REPORT OF THE

STANDING POLICY COMMITTEE ON PUBLIC WORKS

DATED FEBRUARY 8, 2000

On motion of Councillor Angus, the Report of the Standing Policy Committee on Public Works, dated February 8, 2000, was considered clause by clause.

Moved by Councillor Angus,
That the Consent Agenda, Clauses 1,2,3 and 5, be adopted.

Councillor Timm-Rudolph requested that Clause 3 be pulled from the Consent Agenda.

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

Award of Contract for the Provision of Benches and Advertising thereon at Bus Stops
File GL-9 (Vol. 13) [c/r TT-4 (Vol. 10)]

363 - 1. The Standing Policy Committee on Public Works has been advised that on July 14, 1999, Executive Policy Committee authorized the Transit Department to negotiate a new contract with Benchmark Advertising on a sole source basis, and that the award of any such negotiated contract be authorized by Council.

Authority to waive the Policy on Purchasing Procedures and the Disposal of Surplus Supplies and authorize the negotiation of purchase without solicitation, except where delegated to the Chief Administrative Officer, rests with Council. Revenue contracts where the payment is estimated to exceed $100,000.00 must also be authorized by Council.

In June 1992, Benchmark Advertising was awarded a five year contract (1992-1997) for benches and advertising thereon at bus stops. In July 1995, in accordance with the contract, a five year extension (1997-2002) was approved.

In April 1999, Benchmark requested another five year contract extension. The contract allowed for only one extension, and the authority to negotiate a sole source contract was not within the authority delegated to the Chief Financial Officer, resulting in the recommendation to the Executive Policy Committee in this regard.

Benches at bus stops provide a valuable passenger amenity at no cost to the City. Many customers, especially those with disabilities and the elderly, consider benches at bus stops an amenity that makes the transit system much more accessible.

A new contract with the current contractor, Benchmark Advertising, offers both the City and the contractor increased financial stability and ensures that a valuable service to transit passengers is maintained and expanded.

Entering into a new contract with the current contractor has many benefits financially, administratively and operationally. The contract requires considerable interaction between the contractor and City staff to deal with bench placement issues such as traffic safety and snow clearing, with a significant “learning curve” involved. The Transit Department is of the opinion that the contractor has the necessary skills and resources to satisfactorily do the work, having demonstrated same over the course of its current contract.

There are three significant changes proposed in the new contract:

1) The contract proposal is for a ten year term, from March 1, 2000 to February 28, 2010, with the option for a five year extension.

2) The contract proposal provides for a 50% increase in the number of passenger benches from 1,000 to 1,500.

3) The contract proposal provides for a minimum of $110,000.00 more revenue in the first three years of the new contract, over and above that which would have been realized under the current contract.

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The new contract calls for guaranteed revenue in the first two years, and the greater of a minimum guarantee or a percentage of gross billings in years three to ten of the contract. Appendix "A" hereto identifies the guarantees and percentages negotiated, together with a comparison to the current contract.

The new contract encompasses all specifications included in PD92-66, with amendments as defined in Appendix "B" hereto.

The Standing Policy Committee on Public Works recommends:

I. That Council confirm Executive Policy Committee's direction to the Transit Department of July 14, 1999, and approve the award of a sole source contract to Benchmark Advertising Ltd. for provision of benches and advertising thereon at bus stops, as specified in PD92-66, including contract amendments identified in Appendix "B" hereto, for a ten year term commencing March 1, 2000, with a total contract revenue guarantee of $1,530,000.00.

II. That authority to approve a further five year contract extension, as specified in the contract, be delegated to the Standing Policy Committee on Public Works.

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

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

Adopted by consent.

Direction to the Future - The Guide to Better Transit for Winnipeg
File TT-5 (Vol. 6)

364 - 2. Pursuant to its deliberations on the 1999 Transit Fare Options, the Executive Policy Committee directed that the Standing Policy Committee on Public Works undertake the formation of a Working Group, including representatives from University/College students and the Transit Department to review and submit recommendations on a discount transit fare package prior to September 1999.

Moreover, Council at its meeting held on December 16, 1998, amended and adopted the recommendations of its Executive Policy Committee and directed that the Transit Department explore and report to the Standing Policy Committee on Public Works by May 1, 1999, on strategies to increase ridership and stabilize transit fares. The aim of achieving reduced fares without increasing the mill rate support during forthcoming years would be given priority.

As directed by the Standing Policy Committee on Public Works, the former Chairperson, Councillor Peter De Smedt, formed a Working Committee consisting of Councillors Eadie, Gerbasi and Lubosch, together with Rick Borland, Director of Transit. During the months of March to December 1999, the Working Group met on a number of occasions with the Transit Administration, and:

- reviewed those factors that influence transit ridership levels, such as land use, transportation system development, parking availability, demographics, transit service competitiveness, and fare policy;
- reviewed those factors that determine the financial performance of the transit system, such as operating and capital requirements, provincial and municipal funding policies, and transit fare policy;
- identified and evaluated policy options to attain the goals specified in the directives; and
- consulted with stakeholders.

As a result of this process, the Working Group completed and produced a final report, a copy of which has been provided to all members of Council. A Special Council Seminar was held on Tuesday January 25, 2000, for purposes of presenting the study and its recommendations, and to afford all Councillors an opportunity to ask questions of the Working Committee and the Transit Administration.

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The final report, as submitted, contains a series of recommendations focused on the following themes, which are intended to provide a framework for making future improvements to the transit system, namely:

1.6.1. Making Ongoing Improvements to Service

1.6.2. Making Transit Service Easier to Use

1.6.3. Making the Service More Affordable

1.6.4. Making the Service More Productive

1.6.5. Making a Commitment to Affordable High Speed Transit

1.7. Funding of The Transit System

On February 14, 2000, the Working Committee will hold a public consultation workshop with a variety of stakeholders to discuss the recommendations contained within this report. A summary report outlining the outcome of this seminar will be provided for information to the Standing Policy Committee on Public Works at its March 2000 meeting.

Inasmuch as the recommendations are generally of a high level nature, it would be appropriate for the Transit Administration to bring forward an implementation plan for the years 2000 to 2002, outlining specific initiatives to be undertaken within the general framework outlined in the report. In the interim, discussions should also be initiated with senior levels of government with a view to achieving the future funding recommendations outlined in the report.

As part of its recommendations to "Make the Service More Affordable" and to encourage greater use of the transit system, the Working Committee has recommended that a post-secondary pass, discounted at a value of 20% from the equivalent cost of a regular monthly adult pass, be implemented on a trial basis, for students attending the University of Manitoba, University of Winnipeg, and Red River College during the 2000-2001 academic year.

Implementation of the proposed discounted post-secondary pass, for a trial period of one academic year, would result in an estimated net annual cost of $700,000.00. Should this recommendation be proceeded with, an additional $375,000.00 would have to be added to the Transit Department's 2000 Current Estimates, and an additional $325,000.00 to the 2001 Current Estimates.

In accordance with the recommendation set out below, the Standing Policy Committee on Public Works will consider the matter of implementation of a discounted post secondary pass on a trial basis during the 2000 to 2001 academic year, during its deliberations on the 2000 Current Estimates.

The Standing Policy Committee on Public Works recommends:

I. That the recommendations contained in the report titled "Direction to the Future - The Guide to Better Transit for Winnipeg" be approved in principle.

II. That the Transit Administration be requested to prepare an implementation report, for consideration by the Standing Policy Committee on Public Works, containing recommendations for specific initiatives to be undertaken, within the framework outlined in the said report, in the 2000 to 2002 time period.

III. That discussions be initiated with senior levels of government with a view to achieving the future funding recommendations outlined in the report.

IV. That the Working Group recommendation to implement a discounted post secondary pass, at a 20% discount from the equivalent cost of a regular monthly adult pass, on a trial basis during the 2000 to 2001 academic year for University of Winnipeg, University of Manitoba, and Red River Community College students, be referred to the 2000 Current Estimates review.

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

A copy of the documents referred to in the above clause are on file in the office of the City Clerk.

Adopted by consent.

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Landfill Tipping Fees
File WT-1 (Vol. 19)

365 - 3. On July 14, 1999, the Executive Policy Committee requested the Administration to re-examine the costs and charges for disposal of commercial wastes and report back to the Standing Policy Committee on Public Works.

In his report to the Standing Policy Committee, the Director of Water and Waste advises that, pursuant to the passing of By-law No. 7525/99, the 2000 landfill tipping fees are as follows: Commercial - $40.00 per tonne; Residential - $25.00 per tonne; Other Municipalities - $30.00 per tonne.

In response to declining commercial business and bleak financial projections, the Water and Waste Department is proposing an overall strategy to operate a competitive landfill. The proposal is to lower the landfill tipping fees in order to attract more wastes and even at the lower price, generate more revenue for the Solid Waste Utility. While there are benefits to the City, lower tipping fees at the City of Winnipeg Brady Road Landfill will significantly benefit businesses that use landfills. It is expected that if the strategy is successful, the reduction in costs to businesses will be approximately $2.3 to $3.9 million dollars per year.

While the Water and Waste Department is aware that BFI has a published price equal to the City's $40.00 per tonne, the Administration does not know exactly what BFI charges its customers for commercial waste disposal. It does know, however, that the current $40.00 per tonne is in excess of what the market will bear and the current operations are not economically viable. Appendix "A" hereto provides discussion of various impacts on its current operations.

As part of the strategy to attract more landfill business, the Water and Waste Department considered the following three alternatives:

1. Maintain the Current Landfill Tipping Fee Structure

As depicted in charts provided in Appendix "A" hereto, maintaining the current landfill tipping fee structure will result in the Solid Waste Utility becoming bankrupt within the next three years. The operation is currently not self-sustaining and the status quo is not an acceptable alternative.

2. Reduce the Commercial Tipping Fee Structure Only

A reduction in only the commercial tipping fee without reducing the other fees is not a viable option as other municipalities interested in using the site would bring wastes in as commercial waste to obtain a lower price. Nor would it be appropriate to charge the City of Winnipeg less than we charge commercial customers.

The greater amount of tonnes received at the Brady Road Landfill, the lower the unit cost and the greater the Utility's economic viability. Increasing our tonnages from outside the City of Winnipeg will create "new" business and has the effect of lowering the cost of disposal for City of Winnipeg residents.

3. Reduce All Tipping Fees (residential, commercial and other municipalities)

Reducing all tipping fees to $22.50 per tonne is the recommended alternative. It is estimated that by effecting this rate change, the amount of commercial wastes would increase by 50,000 tonnes. It is also anticipated that other municipal governments would begin disposing of wastes at the Brady Road Landfill, estimated to be 15,000 tonnes, for a total increase of 65,000 tonnes.

A lower internal tipping fee for the City of Winnipeg would allow the Solid Waste Utility to reduce its transfer to the tax-supported budget by $550,000.00, and the tax-supported budget would still meet the financial targets prescribed by the Chief Financial Officer in 1999.

Appendix "B" hereto illustrates the impact of a lower tipping fee on the landfill operations and tax-supported budgets.

There are six significant benefits associated with the recommended tipping fee strategy:

1. Improved Financial Position for the Solid Waste Utility

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The increased revenue, net of expenditure, is expected to result in a benefit to the Solid Waste Utility of $644,000.00 and benefit to the mill-rate of $84,000.00, for a combined benefit of $728,000.00 By increasing volumes, the cost per tonne will drop to $21.00 from $25.00, and the landfill will become a more viable operation.

2. Lower Costs for City of Winnipeg Businesses

The major benefit of a lower tipping fee is reduced costs for businesses. The proposed reduction in tipping fees will result in the other landfills having to reduce their tipping fees accordingly in order to remain competitive. Ultimately, this will reduce the cost that businesses pay for waste collection and disposal services provided by private contractors. The total amount of savings is estimated to be $2.3 million (225,000 tonnes @ $10.00) to $3.9 million (225,000 tonnes @ $17.50).

3. Opportunity for Increased Competition

The sale of BFI to Canadian Waste is expected to be complete in the first quarter of 2000. A situation will continue to exist whereby one company will own and operate the BFI Landfill, along with a considerable portion of the commercial business in the City. If the BFI Landfill owner charged $40.00 per tonne to others and charged themselves a lower rate, it would be very difficult for other companies to compete in the haul business. With the City lowering its tipping fee from $40.00 to a rate closer to the actual cost, the competitive advantage of the BFI Landfill owner over other companies through tipping fees would be reduced or eliminated.

4. Potential Benefits to the Capital Region

Competitive pricing will prevent the establishment of more commercial landfills. When a major player prices itself out of the market, it presents opportunities for other companies or municipalities to enter the market at more competitive rates. The reduction in the commercial tipping fee mitigates the risk of a further decline in commercial tonnages.

With a lower fee being charged at Winnipeg landfills, surrounding municipalities with landfill concerns may consider it more prudent to use the Brady Road Landfill or BFI Landfill instead of building their own landfill. This may in fact reduce the number of landfills and be more sensible in terms of regional planning.

5. More Competitive Prices on City Contracts

Another benefit of this increased competition is related to the bidding process for City collection work. Currently 50% of the residential and 100% of the apartment collection is contracted out. More competition typically results in tendered prices that are closer to actual costs.

6. Take Pride Winnipeg Funding

Take Pride Winnipeg currently receives a grant in the amount of $4.00 per tonne of commercial wastes in order that they can provide the necessary programs to promote a proud, clean and beautiful city. It is proposed that the grant amount be changed to 10% of the revenue from commercial wastes. This is consistent with the grant they currently receive which is $4.00 or 10% of the $40.00 commercial tipping fee. With the expected increase in commercial tonnages, Take Pride Winnipeg's 2000 grant from the Solid Waste Utility is expected to increase from $66,000.00 to $150,000.00.

In 2000, Take Pride Winnipeg will also receive a grant of $134,000.00 from the tax-supported budget in order to bring the total grant equal to $200,000.00 per year. If the proposed tipping fee rate structure is approved, this amount is expected to decrease from $134,000.00 to $50,000.00.

Notwithstanding the aforementioned, there are risks associated with the proposed strategy, such as:

1. Failure to Attract Additional Wastes

The overall strategy is to attract more wastes by reducing the tipping fee to a level that results in competition. The success of the strategy depends on establishing a rate that is low enough to achieve this goal. It is estimated that the proposed reduction in tipping fees will result in the City attracting an additional 65,000 tonnes of waste; 50,000 from the commercial sector and 15,000 from outside the City. There are currently 185,000 tonnes of commercial waste available and the service providers will be attempting to minimize their costs by hauling to the nearest landfill. A competitive tipping fee should result in the commercial wastes from the south side of the City being taken to the Brady Road Landfill site.

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If BFI's cost structure permits a lower price than $22.50, they may use this to lower their price even further and keep the market share, making it impossible for the City to increase its market share. Also, if BFI believes that the City is not committed to the strategy, they may even take a short term loss to ensure that the City's strategy is unsuccessful. It is therefore of utmost importance that the City be committed to the strategy and take a long term view of success.

As stated, depending on the reaction by BFI, it may take some time for the strategy to have the intended effect. The amount of wastes being disposed of at the landfill is being monitored. The result will be analysed monthly and a determination made as to the amount of additional wastes being realized. If the strategy is not effective, the strategy and/or tipping fee will be reviewed and a further report prepared for consideration by Council.

2. Reduced Waste Minimization Activities

The impact of a lower tipping fee is not expected to negatively impact waste minimization programs. While lower tipping fees generally result in reduced waste minimization activities (i.e. cheaper to landfill than to recycle), this is not expected to happen in the City of Winnipeg. The only program that may be affected is the recycling of corrugated cardboard in the commercial sector. However, the net cost of recycling this product is estimated to be less than $20.00 per tonne, and therefore the impact is expected to be negligible.

There would be no effect on the residential recycling programs, since there is no direct impact of lower tipping fees.

A communications strategy has been developed whereby Take Pride Winnipeg, the Chamber of Commerce, the Canadian Federation of Independent Business and surrounding Municipalities would be notified by written communication within a week of Council's approval of the new rates. A similar notice to all commercial disposal companies would also be sent based on a 1994-95 customer database. Notice would also be published in the Saturday edition - Business Section of both daily newspapers.

A financial impact statement for this proposal has been prepared in accordance with the recommendation contained in a report dated November 18, 1997, submitted to and concurred in by the Standing Committee on Fiscal Issues on November 24, 1997, and is identified as Appendix "C" hereto.

The Standing Policy Committee on Public Works recommends:

I. That the City of Winnipeg adopt the strategy to have competitive landfill tipping fees.

II. That the landfill tipping fee charged to the City of Winnipeg for residential disposal be decreased from $25.00 to $22.50 per tonne, effective immediately.

III. That the landfill tipping fee charged to municipalities outside the City of Winnipeg be decreased from $30.00 to $22.50 per tonne, effective immediately.

IV. That the landfill tipping fee charged for commercial disposal be decreased from $40.00 to $22.50 per tonne, effective immediately.

V. That the Solid Waste Utility contribution to the Take Pride Winnipeg grant be amended from $4.00 per commercial tonne to 10% of the commercial waste tipping fee revenue, effective immediately.

VI. That the 2000 transfer from the Solid Waste Utility to the Tax Supported Refuse Collection be reduced from $1,058,000.00 to $508,000.00, and the 2000 Preliminary Current Estimates be so amended.

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

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

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Moved by Councillor Angus,
Adoption of the clause.

Carried.

Councillor Timm-Rudolph asked to be recorded as having voted against the clause, in accordance with Rule 50.7 of the Procedure By-law.

(See Minute No. 393 for Appendix "B")

Policy for the Funding, Development and Maintenance of Winter Trails
File E-5.1 (Vol. 19)

366 - 4. ***Note: Clause 4 has been referred to Executive Policy Committee's Current Budget deliberations.***

Referred to Executive Policy Committee's Current Budget deliberations

Property Acquisitions for Lane Geometric Changes - Various Locations
File FI-2 (Vol. 13)

367 - 5. The Standing Policy Committee on Public Works has been advised that the acquisition of those properties listed below and construction of the proposed widenings will improve safety and efficiency of the City's refuse and snow clearing equipment in servicing the area residents. In addition, orderly vehicular and City equipment movement will reduce the number of hazardous situations and incidence of claims against the City.

The following background information relates to the acquisition of the subject properties, namely:

a) Part 545 Newman Street

Initially negotiations for the corner cut at the rear of 545 Newman Street began in 1990. At that time, the owners were not prepared to sell the property and negotiations were formally terminated and the funding commitment cancelled. There has since been a change in ownership of the property and the new owners have indicated that they are prepared to consider the sale of a 2.5 metre x 2.5 metre corner cut to the City. Adequate funding for the acquisition is committed in Certificate No. FT 99-07.

b) Part 481 Wardlaw Avenue

The proposed acquisition of the corner cut at the rear of 481 Wardlaw Avenue was initiated by the owners following discussions with the City's Insurance Branch. The turning radius at the lane is inadequate and as such there is a high incidence of vehicular trespass and damage to the owner's property. A proposed 5.7 metre x 4.0 metre corner cut at this location would facilitate movement of traffic in this area. Adequate funding for the proposed acquisition is committed in Certificate No. FT 99-08.

c) Part 1003 Dumas Avenue

The City originally negotiated a 5.0 metre x 4.0 metre corner cut at the rear of 1003 Dumas Avenue. Upon completion of the physical construction, it was determined that in practicality, an additional corner cut would be required to properly facilitate vehicular movement at the location. An additional 4.7 metre x 1.7 metre corner cut is therefore recommended. Adequate funding is allocated in Certificate No. FT 96-09.

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d) Part 913 Somerville Avenue

The City's Solid Waste and Street Maintenance Divisions have initiated the proposed acquisition of a 2.5 metre x 2.5 metre lane corner cut at the rear of 913 Somerville Avenue to facilitate the movement of larger refuse trucks and snow clearing equipment. Adequate funding is committed in Certificate No. FT 99-10.

e) Portion of City lands east of Watt Street and north of Melbourne Avenue

The property requirement in the proximity north of Melbourne Avenue and east of Watt Street is identified for geometric change to facilitate the movement of refuse and snow clearing equipment. Winnipeg Hydro has advised that it has no objections to transfer jurisdiction of the property required by the Public Works Department. The proposed works will however require relocation of a Manitoba Hydro pole and anchor. Adequate funding for the proposed transfer of jurisdiction and legal lane opening is allocated in Certificate No. FG 99-06.

In accordance with established policy, all lane corner cuts must be endorsed by Council either through the Capital Program approval process which clearly identifies land acquisitions or by reports that specify individual properties.

A financial impact analysis is not required at this time inasmuch as the monies for these projects have been approved by Council through previous Capital Budgets.

The Standing Policy Committee on Public Works therefore recommends:

I. That Council authorize the Director of Planning, Property and Development to negotiate for the acquisition of the property required to effect the lane corner cuts as follows:

a) Part 545 Newman Street as shown on Plan No. PR 99-12 (Appendix "A")
b) Part 481 Wardlaw Avenue as shown on Plan No. PR 99-05 (Appendix "B")
c) Part 1003 Dumas Avenue as shown on Plan No. PR 99-04 (Appendix "C")
d) Part 913 Somerville Avenue as shown on Plan No. PR 99-16 (Appendix "D")

II. That Council authorize the transfer and permit a lane corner rounding by the Public Works Department of that portion of the City lands east of Watt Street and north of Melbourne Avenue under the jurisdiction of Winnipeg Hydro shown as proposed lane corner cut on Appendix "E" hereto.

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

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

Adopted by consent.

STANDING POLICY COMMITTEE ON PUBLIC WORKS

CONSIDERATION OF BY-LAWS

368 - On motion of Councillor Angus, 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. 7571/2000, a by-law of The City of Winnipeg to amend By-law No. 6546/95, being a by-law of the said City to regulate the construction, maintenance and removal of private approaches and private walks. File SC-1(31) (Vol. 2)

By-law No. 7578/2000, a by-law of The City of Winnipeg to amend The Solid Waste By-law No. 1340/76. File WT-1 (Vol. 19)

By-law No. 7580/2000, a by-law of The City of Winnipeg to amend By-law 1573/77, being The City of Winnipeg Traffic By-law. File ST-5.2 (Vol. 26)

Councillor Timm-Rudolph asked to be recorded as having voted against all three readings of By-law No. 7578/2000, in accordance with Rule 50.7 of the Procedure By-law.