Agenda - Executive Policy Committee - March 15, 2006

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - March 7, 2006

Item No. 4 Local Improvement Rates for Watermains and Wastewater Sewers File SL

STANDING COMMITTEE RECOMMENDATION:

On March 7, 2006, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the administrative recommendation and submits the following to Council:

1. That Section 4 of Local Improvement Regulation By-law No. 98/72 regarding the flat rate local improvement charges to benefiting property owners for watermains and wastewater sewers be amended as follows:

   A. Watermains - from $36.00 for each foot of frontage or $0.270 for each square foot to $80.00 for each foot of frontage or $0.602 for each square foot of the area of that land to the depth deemed by Council to be benefited by the watermain, whichever is greater.

   B. Wastewater Sewers - from $38.00 for each foot of frontage or $0.285 for each square foot to $100.00 for each foot of frontage or $0.752 for each square foot of the area of that land to the depth deemed by Council to be benefited by the wastewater sewer, whichever is greater.

2. That the rate be reviewed annually and adjusted accordingly to reflect the current cost of construction.

3. That the City Solicitor/Manager of Legal Services be requested to prepare the amending By-law and submit the By-law to Council for March 22, 2006 in order that the new rates may be quoted for services to be advertised in the second quarter of 2006 and installed in 2007.

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

Agenda - Executive Policy Committee - March 15, 2006

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - March 7, 2006

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On March 7, 2006, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

RE: LOCAL IMPROVEMENT RATES FOR WATERMAINS AND WASTEWATER SEWERS

FOR SUBMISSION TO: Standing Policy Committee on Infrastructure Renewal and Public Works

ORIGINAL REPORT SIGNED BY: The Acting Director of the Water and Waste Department

REPORT DATE: February 17, 2006

RECOMMENDATIONS:

1. That Section 4 of By-law No. 98/72 of The City of Winnipeg regarding the flat rate local improvement charges to benefiting property owners for watermains and wastewater sewers be amended as follows;

   Watermains - from $36.00 for each foot of frontage or $0.270 for each square foot to $80.00 for each foot of frontage or $0.602 for each square foot of the area of that land to the depth deemed by Council to be benefited by the watermain, whichever is greater.

   Wastewater Sewers - from $38.00 for each foot of frontage or $0.285 for each square foot to $100.00 for each foot of frontage or $0.752 for each square foot of the area of that land to the depth deemed by Council to be benefited by the wastewater sewer, whichever is greater.

2. That the rate be reviewed annually and adjusted accordingly to reflect the current cost of construction.

3. That the City Solicitor be requested to prepare the amending By-law and that the amending By-law be passed at Council's meeting on March 22, 2006 in order that the new rates may be quoted for services to be advertised in the second quarter of 2006 and installed in 2007.

REPORT SUMMARY

KEY ISSUES:

- Local improvement rates have not been adjusted since 1982.

- Effective January 1, 2007, the Department is recommending an increase in the flat rate local improvement charges to benefiting property owners for watermains and wastewater sewer to $80.00 and $100.00 for each foot of frontage, respectively ($36.00 and $38.00 for 2006). This rate reflects the current cost of construction for 2006.

- The rate be reviewed annually and adjusted to reflect the current cost of construction.

IMPLICATIONS OF THE RECOMMENDATIONS:

General Implications

	None
X	For the organization overall and/or for other departments
X	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment: The cost of local improvements for customers will increase.

Policy Implications

X	No
	Yes – Comment(s):

Environmental Implications

X	None
	Yes – Comment(s)

Human Resources Implications

X	No
	Yes – Comment(s):

Financial Implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment(s):

REPORT

REASON FOR THE REPORT:

Amendments to The City of Winnipeg By-law 98/72, being a By-law to provide for the regulation of local improvements, requires Council approval.

HISTORY:

On December 6, 1978 Council instructed that the adequacy of the local improvement rates for watermains and wastewater sewers be reviewed annually.

From 1973 to 1982 the local improvement rates for watermains and wastewater sewers were increased progressively from $6.00 and $8.00 per frontage foot to $36.00 and $38.00 per frontage foot respectively. The last rate change was in 1982.

DISCUSSION:

The construction industry has experienced rapid growth over the last several years and a rate increase is necessary to catch up and keep pace with accelerating construction costs. According to the Canadian Construction Association, construction growth in Manitoba is expected to continue, with increases estimated at 16.3%, 5.9%, 4.4%, 3.1% and 2.5% for 2006 to 2010 respectively.

Between 1995 and 2005, costs per assessable frontage foot ranged from $27.31 to $97.18 for watermains and $22.20 to $174.14 for wastewater sewer projects. Variances reflect increases in the cost of construction and take into consideration the complexity of the projects. See Appendix A for a breakdown by year of actual and averaged local improvement construction costs.

The Department is recommending an increase to the local improvement rates for watermains and wastewater sewers from $36.00 and $38.00 per foot of assessable frontage to $80.00 and $100.00 respectively. The increases reflect actual cost of construction and administration for projects scheduled for 2006.

Approval for the recommended rates is required at this time such that the new rates may be quoted for local improvements to be advertised in the second quarter of 2006 and installed in 2007.

The rate will be reviewed annually and, upon Council approval, be adjusted to reflect the current cost of construction. The Public Works Department employs a process where uniform rates for local improvements are determined annually based on a pooling of actual costs for like projects being assessed. The uniform rate calculated for each type of local improvement is used to assess

all properties in all like projects. The Water and Waste Department will plan to use a similar process for watermain and wastewater sewer local improvement projects.

The following factors will be considered in determining changes to the rates:

- Inflation and construction cost index
- Material and labour costs
- Pipe sizes and soil conditions
- Location and complexity

Availability of resources and anticipated industry growth may further affect rates as the City's local improvement projects compete with other projects in the province.

FINANCIAL IMPACT:

There is no financial impact associated with this report. The Department has historically absorbed the difference between actual cost and amounts collected for local improvements. As a longer term rate plan is developed, the Department will consider adjustments to the budgets.

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Moira Geer, C.A., Manager of Finance and Administration

APPENDICES

The following appendix is attached as additional information:

APPENDIX A Watermains and Wastewater Sewers
Local Improvement Construction Costs 1995 to 2006

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

Local Improvement Branch, Corporate Finance Department

THIS REPORT SUBMITTED BY:

Department: Water and Waste Department
Division: Finance and Administration Division
Prepared by: Mwaka Kaonga, Lucy Szkwarek
File No. 010-07-20-06-01

Local Improvement Construction Costs WATERMAINS

Year of Construction	Location	Construction Cost Plus Engineering	Feet of Pipe Installed	$/Feet of Pipe	Assessable Frontage Feet	$/ft of Assessable Frontage
1995	Court Avenue	15,874.31	203.41	78.04	200.00	79.37
1995	Benn Avenue	80,081.76	1,010.50	79.25	1,522.20	52.61
		$ 95,956.07	**1,213.91**	**$ 157.29**	**1,722.20**	**$ 55.72**
1996	Litchfield Boulevard	**$ 46,594.31**	**597.11**	**$ 78.03**	**1,706.40**	**$ 27.31**
1999	Richard Avenue	69,960.36	459.32	152.31	355.30	196.91
1999	Lucas Avenue	20,545.35	272.00	75.53	576.00	35.67
		$ 90,505.71	**731.32**	**$ 227.85**	**931.30**	**$ 97.18**
2000	Springfield Road	231,504.00	2,935.10	78.87	6,628.90	34.92
2000	St.Anne's Road	162,120.64	1,783.66	90.89	2,208.40	73.41
		$ 393,624.64	**4,718.76**	**$ 169.77**	**8,837.30**	**$ 44.54**
2004	St. Anne's Road	**$ 129,258.25**	**1,545.30**	**$ 83.65**	**1,544.90**	**$ 83.67**
2005	Goodyear Avenue	89,199.36	464.20	192.16	537.32	166.01
2005	Lucas Avenue	63,956.72	526.60	121.45	1,058.55	60.42
		$ 153,156.08	**990.80**	**$ 313.61**	**1,595.87**	**$ 95.97**
2006	Almey Avenue	**$ 652,313.97**	**4,158.70**	**$ 156.86**	**8,087.30**	**$ 80.66**

Local Improvement Construction Costs WASTEWATER SEWERS

Year of Construction	Location	Construction Cost plus Engineering	feet of pipe installed	$/feet of pipe	Assessable frontage feet	$/ft of Assessable Frontage
1995	Court Avenue	28,763.66	196.90	146.08	200.00	143.82
1995	Lavallee Road	23,553.00	292.00	80.66	297.00	79.30
1995	Benn Avenue	101,639.93	964.60	105.37	1,522.20	66.77
		$ 153,956.59	**1,453.50**	**$ 332.11**	**2,019.20**	**$ 76.25**
1996	Litchfield Boulevard	**$ 37,879.65**	**528.20**	**$ 71.71**	**1,706.40**	**$ 22.20**
1997	Panet Road	**$ 88,871.21**	**915.40**	**$ 97.08**	**666.10**	**$ 133.42**
1998	Nesbitt Bay	**$ 29,300.00**	**295.30**	**$ 99.22**	**246.50**	**$ 118.86**
1999	Victoria Grove	109,434.09	1,345.10	81.36	2,289.00	47.81
1999	Lucas Avenue	23,842.35	277.00	86.07	576.00	41.39
		$ 133,276.44	**1,622.10**	**$ 167.43**	**2,865.00**	**$ 46.52**
2000	Atwood Street	**$ 56,270.33**	**843.41**	**$ 66.72**	**1,643.60**	**$ 34.24**
2001	Springfield Road	**$ 505,406.33**	**5,237.24**	**$ 96.50**	**8,789.40**	**$ 57.50**
2005	Goodyear Avenue	**$ 93,569.79**	**387.10**	**$ 241.72**	**537.32**	**$ 174.14**
2006	Crescent Drive	97,820.60	817.00	119.73	568.28	172.13
2006	Almey Avenue	587,038.89	3,156.90	185.95	6,184.00	94.93
		$ 684,859.49	**3,973.90**	**$ 305.69**	**6,752.28**	**$ 101.43**