REPORT OF THE

STANDING POLICY COMMITTEE ON PUBLIC WORKS

DATED SEPTEMBER 27, 1999

On motion of Councillor Angus, Clause 5 of the Report of the Standing Policy Committee on Public Works, dated September 27, 1999, was considered.

Intra-City Movement of RTAC Trucks in Winnipeg File ST-5.2 (Vol. 25)

48 - 5. The Standing Policy Committee on Public Works has been advised that a review of the policy of permit-based operation of intra-city movements of RTAC trucks (which has been in place since 1988) has been undertaken by the Public Works Department in consultation with the Compliance Services of the Manitoba Department of Highways and Transportation and the Manitoba Trucking Association. RTAC trucks are those vehicles defined by size and weight limits by the Memorandum of Understanding (MoU) adopted across Canada in September 14, 1988, by the Council of Ministers of Transportation and Highway Safety.

Unlike other trucks, RTAC trucks were designed with stability and control as key factors. This translates into trucks that respond better in emergency situations, especially when travelling at low speed (this is the case in most streets of Winnipeg). RTAC trucks transfer loads more evenly to pavements. The introduction of tridem axles on RTAC trucks allow for better distribution of loads on the axle group, making it one half as damaging as a tandem axle. The introduction of the eight axle B-train, and its current widespread use (this is the dominant double trailer combination in Manitoba) minimizes the exposure of trucks susceptible to rollover. This is because the articulation points on these trucks are controlled by more stable connections (commonly known as fifth wheels).

Since the endorsement of this MoU, the Province of Manitoba, the rest of the provinces and most urban centres in Canada, have approved the use of these vehicles. In March 1988, the City of Winnipeg adopted a fleet permit issuance procedure, with a future intent to amend the Traffic By-law to accommodate these new trucks. A "Vehicle Weights and Dimensions Harmonization Committee" was established in March, 1996 which included the City of Winnipeg, Manitoba Highways and other interested parties to resolve issues such as harmonization of truck size and weight regulations, maximize the road network available to RTAC vehicles in Manitoba, including Winnipeg's road network, and to make a transparent permitting systems for truck operations. Since that date, several meetings have occurred involving Manitoba Highways, the Manitoba Trucking Association and the City of Winnipeg Public Works Department to resolve the outstanding issue of intra-city movement of RTAC trucks in Winnipeg.

Size and Weight Regulatory Aspects

The creation of new size and weight limits on trucks resulted from the need to harmonize commercial vehicle operations throughout Canada. This led in 1986, to a major undertaking to research the potential to improve the stability and control of heavy articulated trucks. This research was sponsored by the Roads and Transportation Association of Canada (RTAC), now known as the Transportation Association of Canada (TAC). This research included aspects such as static rollover threshold, dynamic rollover stability, friction demand in tight turns, braking efficiency, low and high speed off tracking, transient high speed off tracking. Some of these aspects are very important to urban trucking.

Figure 1 [Appendix "A"] shows some of the typical vehicle configurations of RTAC trucks operating in Canada. Single and double trailer RTAC trucks operate without need of a permit provided they satisfy the size and weight limits. Single or tractor semi-trailers are allowed to operate provided they do not exceed 23.0 metres in total length and the gross vehicle weight is less than or equal to 39,500 kg (for five axles) or 46,500 kg (for six axles). Double trailer combinations are allowed to operate at a maximum length of 25.0 metres and gross vehicle weights of 56,500 kg (A/C trains typically with seven axles) or 64,500 kg (eight axle B-trains). Triple trailer combinations, as well as other vehicles exceeding this size and weight dimensions (eg. Rocky Mountain Doubles, Turnpike Doubles), are required to obtain a permit from most jurisdictions, including Manitoba and Winnipeg.

Trucking activity in western provinces has changed over the years. It is believed that truck size and weight regulation started in the early 1920's. Table A [Appendix "B"] shows many important milestones that have changed truck size and weight regulations affecting jurisdictions in western Canada and in Winnipeg.

Report of the Standing Policy Committee on Public Works dated September 17, 1999

At present, Schedule 3 of the City of Winnipeg Traffic By-law No. 1573/77 defines trucks as those conforming to Sections 26 and 27 for non-RTAC trucks and Section 28 for RTAC trucks of Manitoba Regulation 575/88 of The Highway Traffic Act. In addition, Section 47(a) of By-law No. 1573/77 allows the movement of RTAC trucks if "…the origin of the vehicle trip is outside of the City and the destination is within the City, or the origin of the vehicle trip is within the City and the destination is outside of the City, but not otherwise…"

Infrastructure Aspects

Truck weight limit changes are important in the design and construction of streets, bridges and overpasses. Those bridges and overpasses located on the Truck Route Network outlined in Figure 2 [Appendix "C"] need to be constantly monitored to maintain an acceptable level of safety. This monitoring includes the revision of maximum weights allowed to travel over these structures. The maximum weights allowed on certain structures in the City in 1987 and 1998, are as outlined in Table 1 [Appendix "D"].

Although most of the bridges and overpasses remain at a limiting weight of 36,500 kg, there are now key structures that can accommodate typical RTAC trucks. These structures include: the Main Street and Norwood Bridges, St. Vital Bridge, St. James Bridge, and overpasses along Portage Avenue and Osborne Street as identified in Figure 3 [Appendix "E"].

With respect to the transportation system, certain aspects of pavement damage on Winnipeg's infrastructure have been examined, in particular, the effect of trucking on road surface. The results of this analysis indicate that the effects of trucking are marginal when compared to the environmental aspects (eg. freeze-thaw cycles) affecting road surfaces in Winnipeg.

Safety Aspects

As stated in the "Vehicle Weights and Dimensions Study" prepared by the Technical Steering Committee, Transportation Association of Canada, dated December 1986, an important aspect of RTAC trucks is that they were designed with stability and control as fundamental factors. This translates into better load transfer to pavement, reduced risk of rollover due to better coupling systems between semi-trailers, better braking, and lower center of gravity. All these aspects of RTAC trucks are of interest to public safety. The Provincial, Federal and Municipal governments (Canada and U.S.), as well as private industry, have funded a large-scale program titled the NO- ZONE program. This is intended to increase awareness of the implications of performance aspects (eg. braking distance) and physical limitations (eg. blind spots) of large commercial vehicles. RTAC trucks are exceptionally helpful in contributing to the NO-ZONE program, as they help improve the perception of truck safety through better stability and control. As defined in the program mission statement, the NO-ZONE program "was created to educate motorists about how to safely share the road with trucks and buses [commercial motor vehicles (CMVs)]. Its goal is to increase awareness of the No-Zones -- danger areas like blind spots, around commercial vehicles, in which cars "disappear" from the view of the truck or bus driver. No-Zones are areas where crashes are more likely to occur. And safer driving will help to reduce car-truck-bus related deaths, injuries, and property damage".

Practices in Urban Jurisdictions in Western Canada

Various urban centres in western Canada were contacted to document their practices regarding the extent of intra- city commercial vehicle operations, the results of which are as outlined in Appendix "F". Increased size and weight regulations to accommodate RTAC trucks in Winnipeg is not of relevance to this exercise, as these trucks are already allowed in Winnipeg and accommodated in the City's by-laws.

In summary, for the western Canadian cities surveyed:

- Corresponding provincial Highway Traffic Acts regulate all jurisdictions.
- All jurisdictions have by-laws in addition to the Acts.
- None of the jurisdictions make a distinction between an RTAC and a non-RTAC truck.
- Vancouver is the only city that limits truck length (this includes truck and single trailer combinations) to 20 metres (or 22 metres for double trailer combinations), but this restriction is under review.
- Calgary and Edmonton have, in addition to the Truck Route system, a Dangerous Goods Route system.

Report of the Standing Policy Committee on Public Works dated September 17, 1999

- All types of movements are allowed in all jurisdictions. This includes into, out of, and intra-city movements.

- Permits are only required for over-dimensioned or over-weight vehicles. The definition of these vehicles is given in the by-laws for each jurisdiction, and typically these definitions correspond to those vehicles larger and heavier than RTAC trucks.

In conclusion, RTAC trucks have been operating in Canada for more than ten years. They were designed to handle heavy loads safer and with less axle loading than other existing trucks. RTAC trucks are currently operating within all major western Canadian cities, except Winnipeg and Vancouver, without permit.

In light of the foregoing, the Public Works Department is recommending that the restriction on the intra-city movement of RTAC trucks in the City of Winnipeg be removed through an appropriate amendment to the City of Winnipeg Traffic By-Law No. 1573/77. There is no financial impact associated with this recommendation.

For the information of Council, the Standing Policy Committee on Public Works has directed that a Transportation and Trucking Committee be established to deal with other (non-RTAC) issues relating to the trucking industry.

The Standing Policy Committee on Public Works recommends:

I. That Section 47 (a) of the Traffic By-Law No. 1573/77 be amended to reflect the expansion of the commercial operation of RTAC trucks (as defined by Section 28 of Manitoba Regulation 575/88 of The Highway Traffic Act) to include intra-city movements in the City of Winnipeg.

II. That the City Solicitor/Manager of Legal Services be instructed to prepare the necessary amending by-law for submission directly to Council for approval.

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

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

The Executive Policy Committee, due to a tie vote, submits this matter to Council without recommendation.

Moved by Councillor Angus,

That the recommendation of the Standing Policy Committee on Public Works be adopted.

The Speaker called the Deputy Speaker, Councillor Lazarenko, to the Chair and left the Chamber.

The motion for the adoption of the clause was put.

The Deputy Speaker called for the yeas and nays, which were as follows:-

Yea: Councillors Angus, De Smedt, Gerbasi, Golden, Smith, Steek, Timm-Rudolph, Eadie, His Worship Mayor Murray and Councillor Lazarenko. 10

Nay: Councillors Clement, Lubosch, Deputy Mayor Thomas and Vandal. 4

and the motion for the adoption of the recommendation of the Standing Policy Committee on Public Works was declared carried.

REPORT OF THE

STANDING POLICY COMMITTEE ON PUBLIC WORKS

DATED OCTOBER 25, 1999

On motion of Councillor Angus, the Report of the Standing Policy Committee on Public Works, dated October 25, 1999, was considered clause by clause.

Moved by Councillor Angus,
That the Consent Agenda, Clause 3, be adopted.

Carried.

2000 Water and Sewer Utility Rates
File WW-2.3 (Vol. 14)

49 - 1. On October 25, 1999, the Standing Policy Committee on Public Works considered an administrative report dated October 20, 1999, relative to the Water and Sewer Utility Rates for 2000, including the following principles of operation adopted by Council on November 19, 1997, as part of the Utilities' Financial Plan to ensure the future predictability of the Water and Sewer Utility rates and the continued financial stability of the Water and Sewer Utility.

Water And Sewer Utilities Principles Of Operation

The Water and Sewer Utilities adhere to the following principles of operation:

1. Self Supporting Utilities - The Utilities do not receive subsidies from the mill rate.

2. Cost of Service Rates - Customers pay Water and Sewer rates which represent the operating and capital costs of providing the Utility services.

3. Debt Servicing - The Utilities' revenues are sufficient to service the Utilities' long-term debt.

4. Working Capital Reserves - Water and Sewer Utilities - The Water and Sewer Utilities maintain working capital reserves to protect the Utilities' financial position and prevent significant rate fluctuations that may otherwise result from a decline in consumption or major unforeseen expenditures. On an annual basis, the Utilities strive to maintain a minimum combined working capital position of 11% of the combined Water and Sewer sales.

5. Ten Year Financial Plan - Water and Sewer Utilities - Rates in the Water and Sewer Utilities are planned over a ten year time frame to mitigate the effects of year over year fluctuations and to coincide with the longer term infrastructure development and renewal planning.

6. 10% Transfer to the General Revenue Fund - The Water and Sewer Utilities transfer 10% of the sales revenue (net of transfer to capital reserve funds) as a reasonable return to the City on its investment in the Utilities.

7. Additional Transfers to the General Revenue Fund - The Water and Sewer Utilities transfer funds to the Fire Hydrant and Land Drainage programs in the General Revenue Fund. In recent years, the Utilities have also contributed to the General Revenue Fund via global savings allocations. The transfers to the Fire Hydrants and Land Drainage support 100% of the costs of these programs, with the exception of the debt servicing costs in the Land Drainage program.

8. Capital Reserve Funds - The Utilities establish reserves to fund major capital projects. The "pay-as-you-go" capital program is less costly than traditional debt financing which equates to lower rates for our customers.

Report of the Standing Policy Committee on Public Works dated October 25, 1999

Water and Sewer Rate Strategy

The 2000 rate strategy is to effect long-term rate stabilization with an increase in the 2000 rates and no further increases throughout the ten year plan. The 1999 and prior years' rate models envisioned a short-term increase in rates (to fund the Aqueduct Rehabilitation Program) in the first five years of the plan followed by a gradual decline in rates in the latter five years.

The current year's rate model proposes a 2.6% increase in the combined residential rate (Block 1) in 2000 with no combined rate increases thereafter. Information recently provided to City Council regarding the rate impact of constructing and operating a water treatment plant indicated that the residential rate increase would be less than 5%. Completion of this report has confirmed the rate impact. The overall impact on a customer using the same amount of water and sewer services in 2000 versus 1999 is an increase in the combined charge ranging from 2.4% for the residential customer to 0.9% for a large industrial user. Total water and sewer sales revenue is expected to increase by only 2% since consumption is expected to remain flat at 1999 levels. The 2000 rate plan (in comparison to 1999) is as outlined in Appendix "F".

This rate strategy is based upon ten year financial projections for the Water and Sewer Utilities. Several key assumptions around future consumption levels, operating and capital costs and borrowing requirements are factored into these projections. The ten year plan is also based on the existing rate structure. While the ten year rate plan strives for a constant combined Block 1 rate over the next ten years, this will only be attainable if projected consumption levels are realized and there are no unforeseen, material operating and capital expenditure requirements. It is difficult to predict future consumption patterns beyond the first two years of the plan.

Rate Projections Should Not be Viewed as a Ten Year Rate Freeze

Rate projections are based upon a series of assumptions about future activity and actual results will inevitably vary from the planned results. Rates are based upon ten year plans and there are far too many future unknowns to commit to a ten year rate freeze.

Rates (increases or decreases) are influenced by many factors over time, including:

- Sales volume - If actual consumption is less than plan, this could cause a rate increase (conversely actual consumption greater than plan could effect a rate decrease).

- Capital expenditure - Many items can influence the capital program expenditure, including changes in market price, introduction of new technology, introduction of and compliance with new legislation, etc.

- Rate structure - The ten year projections do not contemplate any changes to the existing rate structure. The Water and Waste Department must address rate structure issues such as economic incentives, rate redistribution among various customer classes (1997 Sewer Rate Study), winter-cost averaging for summer consumption and revisit the declining block rate cost gradients.

- Economic development - The City's economic climate can have significant impact on the Utilities' financial plan. The addition or deletion of a major customer could effect a change in rates due to the consumption and sales revenue associated with the Utilities' large volume users. Currently the top 50 customers account for approximately 10% of the combined water and sewer sales revenue.

- New legislation - Environmental and public health concerns are driving more stringent standards in the water and wastewater industry. The introduction of new legislation could cause increased rates through the operating and capital costs associated with compliance.

Transfers to Other Funds

In addition to the operating and capital costs, water and sewer rates fund transfers to the Aqueduct Rehabilitation, Water Treatment Plant and Environmental Reserves. In 2000, the Water and Sewer Utilities will transfer $23.4 million to these capital reserve funds.

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The Utilities transfer 10% of the base Water and Sewer sales to the General Revenue Fund as the City's return on investment. In the past five years, the Utilities have also provided additional General Revenue Fund support for hydrants, land drainage and global savings. In 2000, these transfers will be $17.6 million which is equivalent to 15% of the base sales which is in excess of the above-stated principle of operation (NO. 6).

Water Rates

The 2000 Block 1 water rate will increase by 6.3%, which is offset by a 1% decrease in the sewer rate, the net impact being a 2.6% increase in the combined water and sewer rate. Under this scenario, in 2000 the residential customer will see a 2.4% or $2.94 increase in their quarterly water and sewer bill since the fixed quarterly charge is not changing in 2000.

After 2000, the proposed water rate increases are entirely offset by decreases in the sewer rates. After 2000, the residential bill will not increase if the household consumption remains the same.

The water rate consists of a base rate plus the provision for the Aqueduct Rehabilitation and Water Treatment Plant Reserves. Under this plan the water rate is increasing over the ten years to save for the aqueduct rehabilitation project ($54 million) and 50% of the cost of constructing a water treatment plant ($104 million) and to ultimately have a base rate in the latter years that will sustain both the annual operating and capital costs. The 2000 increase is directly related to the base rate since the reserve contributions have been maintained at 1999 levels.

The rate model also includes the capital, debt and operating costs associated with the construction and operation of a water treatment plant. The Executive Policy Committee of City Council will be convening special meetings to receive public opinion on this issue. At the conclusion of the public consultation process, Executive Policy Committee will make a recommendation to Council whether or not to proceed with the construction of a water treatment plant. If Council makes the decision to not treat Winnipeg's water supply, the Department will submit a revised rate report along with recommendations concerning the funds that will have accumulated in the Water Treatment Reserve Fund, estimated to be approximately $25 million by the end of 1999.

Sewer Rates

The 2000 sewer rate will decrease 1.0%, which is offset by a 6.3% increase in the water rate, the net impact being a 2.6% increase in the combined water and sewer rate. Under this scenario, in 2000 the residential customer will see a 2.4% or $2.94 increase in their quarterly water and sewer bill since the fixed quarterly charge is not changing in 2000.

After 2000, the proposed sewer rate decreases are entirely offset by increases in the water rates. After 2000, the residential bill will not increase if the household consumption remains the same.

Rate decreases are achievable through the retirement of debt and the cash financing of capital programs which has been the practise since 1997. No additional borrowing will be required into the foreseeable future for new capital projects.

Combined Water and Sewer Rates

The increase in the proposed Block 1 rate of 2.6% is lower than the increase of 19.0¢ or 3.7% in 1999. The proposed changes to water and sewer rates in 2000 are summarized as follows:

	2000 Proposed Rate (per 100 cubic feet)			1999 Combined Rate	$ Increase	% Increase
	Water	Sewer	Combined			
Block 1	$2.70	$2.78	$5.48	$5.34	$0.14	2.60%
Block 2	$2.22	$2.78	$5.00	$4.90	$0.10	2.00%
Block 3	$1.74	$2.78	$4.52	$4.45	$0.07	1.60%

The Water and Waste Department recommends no change in the fixed quarterly charge, which has not increased since 1996.

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Sewer Rate Structure Review

With the input from key stakeholders in the community, the Water and Waste Department undertook a comprehensive review of the sewer rate structure and industry best practices. A report to the Chief Administrative Officer, dated January 12, 1999, communicated the recommendations and results of this review process. It would not be possible to make any changes to the existing rate structure until the new Customer Information and Billing System is implemented, which is expected to occur in February, 2000.

Key Assumptions - 2000 Water And Sewer Financial Projections

The following key assumptions are built into the financial projections:

1. Rates are developed from a 10 year financial projection. While the degree of uncertainty increases as projections extend beyond one or two years, it is critical to have a ten year plan to coincide with capital/infrastructure planning and to develop a longer term rate strategy.

2. Consumption projections are constant with the 1999 rate model. Research on the future trends in water consumption indicates that consumption will remain flat or decrease over time. Water and sewer rates, the economic climate, weather, and conservation initiatives influence consumption patterns.

3. The Utilities target to maintain a minimum combined working capital position of 11% of the combined Water and Sewer sales on an annual basis.

   The purpose of the working capital reserve is to provide medium term stability and the ability to absorb losses in any given year when consumption falls short of anticipated levels and/or unforeseen emergency funds are required. The working capital reserve is comprised of current assets (cash and accounts receivable) net of current liabilities (current accounts payable), cash or near cash items that can readily absorb unexpected fluctuations.

4. The Water and Sewer financial projections have assumed that the savings achieved in 1999 as a result of expenditure avoidance and program deferral will be retained by the Utilities.

Transfers to the General Revenue Fund

The 2000 transfers to the General Revenue Fund are expected to be $8,218,350.00 from the Water Utility and $9,423,481.00 from the Sewer Utility which represents an increase of $148,409.00 from the 1999 Water budget and a decrease of $46,665.00 from the 1999 Sewer budget. The changes in the transfers are directly related to the increase in the Water rate and the decrease in the Sewer rate.

In 2000, the Utilities will also pay $6.5 million to the General Revenue Fund for grants-in-lieu of property taxes ($5.4 million) and general government charges ($1.1 million).

The 1999 budgets and transfers to the General Revenue Fund were increased to include a provision for global savings. In addition to the regular transfers (i.e. 10% of net sales plus the fire hydrant and land drainage programs), the Water and Sewer Utilities contributed $171,591.00 and $54,192.00 respectively to the General Revenue Fund through vacancy and expenditure management.

Communications

Key Messages

Customers of the Water and Sewer Utilities are beginning to see the “light at the end of the tunnel” following many years of rate increases.

- The 2000 increase in the combined water and sewer rate is the lowest in 11 years. For the typical family with a bill of $124.24 per quarter, the annual cost for water and sewer services will increase $11.76 annually or 23¢ per week.
- The fixed quarterly charge remains unchanged. It has not increased since 1996.

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- This is the third year that the sewer rate has not increased and the second consecutive year that the sewer rate has actually dropped.
- The total cost of water and sewer services are not expected to increase beyond 2000.
- The increase in rates, effective January 1, 2000, is to fund the Water Treatment Plant project.

Strategy

STRATEGY	TIMING
Briefing session for Customer Service Centre representatives and other front line staff	Within the first week after the utility bill insert is printed and ready for distribution
An insert in the water utility bill explaining all the Department increases (water/sewer increases, increase in small load vehicle fee at the landfill)	First set of quarterly bills for the Year 2000 [January - March]
Advertisements in the business section of the daily newspapers targeting business customers	Late December
Letters to the top 100 customers	Late December
Letter included with bill to wastewater haulers outlining the increase	First bill that goes out after Council approval of rates
Notice for customers taking out a permit for Single Family Residential Sewage Inspection Permit	As soon as possible after Council approval of rates

The following appendices are provided for information, namely:

APPENDIX “A” - History of the Water and Sewer Combined Rates, 1992 to 2000

APPENDIX “B” - Ten year financial projection of revenue, expenditures and working capital for the Waterworks System Fund based on the recommendations contained in this report

APPENDIX “C” - Ten year financial projection of revenue, expenditures and working capital for the Sewage Disposal System Fund based on the recommendations contained in this report

APPENDIX “D” - Impact of the Water and Sewer recommendations on sample customers, January 1, 2000

APPENDIX “E” - Proposed Increases in the Wastewater Disposal Fee, effective May 1, 2000

APPENDIX “F” - 1999 and 2000 Rate Plan Comparative

The Water and Waste Department recommends:

I. That the water rates, based on water used, be increased January 1, 2000, as follows:

from $2.54 to $2.70 per 100 cubic feet from 0 - 9,600 cubic feet/quarter (Block 1)
from $2.10 to $2.22 per 100 cubic feet from 9,601 - 96,000 cubic feet/quarter (Block 2)
from $1.65 to $1.74 per 100 cubic feet over 96,001 cubic feet/quarter (Block 3)

which includes 19.5¢ per 100 cubic feet for the Aqueduct Rehabilitation Reserve and 44.0¢ per 100 cubic feet for the Water Treatment Reserve.

II. That the sewer rate, based on water used, be decreased January 1, 2000, from $2.80 to $2.78 per 100 cubic feet which includes 27.6¢ per 100 cubic feet for the Environmental Projects Reserve.

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III. That the Administration be delegated the authority to convert the water and sewer billing unit of measure from a rate per 100 cubic feet to a rate per kilolitre upon implementation of the new Customer Information and Billing System. The conversion will be cost neutral and have no impact on customers.

IV. That the wastewater disposal fee be increased May 1, 2000, to $1.00 from $0.75 per kilolitre, as outlined in Appendix "E".

V. That the Sewage Inspection Permit for Single Family Residential fee be increased from $31.00 in 1999 to $32.00 in 2000.

VI. That the City Solicitor/Manager of Legal Services be instructed to prepare the necessary amending By- law(s) for submission directly to Council at the November 17, 1999 meeting.

The Standing Policy Committee on Public Works submits this matter to the Executive Policy Committee without recommendation, with the suggestion that same be considered in the context of an overall budget presentation.

The Executive Policy Committee concurs in the recommendations of the Water and Waste Department and recommends as follows:

I. That the water rates, based on water used, be increased January 1, 2000, as follows:

from $2.54 to $2.70 per 100 cubic feet from 0 - 9,600 cubic feet/quarter (Block 1)
from $2.10 to $2.22 per 100 cubic feet from 9,601 - 96,000 cubic feet/quarter (Block 2)
from $1.65 to $1.74 per 100 cubic feet over 96,001 cubic feet/quarter (Block 3)

which includes 19.5¢ per 100 cubic feet for the Aqueduct Rehabilitation Reserve and 44.0¢ per 100 cubic feet for the Water Treatment Reserve.

II. That the sewer rate, based on water used, be decreased January 1, 2000, from $2.80 to $2.78 per 100 cubic feet which includes 27.6¢ per 100 cubic feet for the Environmental Projects Reserve.

III. That the Administration be delegated the authority to convert the water and sewer billing unit of measure from a rate per 100 cubic feet to a rate per kilolitre upon implementation of the new Customer Information and Billing System. The conversion will be cost neutral and have no impact on customers.

IV. That the wastewater disposal fee be increased May 1, 2000, to $1.00 from $0.75 per kilolitre, as outlined in Appendix "E".

V. That the Sewage Inspection Permit for Single Family Residential fee be increased from $31.00 in 1999 to $32.00 in 2000.

VI. That the City Solicitor/Manager of Legal Services be instructed to prepare the necessary amending By-law(s) for submission directly to Council at the November 17, 1999 meeting.

Moved by Councillor Angus,
That the recommendation of the Executive Policy Committee be adopted.

The Speaker here resumed the Chair.

Council recessed at 11:56 a.m., and reconvened at 1:34 p.m., same members present.

Councillors Golden, Lubosch, Steek, Thomas and Timm-Rudolph entered the meeting after Council had reconvened.

The recommendation of the Executive Policy Committee was put.

Report of the Standing Policy Committee on Public Works dated October 25, 1999

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

Yea: Councillors Clement, De Smedt, Gerbasi, Lazarenko, Lubosch, Deputy Mayor Thomas, Vandal, Eadie, His Worship Mayor Murray and Councillor O'Shaughnessy. 10

Nay: Councillors Angus, Golden, Smith, Steek and Timm-Rudolph. 5

and the recommendation of the Executive Policy Committee was declared carried.

(See Minute No. 92 for attachments)

2000 Solid Waste Utility Rates
File WT-1 (Vol. 19)

50 - 2. On October 25, 1999, the Standing Policy Committee on Public Works considered an administrative report dated October 20, 1999, relative to the Solid Waste Utility Rates for 2000, including the following principles of operation adopted by Council on November 19, 1997, as part of the Utilities' Financial Plan to ensure the future predictability of the Solid Waste Utility rates and the continued financial stability of the Solid Waste Utility.

Solid Waste Principles Of Operation

1. Self supporting utility - The Utility does not receive subsidies from the mill rate.

2. Cost of Service Rates - Customers pay rates which represent the operating and capital costs of providing the Utility services. The Solid Waste Utility charges the City of Winnipeg a tipping fee which represents the average cost per tonne of processing waste. Rates for other municipalities and commercial customers are based on cost of service plus additional amounts.

3. Debt Servicing - The Utility's revenues are sufficient to service the Utility's long-term debt.

4. Working Capital Reserve - Solid Waste Utility - On an annual basis, the Solid Waste Utility will strive to maintain a minimum $1,000,000.00 in retained earnings to protect the Utility from fluctuations in waste disposal and recycling volumes.

5. Additional Transfers to the General Revenue Fund - The Solid Waste Utility transfers funds to the Refuse Collection program and also supports the mill-rate budget via global savings allocations. In recent years the Solid Waste Utility has provided support for the Refuse Collection program as interim relief for the tax-supported budget. In 2000, this transfer is necessary to achieve the Refuse Collection financial target as specified in the April 20, 1999, memorandum from the Chief Financial Officer. The Solid Waste Alternative Service Study, which is in process, offers longer term solutions for both solid waste collection and disposal.

6. Capital Reserve Fund - The Utility has established a reserve fund to save for landfill rehabilitation in the future. The "pay-as-you-go" capital program is far less costly than traditional debt financing which equates to lower tipping fees in the long run.

Utility Financial Position

The Solid Waste Utility is near violation of two of the above-stated key principles. The current operations are not self-sustaining. Continued operating losses jeopardize the Utility's financial position and its ability to maintain a working capital reserve of $1 million.

The Utility has and continues to suffer from a significant decline in revenues due to fierce competition in the Capital Region. The opening of the BFI landfill in Rosser, Manitoba, in 1996 resulted in a significant reduction in commercial revenues. In 1998, the R.M. of Ritchot opened a landfill which has resulted in even further decline of commercial business and a further loss in revenue for the Brady Road Landfill.

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The following chart illustrates the impact Capital Region competition has had on the City's landfill operations:

These expected reductions in commercial landfill business will result in lower revenues in the Utility and a higher cost to the tax-supported program.

Impact on Tax-Supported Budget

The tipping fee expenditure will increase by $1.0 million ($0.8 million in increased tipping fees and $0.2 million from increased residential volumes) from the 1999 budget and $0.6 million from the 1999 forecast.

Impact on Solid Waste Utility

The Utility's commercial landfill revenue will decrease by $1.7 million from the 1999 budget and $1.0 million from the 1999 forecast.

The following graph depicts the continual deterioration of the Utility's retained earnings under the status quo operations and how the loss in commercial landfill business has impacted the Utility's financial viability. The Utility is projecting an operating deficit in 1999 and in each of the next three years.

The solid waste Alternative Service Delivery study offers long-term solutions for both the solid waste disposal and collection functions and the above projections reinforce the importance of pursuing the options as identified in the ASD feasibility study.

Landfill Operations

The Solid Waste Utility charges the City of Winnipeg a tipping fee for disposal of residential waste. The tipping fee represents the full per tonne cost of operating the Brady landfill as well as the monitoring of former City landfills. The full cost includes administrative overhead and debt servicing costs associated with former landfill operations.

Internal Tipping Fee

Total tonnage in 1999 is expected to decrease by 10.6% resulting in an increase in the per tonne cost of $3.50, from $21.00 in 1999 to $24.50 in 2000. The tipping fee rate for the City of Winnipeg will be $25.00 per tonne in 2000, which includes a 50¢ per tonne contribution to the Brady Landfill Rehabilitation Reserve.

The increased tipping fee necessitated by a reduction in commercial activity will increase the City of Winnipeg's tipping fee expense by $0.8 million ($0.75 million in refuse collection and $0.05 million in other City departments).

Commercial Tipping Fee

The Utility is recommending no change to the current commercial tipping fee of $40.00 per tonne as part of this rate report. A review of the Utility's legal authority to offer volume discounts to large customers is currently underway and the Water and Waste Department will be submitting recommendations to the Executive Policy Committee under separate cover. The Utility must analyse the market conditions and assess the broader impact a lower tipping fee would have on recycling and waste minimization in the community.

A review of commercial tipping fees in similar landfill operations indicates that the existing $40.00 per tonne fee is comparable to other jurisdictions. The Cities of Calgary, Edmonton and Toronto charge $30.00, $40.00 and $50.00 respectively. The City of Seattle, another similar jurisdiction, currently charges $144.00 (Cdn). BFI in the R.M. of Rosser charges $40.00, and the R.M. of Ritchot $28.00.

Small Vehicle Load Fee

The Utility is proposing an increase in the small vehicle load fee from $2.00 per vehicle in 1999 to $3.00 per vehicle in 2000. The current fee does not recover the costs of processing a small load. Small loads bear a huge processing cost due to the frequency of trips to the landfill (85,300 small loads versus 35,000 refuse vehicles). The cost of handling a small load is estimated at $7.99. The Utility is proposing to increase this fee by $1.00 in each of the next three years to bring it in line with the cost of providing this service and to match the market rate.

The Utility has not increased the small load fee since its introduction on July 1, 1992. The proposed increase would result in an additional $85,000.00 in revenues for the Utility in 2000. This increase is not expected to be a deterrent to our landfill customers.

A review of small load fees in similar landfill operations indicates that the existing $2.00 fee is well below market. The Cities of Calgary, Edmonton and Toronto charge $9.50, $10.00 and $15.88 respectively. The City of Seattle, another comparable jurisdiction, currently charges $18.00 (Cdn). BFI in the RM of Rosser charges $5.00 per small load and the R.M. of Ritchot charges $3.00 for a pickup truck and $10.00 for a one ton truck.

Recycling Program

The Utility expects a modest decrease in recyclable tonnes and the commodity prices for the sale of recyclables are expected to remain low, resulting in a net program cost of $948,000.00 in 2000. This represents an increase of approximately $136,000.00 in program costs in relation to the 1999 budget. In 2000, it is expected that the Manitoba Product Stewardship Corporation will continue to provide funding equal to $128.00 per tonne recycled. The Utility is continuing to develop strategies to increase the recycling volumes.

Take Pride Winnipeg

Take Pride Winnipeg is a non-profit organization that helps keep the City clean via litter pickup and graffiti removal and delivers educational programs to the community youth. Take Pride receives funding from the Solid Waste Utility equal to $4.00 per commercial tonne. The grant to Take Pride is estimated at $66,000.00 in 2000, which represents a $98,000.00 decrease from the 1999 forecast of $166,000.00. The decrease in funding is directly related to the loss in commercial landfill business.

In response to this declining grant, Take Pride attended the September 27, 1999 meeting of the Standing Policy Committee on Public Works to request that the City maintain its grant at $200,000.00 in 2000. The Department is currently reviewing funding options and will report back to Committee on this issue.

Transfers to the General Revenue Fund

In order to meet the 2000 financial target for the refuse collection program as specified in a memo from the Chief Financial Officer, dated April 20, 1999, the Solid Waste Utility will transfer $1,058,265.00 to the refuse collection program in 2000. The Utility will also pay $0.1 million to the tax-supported budget for general government charges ($0.08 million) and grants-in-lieu of property taxes ($0.02 million).

In recent years, the Solid Waste Utility began transferring funds to the refuse collection program to provide tax-supported budget relief from increasing tipping fee expenditures (the result of declining commercial business at the landfill). In 1999, these transfers are forecast at $1.6 million. In addition to the $0.6 million transfer to refuse collection, the Utility will contribute, on a one-time basis, an additional $1.0 million to assist the tax-supported budget.

The Solid Waste Utility, in its present structure, is not self-sustaining. In order to preserve the minimum working capital reserve of $1 million the Utility will not be able to provide support to the tax-supported budget beyond 2001. The Water and Waste Department estimates that the tax-supported refuse collection program will exceed its financial target by $1.0 million in 2002.

Urgency

Competition in the Capital Region has negatively impacted both the Solid Waste Utility and the General Revenue Fund. Suppressed commodity prices have increased the net cost of the recycling program. These factors, combined with the contributions to the General Revenue Fund are threatening the Utility's financial viability and consecutive operating losses are eroding its financial position.

It is clear that the implementation of alternative service delivery mechanisms for both solid waste collection and disposal are key to the future success of the operation.

Report of the Standing Policy Committee on Public Works dated October 25, 1999

Solid Waste Alternative Service Delivery (ASD) Feasibility Study

On April 19, 1999, the Water and Waste Department hosted a Council Seminar to review the results of the solid waste collection and disposal feasibility study. A key recommendation was the movement to a "user-pay" system for refuse collection and Council directed the Department to undertake a public consultation process, which will commence in the Spring of 2000. Upon conclusion of this process, the Department will make recommendations and proceed with the business plan development for the approved ASD options, in accordance with the City of Winnipeg's ASD framework.

The solid waste ASD study has identified operating strategies to restore the Solid Waste Utility to a viable operation and to deliver a cost-effective refuse collection program, the benefits of which cannot be realized until the ASD process is complete.

Key Messages

- The small load vehicle fee will increase from $2.00 in 1999 to $3.00, effective January 1, 2000, to collect a higher portion of the full cost to deliver this service.

STRATEGY	TIMING
Signs posted at the landfill	Early December [as soon as possible after Council approval of rates]
Notice handed out to all vehicles with small loads	Early December [as soon as possible after Council approval of rates]
Information on the increase in small load vehicle landfill fee included in the utility bill insert outlining changes to Department rates	First set of quarterly bills for the Year 2000 [January - March]

Appendices

The following appendices are provided for information, namely:

APPENDIX "A" - History of Solid Waste Rates

APPENDIX "B" - Three year financial projections of revenue, expenditures and retained earnings for the Solid Waste Disposal Fund based upon the recommendations contained in this report.

The Standing Policy Committee on Public Works concurred in the administrative recommendations and recommends:

I. That the landfill tipping fee charged for commercial disposal remain at $40.00 per tonne.

II. That the landfill tipping fee charged to The City of Winnipeg for residential disposal be increased January 1, 2000, from $21.50 to $25.00 per tonne.

III. That the landfill tipping fee charged to municipalities outside the City of Winnipeg be set at $30.00 per tonne for 2000 (in accordance with a policy to charge a tipping fee equal to the internal tipping fee plus 20% to other municipalities). There are currently no customers in this classification.

IV. That the small vehicle load fee be increased from $2.00 to $3.00 per vehicle effective January 1, 2000.

V. That the City Solicitor/Manager of Legal Services be instructed to prepare the necessary amending By- law(s) for submission directly to Council at the November 17, 1999 meeting.

Report of the Standing Policy Committee on Public Works dated October 25, 1999

Moved by Councillor Clement,

Adoption of the clause.

The motion for the adoption of the clause was put.

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

Yea: Councillors Clement, De Smedt, Gerbasi, Lazarenko, Lubosch, Smith, Deputy Mayor Thomas, Vandal, Eadie and O'Shaughnessy. 10

Nay: Councillors Angus, Golden, Steek and Timm-Rudolph. 4

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

Local Improvement Project - Wastewater Sewer in Atwood Street From Pandora Avenue to a Point Approximately 846.7 Feet South of the South Line of Pandora Avenue File SL(1999) (Vol. 1)

51 - 3. The Standing Policy Committee on Public Works has been advised that at its meeting held on September 28, 1999, the East Kildonan-Transcona Community Committee considered the communication from the Coordinator of Tax Accounting and Administration, dated September 10, 1999, advising that subsequent to the City's advertisement of July 26, 1999, indicating the City's intent to construct the above proposed work, a petition against this improvement has been received and certified. The results of this petition are:

Total Assessable Frontage	1643.55 feet
Petitioners Against Represent	49.1 feet
Insufficiently signed against	2.98%

In accordance with Executive Policy Committee's request of May 17, 1989, it is noted that of the total assessable frontage, the City will assume the cost of 79.65 feet or 4.84% for City share (flankage) and 668.1 feet or 40.64% for City-owned land. Furthermore, it should be noted that this project is to be installed and paid for by a developer (Qualico), and was advertised as a local improvement in order to recover monies from the other property owners. The Developer's frontage is 846.7 feet or 51.51% of the total. It is further noted that 2.98% of the privately- owned frontage is in opposition to the proposed works.

The East Kildonan-Transcona Community Committee recommended that the installation of a wastewater sewer in Atwood Street from Pandora Avenue to a point approximately 846.7 feet south of the south line of Pandora Avenue, be proceeded with as a local improvement.

A financial impact statement has been prepared for this project in accordance with the recommendation contained in a report dated November 18, 1997, submitted to and approved by the Standing Committee on Fiscal Issues on November 24, 1997, a copy of which is on file in the office of the City Clerk.

The Standing Policy Committee on Public Works recommends:

I. That the installation of a wastewater sewer in Atwood Street from Pandora Avenue to a point approximately 846.7 feet south of the south line of Pandora Avenue, be proceeded with as a local improvement

II. That the City Solicitor/Manager of Legal Services be requested to prepare the necessary Local Improvement By-law in accordance with the foregoing and submit same directly to Council for approval.

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.

Adopted by consent.

Report of the Standing Policy Committee on Public Works dated October 25, 1999

Audible Pedestrian Signals
File ST-5 (Vol. 23) [c/r FC(2000) (Vol. 1), FC-1(2001-2005) (Vol. 1)]

52 - ***Note: Clause 4 has been referred to Capital Budget deliberations by the Executive Policy Committee.***

Referred to Capital Budget deliberations by the Executive Policy Committee

Designation of Gunn Road and Panet Road/Molson Street as Full-Time Truck Routes File ST-5.2 (Vol. 25)

53 - ***Note: Clause 5 has been referred back by the Executive Policy Committee to the Standing Policy Committee on Public Works.***

Referred back by the Executive Policy Committee to the Standing Policy Committee on Works and Operations

REPORT OF THE

STANDING POLICY COMMITTEE ON PUBLIC WORKS

DATED NOVEMBER 1, 1999

2000 Transit Fare Adjustment
File TT-2 (Vol. 11)

54 - ***Note: Clause 1 has been referred to Current Budget deliberations by the Executive Policy Committee.***

Referred to Current Budget deliberations
by the Executive Policy Committee

STANDING POLICY COMMITTEE ON PUBLIC WORKS

CONSIDERATION OF BY-LAWS

55 - 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. 7515/99, 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(32) (Vol. 1)

By-law No. 7525/99, 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. 7526/99, a by-law of The City of Winnipeg to amend By-law No. 504/73, being the Water Works By-law. File WW-2.3 (Vol. 14)

By-law No. 7527/99, a by-law of The City of Winnipeg to estimate and fix the surcharges as provided for in By-law No. 7070/97, being the Sewer By-law. File WW-2.3 (Vol. 14)

By-law No. 7528/99, a by-law of The City of Winnipeg to authorize the undertaking of certain local improvements during the year 2000. File SL(1999) (Vol. 1)

By-law No. 7529/99, a by-law of The City of Winnipeg to authorize the undertaking of certain local improvements during the year 2001. File SL(1999) (Vol. 1)

Councillor Timm-Rudolph asked to be recorded as having voted against all three readings of By-law Nos. 7525/99, 7526/99 and 7527/99, in accordance with Rule 50.7 of the Procedure By-law.