and that service sharing agreements:

   A Are government to government;
   B. Are consistent with the City's existing and future capacity to provide the service;
   C. Are founded on a strong business case to ensure the efficient delivery of the service in the region;
   D. Incorporate a joint planning agreement to manage development and related environmental concerns;
   E. Include a provision for tax/revenue sharing so that both the City and the partnering municipality share the costs and benefits associated with the delivery of the service.

3. That the Chief Administrative Officer, upon the completion of the Expressions of Interest Process, recommend a pilot project or projects for shared services agreement(s).

4. That the source of funding for the $50,000.00 funding requirement to support the InterMunicipal Shared Services Expression of Interest Process be referred to the 2006 Operating Budget review process.

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

Report – Executive Policy Committee – December 7, 2005

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 7, 2005, the Executive Policy Committee concurred in the administrative recommendation with the following amendment, namely:

- Delete Recommendation 4 in its entirety and replace it with the following:

  "4. That the source of funding for the $50,000.00 funding requirement to support the InterMunicipal Shared Services Expression of Interest Process be referred to the 2006 Operating Budget review process",

and submitted the matter to Council.

On December 7, 2005, the Executive Policy Committee considered supporting documentation from Grant Hekle, President, Direct Integrated Transportation with respect to an intermunicipal shared services proposal:

- Communication dated February 17, 2000 addressed to the Chief Administrative Officer
- Communication dated July 20, 2005 addressed to the Manager of EPC Secretariat
- Communication dated March 12, 2001 from Direct Integrated Transportation
- Copy of Contribution Agreement regarding Riverbank Stabilization Works Program
- Comparisons of Tax Rates, Alberta and Manitoba

RE: INTERMUNICIPAL SHARED SERVICES: EXPRESSION OF INTEREST PROCESS

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Annitta Stenning, Chief Administrative Officer

REPORT DATE: December 1, 2005

RECOMMENDATION(S):

1) That the Chief Administrative Officer identify intermunicipal service sharing opportunities through an Expression of Interest Process.
2) That the following principles be utilized to guide the Expression of Interest Process and that service sharing agreements:
    a. Are government to government;
    b. Are consistent with the City's existing and future capacity to provide the service;
    c. Are founded on a strong business case to ensure the efficient delivery of the service in the region;
    d. Incorporate a joint planning agreement to manage development and related environmental concerns;
    e. Include a provision for tax/revenue sharing so that both the City and the partnering municipality share the costs and benefits associated with the delivery of the service.
3) That the Chief Administrative Officer, upon the completion of the Expressions of Interest Process, recommend a pilot project or projects for shared services agreement(s).
4) That Council identify $50,000 to support the Expression of Interest Process.

Report Summary

Key Issues:

- Over the past several years the City has received a variety of requests to share services with Rural Municipalities (RMs).
- While the City of Winnipeg Charter Act gives the City authority to enter into service sharing agreements (which has resulted in occasional agreements for shared services along boundary streets and for public health and emergency reasons) the City has otherwise been reluctant to participate further in the absence of a provincial plan to ensure that the growth and development occurs in an efficient and sustainable manner.
- Recent events concerning the region include:
    - The report of Regional Planning Advisory Committee (***A Partnership for the Future: Putting the Pieces Together in the Manitoba Capital Region,*** October 2003) which identified the key building blocks - shared services, tax sharing, joint planning – for the sustainable economic development of the region.

- Council's adoption of a Memorandum of Understanding (MOU) with the Mayor's and Reeves of Manitoba's Capital Region Inc., on October 22, 2003 which included the following vision statement:

  "A safe, healthy, efficient, prosperous and strong Capital Region with a strong Capital, City, where the public, governments and organizations work together cooperatively, enhancing community development opportunities, effectively managing resources, and providing all citizens with a high quality of life."

  In adopting the MOU with the Mayors and Reeves of Manitoba's Capital Region Inc., on behalf of the City, Council resolved that:

  "The City of Winnipeg approve the Memorandum of Understanding of the Mayors and Reeves of Manitoba's Capital Region, with the understanding that any partnerships or servicing agreements entered into between the municipalities be consistent with the principles (standards) of Plan Winnipeg."
- The development of the Regional Planning Framework as proposed by the Mayors and Reeves of the Capital Region Inc., Inc. which will utilize the MetroQuest planning tool to assist in the development of long term regional planning objectives, actions, and targets.

- In addition to these events, the City's analysis of residential land use patterns and current demographic trends, suggests that the City could proactively begin to engage in long term planning with the surrounding RMs to ensure that the region evolves in a planned, orderly, and sustainable manner.
- It is recommended that the Chief Administrative Officer identify potential shared service opportunities through an Expression of Interest Process that would identify a pilot project or projects.
- It is further recommended that Council adopt specific criteria to guide the Shared Service Expression of Interest Process:

  1. Government to government
  2. Sound business case
  3. Service capacity
  4. Joint planning
  5. Tax/Revenue sharing

  The application of these guidelines will ensure that service sharing results in the planned and sustainable development of the region.
- The advantages of the Shared Service Expressions of Interest Process are:
  - It is an open and transparent process that is inclusive of all surrounding municipalities;
  - It provides an opportunity for all interested Rural Municipalities to participate as they see fit and in the interest of the residents of their respective communities;
  - It allows the City to identify the criteria upon which it will consider entering into shared service agreements;
  - The selection of the pilot project (or projects) will be assessed against this criteria and will therefore ensure that the key building blocks identified by RPAC - shared

services, tax sharing, joint planning – become the guiding principles for the sustainable economic development of the region.
    - The information generated by the pilot project in terms of the costs and benefits of service sharing could be utilized by the Regional Planning Framework in establishing long term regional planning objectives, actions, and targets.
- It is expected that it will take approximately six months to complete this process. The implementation of the Expression of Interest Process will require additional financial resources.

Implications of the Recommendation(s):

General Implications

☐ None

X For the organization overall and/or for other departments

X For the community and/or organizations external to the City

X Involves a multi-year contract

Comment(s): The utilization of the Expression of Interest Process for the purpose of identifying a shared service opportunities represents a new approach to regional issues for the City.

Policy implications

☐ No

X Yes

Comment(s): It is recommended that Council adopt criteria by which to guide the Expression of Interest Process.

Environmental implications

☐ No

X Yes

Comment(s): The utilization of the Expression of Interest Process and the criteria to be used in selecting one or more pilot projects is intended to highlight that the development of the region is a shared responsibility among all government partners and to ensure the integration of economic and environmental factors in the development of the region.

Human Resources implications

☐ No

X Yes

Comment(s): The Expression of Interest Process will require considerable staff time and resources to oversee the project.

Financial Implications

☐ Within approved current and/or capital budget

X Current and/or capital budget adjustment required

Comment: It is recommended that Council provide $50,000 to support the Expression of Interest Process. It should be noted that the development of a pilot shared service agreement would generate revenues to support ongoing implementation of the agreement.

Report

REASON FOR THE REPORT: In light of ongoing requests for shared services that the City has received from surrounding RMs, the administration requests that Council provide direction on the issue of intermunicipal service sharing.

HISTORY:
Almost since the beginning of Uni-City, the City of Winnipeg has received requests for service sharing from surrounding municipalities. These requests, in turn, have generated a passionate debate in Winnipeg and throughout the region about the implications for service sharing in promoting unmanaged growth and development. The result has been, despite the best efforts of the Province of Manitoba, the City of Winnipeg and the surrounding Rural Municipalities to find common ground, a mix of service sharing agreements mostly related to shared boundary streets, regional public health issues, or emergency services. Some examples include:

- Winnipeg Fire-Paramedic Service (WFPS) has a basic fee-for service contract with Border Chemical Services in the R.M. of Springfield.
- WFPS has an agreement with MPI Fire Protection for its Plessis Road facility.
- WFPS also has an agreement with the Winnipeg Regional Health Authority to provide ambulance services to areas outside the boundaries of the City but inside the perimeter highway.
- The Water and Waste Department has as agreement with the R.M. of East St. Paul for the installation and maintenance of watermains, sewers, and land drainage systems along Glenway Drive (a boundary street).
- The Water and Waste Department also has an agreement to provide water and sewer services to Mid-Canada Truck Services Limited in the R.M. of Rosser.

- The Community Services Department is involved in a Capital Region larviciding program which the Province of Manitoba coordinates.
- Winnipeg Police Service does not have specific shared service agreements with the surrounding municipalities but is involved in joint initiatives with East St. Paul and the RCMP to promote public safety in the region.

In recent years, the administration has been guided by Council's decision in 1998 not to participate in the Cartier Regional Water System or provide wastewater services to the R.M. of Headingly. Since then, requests for the provision of water and waste services especially have been held in abeyance pending further Council direction on the matter. In the interim, both the province and the regional municipal partners have stepped back to study the issue and make recommendations to develop a framework for developing the region. These include:

- February 2000: Final Report of the Capital Region Review Panel calls for the creation of a "Regional Association" to address service sharing issues.

- January 2001: the Province of Manitoba publishes ***Planning Manitoba's Capital Region: Next Steps*** which establishes the Regional Planning Advisory Committee (RPAC).

- October 2003: Council's adopted a Memorandum of Understanding (MOU) with the Mayor's and Reeves of Manitoba's Capital Region Inc. In approving the MOU, Council resolved that "the City of Winnipeg approve the Memorandum of Understanding of the Mayors and Reeves of Manitoba's Capital Region, with the understanding that any partnerships or servicing agreements entered into between the municipalities be consistent with the principles (standards) of Plan Winnipeg."

- October 2003: Following the release of the discussion paper ***"Strengthening Manitoba's Capital Region"*** in April 2002, RPAC publishes it Final Report entitled, ***"A Partnership for the Future: Putting the Pieces Together in the Manitoba Capital Region."***

- June 2004: Mayor's Action Plan commits the City to "work in partnership with surrounding local governments in the Capital Region to find means by which our citizens can benefit from our mutual cooperation."

- April 2005: Mayors and Reeves of the Capital Region Inc., propose a new model for a regional partnership including a new technical committee to support decision-making. These discussions resulted in the Regional Planning Framework which will utilize the Metroquest planning tool to set out long term regional planning objectives, actions, and targets.

DISCUSSION

The Issue

Sections 209 (1), 209(2), and 211 of the City of Winnipeg Charter Act authorizes the City to enter into service sharing agreements with surrounding municipalities. Since Council's decision not to extend water and wastewater services to the R.M. of Headingly in 1998, however, the administration has been reluctant to enter into such agreements without additional Council

direction. Likewise, Council has been reluctant to engage in service sharing discussions in the absence of a provincial regional plan. The result is that up until very recently the issue has been in political and administrative limbo even though the City continues to receive requests from surrounding RMs to share services.

A series of recent events, however, have provided a context for revisiting the issue especially in light of the ongoing requests for service sharing the City has received. These events include:

- The report of Regional Planning Advisory Committee (***A Partnership for the Future: Putting the Pieces Together in the Manitoba Capital Region***) which identified the key building blocks - shared services, tax sharing, joint planning – for the sustainable economic development of the Capital Region.
- Council's adoption of a Memorandum of Understanding (MOU) with the Mayor's and Reeves of Manitoba's Capital Region Inc., on October 22, 2003 on the understanding that "that any partnerships or servicing agreements entered into between the municipalities be consistent with the principles (standards) of Plan Winnipeg."
- The Mayor's Action Plan commits the City of Winnipeg to "work in partnership with surrounding local governments in the Capital Region to find means by which our citizens can benefit from our mutual cooperation."
- The development of the Regional Planning Framework as proposed by the Mayors and Reeves of the Capital Region Inc., which will utilize the MetroQuest planning tool to assist in the development of long term regional planning objectives, actions, and targets.

These events have provided an opportunity to reassess some of the key considerations in developing a regional policy. In the past, the perception that the provision of City services to surrounding municipalities will trigger a mass exodus to the "rural suburbs" (with the consequent erosion of the property tax base in the City) has proven to be a powerful deterrent to taking action on service sharing. Moreover, there was also a prevailing sense that the City had an extensive supply of unused residential land which would remain vacant if the City were to share services with its regional municipal partners. A final concern related to the overall sustainability of Winnipeg's urban infrastructure which could well be overextended should the City agree to provide services to the surrounding RMs.

While these are legitimate and critically important concerns, the administration's analysis of long-term demographic trends, residential land supply, and service capacity suggests that service sharing may actually prove to be a pro-active mechanism that promotes intraregional cooperation to ensure planned, orderly, and sustainable development.

Regional Demographic Trends

When Council was considering the Headingly proposal in 1998, the demographic evidence seemed to suggest that the provision of urban services to a rural setting would exacerbate the migration of City residents to the rural municipalities. While the City of Winnipeg's population growth stagnated in the mid to late 1990s, it has now resumed a modest growth – about 3,400

people per year. The population stagnation was caused primarily by a decrease in immigration and an increase in people leaving Winnipeg for other provinces. Those trends are now reversed and back to normal historical trends. Over the past 5 years, the average population increase in the Winnipeg Census Metropolitan Area (CMA), excluding Winnipeg, has been 551 people per year. In Winnipeg, the average population increase for the last 5 years is 3,300 people per year. Apart from 1997/1998, population data suggests that Winnipeg typically enjoys 70-95% of population growth in the CMA. It is further expected, according to a report issued by the Conference Board of Canada in September 2004, that Winnipeg's population will grow to 750,000 within the next twenty years.

Residential Land Supply

If the demographic trend shows that Winnipeg's population will continue to grow and that the city itself will continue to attract a very high percentage of all new growth to the CMA, then it is important to assess Winnipeg's residential land supply to accommodate an expanding population. The Residential Land Supply Study produced by the City's Planning, Property and Development Department in 2004 estimated that there would be a demand for approximately 33,000 new single-family dwellings (or 'lots') by 2021. Further analysis of this data, after refining the calculations of potential residential lot availability by subdivision and city quadrant, indicates that the City only has enough land to accommodate just over 28,000 lots. Consequently, this means that the City will need to identify vacant land to accommodate at least 5,000 additional lots by 2021.

Service Capacity

Most of the requests the City has received are for water and wastewater services for which the City has ample capacity to supply to all points in the region. In terms of water supply, the City's aqueduct has a capacity of 386 million litres per day. Currently the City supplies about 240 million litres per day or about 370 litres per capita. In the context of population growth trends for the City as well as the Winnipeg CMA, the addition of approximately 100,000 people would add 37 million litres per day, which is well within the City's capacity to supply. While the addition of any service area in the region would take up capacity of the water treatment plant currently being constructed, any expansion is not likely required for at least 20 years. Large areas of the region are already serviced by piped water systems which were installed through infrastructure programs supported by senior governments. Likewise the City's wastewater infrastructure has the capacity to extend this service beyond the boundaries of the City. Although there is a requirement to enlarge and modify the wastewater treatment systems to comply with new Provincial licence conditions to reduce quantities of nitrogen and phosphorous in the City's effluents, the works required to achieve these enhanced treatment objectives can be expanded relatively easily to accommodate any future contributions from the region.

Managing Development

Though service sharing is sometimes thought to be a simple business transaction, it may in fact be a powerful tool to manage development cooperatively in the region if properly implemented. Since the provision of City services to surrounding municipalities would certainly facilitate development in adjacent RMs, the extension of the service itself should serve as an incentive to promote intermunicipal cooperation through joint planning and tax sharing. Indeed, the report of

Regional Planning Advisory Committee (***A Partnership for the Future: Putting the Pieces Together in the Manitoba Capital Region***) specifically identified tax/revenue sharing and joint planning as key building blocks for the sustainable economic development in the region and that both should be linked to shared service agreements to promote cooperation and the sharing of the benefits and costs of the initiative.

The administration therefore recommends that requests for service sharing be evaluated in the context of 5 key criteria:

1. **Government to government**: In the past service requests have come from other municipalities and from private companies. Though the City has, from time to time, reached service agreements with private companies, it is preferable to negotiate shared service agreements with rural municipal governments so as to include tax/revenue sharing and joint planning initiatives.
2. **Sound business case**: Before entering into a service sharing agreement the City must ensure that there is a positive cost-benefit outcome to the deal based on an analysis of long-term revenues, expenditures, impacts, and risks within a life-cycle costing framework.
3. **Service capacity:** The sharing of a specific service with a specific RM requires that the City demonstrate that it has the capacity to deliver the service efficiently and effectively to our citizens, as well as to people outside the City, now and into the future.
4. **Joint planning:** All shared service agreements would require the creation of a secondary plan that anticipates the impact of the service extension on any future development. This is consistent with the Council resolution from October, 2003 supporting the MOU between the City and the Mayor's and Reeves of Manitoba's Capital Region Inc which stated that "servicing agreements entered into between the municipalities be consistent with the principles (standards) of Plan Winnipeg." Consequently, a joint secondary plan would include:
    a. An assessment of the relationship between supply of land, service capacity, and projected demand;
    b. The development of zoning guidelines and land use parameters for additional residential, commercial and industrial development resulting from the service extension;
    c. An assessment of the environmental implications of the service extension;
    d. A joint commitment to promote compact urban form and high intensity residential development.

    The participation of the Province of Manitoba in the joint planning process would be welcomed by the City but is entirely at the discretion and invitation of the RMs.
5. **Tax/Revenue sharing:** Tax/Revenue sharing acknowledges that there are both benefits and costs associated with shared service agreements. For example, the creation of a new residential development outside the boundaries of the city will almost certainly result in more extensive use of the City's physical infrastructure (particularly along commuter sheds). The new residential development, however, will also produce new revenues which can then be shared (through negotiations) to compensate the City for the indirect costs of development.

By adopting these guidelines, Council will work with its municipal partners to promote regional development in a cooperative, planned, and sustainable fashion.

The Process

The administration recommends that the City invite expressions of interest from surrounding RMs who may want to share services based on the guidelines identified above. The objective of the Expression of Interest Process is to identify a pilot project (or projects) which not only leads to service sharing agreements but could also be used in support of the goals of the Regional Planning Framework. Though it would be possible for the City simply to select a pilot from the existing list of requests, the advantages of the Expression of Interest process are many and varied:

- It is an open and transparent process that is inclusive of all municipalities;
- It provides an opportunity for all interested RMs to participate as they see fit and in the interest of the residents of their respective communities;
- It allows the City to identify the guidelines – government to government, business case, service capacity, joint planning and tax/revenue sharing - upon which it will consider entering into shared service agreements;
- The selection of the pilot project (or projects) will be assessed against this criteria and will therefore ensure that the key building blocks identified by RPAC - shared services, tax sharing, joint planning – become the guiding principles for the sustainable economic development of the region.
- The information generated by the pilot project in terms of the costs and benefits of service sharing could be utilized by the Regional Planning Framework in establishing long term regional planning objectives, actions, and targets.

It is expected that it will take approximately six months to complete this process. The implementation of the Intermunicipal Shared Service Expressions of Interest Process will require considerable staff time to oversee the project and it is therefore requested that additional financial resources be provided by Council to support this initiative.

Financial Impact Statement — Date: December 1, 2005

Project Name: — **First Year of Program: 2006**

Capital Region: Shared Services Expressions of Interest Process

	2006	2007	2008	2009	2010
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 50,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 50,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ 50,000	$ -	$ -	$ -	$ -

Additional Comments:

The costs identified above are for the establishment of the Shared Services: Expression of Interest Process. Shared service agreements resulting from this process would be the subject of separate report(s), in which related costs and benefits would be presented.

(Original signed by R. Abeysekera)

Radhika Abeysekera
Manager of Finance & Administration
Corporate Services Dept.

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

CAO Secretariat
Planning, Property and Development
Public Works
Legal Services
Community Services
Winnipeg Police Service
Winnipeg Fire Paramedic Service
Transit

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