Agenda - Council - June 28, 2006

Report – Executive Policy Committee – June 21, 2006

Item No. 10 Intermunicipal Shared Service Initiative: Expression of Interest Process
File EP-1.5

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 21, 2006, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

1. That the Expression of Interest from the R.M. of Macdonald be accepted as a pilot project and that the Administration begin negotiations with the Municipality for the purpose of developing an Intermunicipal Shared Service Agreement.

2. That the Expression of Interest from the R.M. of East St. Paul be accepted as a pilot project and that the Administration begin negotiations with the Municipality for the purpose of developing an Intermunicipal Shared Service Agreement.

3. That the Administration initiate discussions with the R.M. of Rosser and other interested stakeholders to analyze the proposal in greater detail to determine the terms upon which a potential Intermunicipal Shared Service Agreement could be developed.

4. That the Administration engage the R.M. of West St. Paul in further discussions regarding its Expression of Interest.

5. That the pilot shared service agreements be subject to Council approval.

6. 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 – June 21, 2006

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 21, 2006, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to the Council.

COUNCIL:

On December 14, 2005, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

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.

RE: <u>Intermunicipal Shared Service Initiative: Report on the Expression of Interest Process</u>

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Chief Administrative Officer

REPORT DATE: June 19, 2006

RECOMMENDATION:

1. That the Expression of Interest from the RM of Macdonald be accepted as a pilot project and that the administration begin negotiations with the municipality for the purpose of developing an Intermunicipal Shared Service Agreement.
2. That the Expression of Interest from the RM of East St. Paul be accepted as a pilot project and that the administration begin negotiations with the municipality for the purpose of developing an Intermunicipal Shared Service Agreement.
3. That the administration initiate discussions with the RM of Rosser and other interested stakeholders to analyze the proposal in greater detail to determine the terms upon which a potential Intermunicipal Shared Service Agreement could be developed.
4. That the administration engage the RM of West St. Paul in further discussions regarding its Expression of Interest.
5. That the pilot shared service agreements be subject to Council approval.

Report Summary

Key Issues:

- On December 14, 2005 Council directed the CAO to identify intermunicipal service sharing opportunities through an Expression of Interest Process and that the following principles be utilized to guide the process to ensure 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.

- The CAO was directed to report back to Council to recommend a shared service pilot project or projects.
- The Expression of Interest process was launched on January 25, 2006 with a meeting of all CAOs from the capital region. Eight additional meeting were held with individual municipalities throughout February and March.
- The City received proposals from the RM of East St. Paul, the RM of West St. Paul, the RM of Rosser, and the RM of Macdonald. The proposals were very well done and reflected the positive reception the initiative generally received.
- All proposals were evaluated according to the principles adopted by Council in addition to other relevant factors such as the location, scale of project, and potential success of the pilot.
- Of the four proposals received by the City, three (East St. Paul, Rosser, and Macdonald) were consistent with the principles adopted by Council while the fourth (West St. Paul) requires further discussion with the RM to consider related development issues and appropriate planning and tax/revenue sharing mechanisms.
- Of the four proposals received by the City, all were located in areas of strategic interest to the City but one (Rosser) was of a scale which requires additional analysis to ensure that a potential shared service agreement is mutually beneficial to both the City and the RM.
- Consequently, it is recommended that Council direct the administration to begin negotiations with Macdonald and East St. Paul for the purpose of developing a shared service agreement with each municipality.
- It is further recommended that the City engage Rosser and other interested stakeholders in further discussions to analyze the proposal in greater detail. It is recommended that the City conduct further discussions with West St. Paul to align the proposal with the five principles adopted by Council and to address related development issues.
- In approving the report of December 14, 2005, Council provided $50,000 to support the initiative. The EOI process did not require any financial resources but (should the recommendations be approved) these financial resources will now be utilized to examine regional planning and tax/revenue sharing issues in greater detail.

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 recommendations involve new relationships and partnerships with surrounding municipalities.

Policy Implications

( ) No

(**X**) Yes

Comment(s): Though the City has existing shared service agreements with a number of surrounding municipalities, the five principles adopted by Council to guide the Intermunicipal Expression of Interest process represent a new approach to building partnerships in the capital region.

Regulatory Implications

(**X**) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s): The negotiation of the Shared Service Agreements will not have explicit regulatory implications but the extension of City service to surrounding municipalities will require that the participating municipalities to align with relevant City by-laws and regulations.

Environmental Implications

(X) No

(**X**) Yes

Comment(s): Since one of the two recommended pilots (and three of the four proposals) involve the provision of water and wastewater services from the City to the RMs, it is believed that the shared service agreements will have a beneficial impact on environmental quality in the capital region.

Human Resources Implications

( ) No

(**X**) Yes

Comment(s): The negotiation and implementation of the shared service agreements will likely require additional human resource capacity.

Financial Implications

(**X**) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s): In approving the Intermunicipal Shared Service Expression of Interest process in December 2005, Council provided the administration with $50,000 to support the initiative. The EOI process did not require any financial support but (should the recommendations be approved) these financial resources will now be utilized to examine regional planning and tax/revenue sharing issues in greater detail.

Report

REASON FOR THE REPORT:
On December 14, 2005 Council directed the CAO to identify intermunicipal service sharing opportunities through an Expression of Interest process. The CAO was directed to report back to Council to recommend a shared service pilot project or projects.

HISTORY:
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.

In October 2003, the report of Regional Planning Advisory Committee (***A Partnership for the Future: Putting the Pieces Together in the Manitoba Capital Region***, October 2003) identified the key building blocks - shared services, tax sharing, joint planning – for the sustainable economic development of the region. On October 22, 2003, Council approved a Memorandum of Understanding adopted by 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.”

Since then the City has become a partner in 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. 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.

Consequently, and in recognition of these seminal events in the last few years, on December 14, 2005, Council directed the CAO to identify intermunicipal service sharing opportunities through an Expression of Interest Process and that the following principles be utilized to guide the process to ensure 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.

DISCUSSION:

The EOI PROCESS

The objective of the City of Winnipeg's Intermunicipal Shared Service Expression of Interest Initiative was to work cooperatively with our regional municipal partners to identify one or more pilot projects which promote the economic and efficient development of the region while ensuring that regional growth is both planned and sustainable.

The Intermunicipal Shared Service Expression of Interest Initiative was also intended as a fresh start and a new approach to an issue that has been discussed in the region for some time. In particular the initiative was designed to be an inclusive process that provided all interested municipalities with an opportunity to submit a detailed proposal to the City. In addition, the Intermunicipal Shared Service Expression of Interest Initiative was also intended as a beginning rather than an end, as it the allows the City and its regional partners to test assumptions, work through problems, and build a template for additional intermunicipal service sharing in the years ahead. In short, the pilot projects recommended in this report are intended to serve as a model for the development of other service sharing agreements in the future.

One of the key objectives of the process was to open the lines of communication between the City and the surrounding municipalities not only to encourage participation in the initiative but also to build new relationships. To this end, the City launched the process on January 25, 2006 by hosting a meeting of all CAOs in the Capital region. If this meeting was not the first of its kind, it was certainly the first in a very long time and represented an opportunity for City to outline the key objectives of the shared service initiative and to listen to the views of our administrative colleagues. This meeting was

followed by individual meetings with interested municipalities where potential shared service opportunities were explored in further detail and to exchange ideas about the initiative. The City also briefed the administrative liaison for the Mayors and Reeves of the Capital Region Inc., the Province of Manitoba, and the Red River Infrastructure Committee on the initiative. Without overstating the case, it is worth saying that City representatives were always exceedingly well received in every municipality we visited (whether the municipality choose to submit a proposal or not) primarily because the shared service initiative reflected our mutual interest in, and commitment to, a new era of collaboration and cooperation in the region.

The Proposals

The deadline for the expression of interest was set for April 14, 2006 which was intended to give interested municipalities time to prepare a proposal as well as give the City administration time to evaluate each submission before reporting back to Council. Ultimately, the City received proposals from RM of Macdonald, the RM of Rosser, the RM of East St. Paul, and the RM of West St. Paul. The proposals were very well done, especially so since this was the first time the process had ever been attempted, and reflected the positive reception the initiative generally received.

In summary the proposals were as follows:

RM of Macdonald: Water and Wastewater Services located in north east corner of the RM of Macdonald adjacent to McGillivary Blvd and Brady Rd. The immediate objective of the Service Sharing proposal would be to improve the existing water supply and provide a sanitary sewer system to an industrial area 365 acres in size. Macdonald agreed to negotiate a tax/revenue sharing formula and to participate in a joint planning exercise.

RM of Rosser: Water and Wastewater Services west of Brookside Blvd., in the vicinity of Inkster Blvd divided into three phases with phase one focusing on 400 acres of existing industrial land immediately west of Brookside from the CPR tracks to .5 mile north of Inkster; Phase 2 concerning 160 acres north along Brookside plus 530 acres to the west centred at the intersection of Inkster and Klimpke and; Phase 3 relating to 500 acres west of the airport centred east of Sturgeon Rd on the proposed Airport Way. Rosser agreed to negotiate a tax/revenue sharing formula and to participate in a joint planning exercise.

RM of East St. Paul: Proposed agreements for Glenway Ave Upgrade (cost shared 50-50); Transit Park and Ride (North Perimeter/Henderson Highway parking lot); Dog Kennel Services (access to space at City kennels) and Dutch Elm Tree Disposal (at Brady Landfill). The RM agrees, though the EOI is primarily a fee for service request, to incorporate joint planning principles as well as an understanding related to tax/revenue sharing into the shared service agreement.

RM of West St. Paul: Water & Wastewater Services along Drury Road (Whistler Hollow). Extend services to 72 residences (56 new + 16 existing) and to 180 seniors condominium units. West St. Paul characterized the proposal as “in-fill” development and consequently indicated that joint planning may not be necessary since the proposal

would “not have significant land use impacts” nor “encourage development” and that, for the same reasons, tax/revenue sharing was “not valid with respect to the pilot project.”

Recommendations:

The proposals were evaluated by an interdepartmental team and reviewed by the Planning Executive Advisory Committee. All proposals were evaluated according to the principles adopted by Council in addition to other relevant factors such as the location, scale of project, and potential success of the pilot.

Accepted EOIs and Recommended Pilot Projects:

After a thorough review of all four proposals, it is recommended that Council direct the administration to:

Pilot a Shared Service Agreement with the RM of Macdonald as the proposal agrees to principles adopted by Council, is in a location of strategic interest to the City, and has the best chance of success.

Pilot a Shared Service Agreement with the RM of East St. Paul as the proposal agrees to the principles adopted by Council and is primarily for services that the City can provide on a fee for service basis. The agreement will explicitly incorporate both the City’s and RM’s commitment to the development of a joint planning framework and to develop a tax /revenue sharing formula as discussions on other services evolve.

EOIs requiring further analysis and discussion:

It is also recommended that:

That the City initiate discussions with Rosser and other interested stakeholders to analyze the proposal in greater detail in order to properly understand critical land use planning and tax/revenue sharing issues. While the Rosser proposal reflects an opportunity for both the City and the RM to benefit from the development of an inter-modal cluster in this area, it is also an extremely large and complex undertaking which will require significant analysis and planning before a Shared Service Agreement can be negotiated.

While the EOI from West St Paul is of strategic interest to the City, the proposal was not consistent with 2 of the 5 principles adopted by Council (joint planning and tax/revenue sharing) and, as such, requires further discussion with the RM. The City also requires further information as to how the proposal aligns with the Request for Expressions of Interest (RFEOI) that the City received from the Red River Infrastructure Committee (RRIC) on May 17, 2006. The RM of West St. Paul is a member of RRIC which is searching for proponents to design, build, finance and operate water and wastewater projects from Winnipeg to Selkirk on both sides of the Red River. Further discussion is therefore required to encourage the RM to engage in joint planning and tax/revenue sharing as well as to understand how the proposal aligns with RRIC.

Resources

In approving the Intermunicipal Shared Service Expression of Interest process in December 2005, Council provided $50,000 to support the initiative. Since this was a new initiative, it was not clear if these financial resources would be required for the first (promoting the initiative) or second (developing the pilot shared service agreements) stage of the process. As it turned out, expressions of interest were received without the administration having to draw on the $50,000. It also became clear during stage one that best use of the financial resources would be to examine regional planning and tax/revenue sharing issues in greater detail once the pilot projects were selected and approved. It is expected that this analysis can be completed within the original $50,000 budget allotment but Council should be advised that the implementation of the agreements may require additional financial support, especially as it relates to detailed (and critically important) planning issues. The Shared Service Agreements will ultimately require final Council approval and any additional requests for financial support will be addressed at that time.

Financial Impact Statement

Date: June 15, 2006

Project Name: Intermunicipal Shared Service Initiative

First Year of Program 2006

	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	50,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1. In approving the Intermunicipal Shared Service Expression of Interest process in December 2005, Council provided $50,000 to support the initiative. With the completion of the EOI process and the identification of recommended pilot projects, this financial support is now required.

2. It is important for Council to be advised that the implementation of the agreements may require additional financial support, especially as it relates to detailed (and critically important) planning. The Shared Service Agreements will ultimately require final Council approval and any additional requests for financial support will be addressed at that time.

(Original signed by R. Abeysekera)
Manager of Finance & Administration
Corporate Services Dept.

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Corporate Finance
Legal Services
Planning, Property and Development
Public Works
Transit
Winnipeg Police Service
Fire and Paramedic Service
Community Services
Water and Waste

External Consultation With:
RM of Rosser
RM of Macdonald
RM of St. Andrews
RM of East St. Paul
RM of West St. Paul
RM of Springfield
RM of St. Clements
RM of St. Francois-Xavier
RM of Tache
RM of Richot
RM of Headingly
Mayors and Reeves of Manitoba's Capital Region Inc.
Red River Infrastructure Committee
Province of Manitoba

THIS REPORT SUBMITTED BY:

Department: CAO Secretariat
Division: Strategic Management
Prepared by: James Allum
File No.