Agenda - Executive Policy Committee - January 17, 2007

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - January 9, 2007

Item No. 8 Additional Capital Funding Authorization for the Wastewater Sewer Renewal Program
File WS-5

STANDING COMMITTEE RECOMMENDATION:

On January 9, 2007, the Standing Policy Committee on Infrastructure Renewal and Public Works submits the following to Council:

1. That the 2006 capital funding authorization for the Wastewater Sewer Renewal Program be increased by the amount of $3,000,000.00 and that funding be provided from the Sewer System Rehabilitation Reserve.

2. 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 - January 17, 2007

Report - Standing Policy Committee on Infrastructure Renewal and Pubic Works - January 9, 2007

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On January 9, 2007, the Standing Policy Committee on Infrastructure Renewal and Public Works submitted the matter to the Executive Policy Committee and Council.

RE: ADDITIONAL CAPITAL FUNDING AUTHORIZATION FOR THE WASTEWATER SEWER RENEWAL PROGRAM

FOR SUBMISSION TO: THE STANDING POLICY COMMITTEE ON INFRASTRUCTURE RENEWAL AND PUBLIC WORKS

ORIGINAL REPORT SIGNED BY: Barry D. MacBride, P. Eng., Director
Water and Waste Department

REPORT DATE: December 20, 2006

RECOMMENDATION(S):

That approval be provided to increase the 2006 capital funding authorization for the Wastewater Sewer Renewal Program by the amount of $3,000,000.00 and that funding be provided from the Sewer System Rehabilitation Reserve.

REPORT SUMMARY

KEY ISSUES:

The 2006 Wastewater Sewer Renewal Program has insufficient funds to undertake cleaning and inspection of wastewater sewers to continue with the ongoing sewer condition assessment program and to satisfy Provincial licensing under the Environment Act for the West End, North End and South End Water Pollution Control Centres. Funds are also required to complete a backlog of known repairs, renewal and rehabilitation for wastewater sewers. Authorization of additional capital funding and use of surplus funds from the Sewer System Rehabilitation Reserve is required to complete the required work.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications

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

Comment(s):

Policy Implications

X	No
	Yes – Comment(s):

Regulatory Implications

X	None

☐ Eliminates or reduces regulatory impact
☐ Proposes regulatory impact
Comment(s):

Environmental Implications

	None
X	Yes – Comment(s): Condition assessment of wastewater sewers is required as part of the Provincial Licensing under the Environment Act for the West End, North End and South End Water Pollution Control Centres.

Human Resources Implications

X	No
	Yes – Comment(s):

Financial Implications

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

Comment(s):

Funds are available in the Sewer System Rehabilitation Reserve for use in the Wastewater Sewer Renewal Program.

REPORT

REASON FOR THE REPORT:

Authorization to amend approved 2006 capital program projects must be approved by Council.

HISTORY:

Funds in the amount of $1,000,000.00 are included in the 2006 Capital Budget for wastewater sewer renewals.

On September 21, 2006, Council approved the consolidation of the Wastewater and Combined Sewer Renewal Reserves into the Sewer System Rehabilitation Reserve effective October 1, 2006.

DISCUSSION:

A portion of the funds included in the Wastewater Sewer Renewal Programs are used for sewer cleaning and inspection.

Cleaning and inspection of sewers was initiated in 1998 and allows for the development of a strategy to better manage condition assessment, maintenance, repair, renewal and rehabilitation of the sewer system.

Combined sewer districts were cleaned and inspected first followed by separate wastewater sewer districts. Cleaning and inspection of combined sewer districts was completed in 2006 and the program is shifting to the cleaning and inspection of separate wastewater sewer districts.

Additionally, recent Provincial licensing under the Environment Act requires that a phased sewer upgrade management program be developed for the sewers in the service areas for the West End, North End and South End Water Pollution Control Centres and be submitted by December 31, 2006, 2007 and 2008 respectively. The phased sewer management upgrade programs are to be implemented by December 31, 2010, 2011 and 2012 respectively.

Sewer management upgrade programs to satisfy Provincial licensing requirements will be based on condition assessments determined from sewer cleaning and inspection.

Most of the sewers directing flow to the West End and South End Water pollution Control Centres are of the separate wastewater sewer type. Funds included in the 2006 Wastewater Sewer Renewal Program as approved are not sufficient to continue with the sewer cleaning and inspection required to develop sewer management upgrade programs to meet the Provincial licensing requirements as well as to undertake the backlog of required wastewater sewer repairs, rehabilitation and renewals.

Additional budget authorization and use of funds in the amount of $3,000,000.00 from the Sewer System Rehabilitation Reserve is required for the 2006 Wastewater Sewer Renewal Program in order to continue with the required condition assessment of wastewater sewers through cleaning and inspection and to complete the backlogged repair, rehabilitation and renewal work.

Of the $3,000,000.00, $2,500,000.00 will be used for cleaning, inspection and condition assessment of wastewater sewers and $500,000.00 will be used for repair, rehabilitation and renewal of deteriorated wastewater sewers.

Surplus funds are currently available in the Sewer System Rehabilitation Reserve. These funds are available as the amount of funds generated by the frontage levies exceeds the amount included in the Council approved 2006 capital program. In addition, the reserve funds accumulate interest revenue which adds to the fund balance.

Financial Status

The financial status of the 2006 Wastewater Sewer Renewal Program is as follows:

Authorized Capital		$ 1,000,000.00
Amount of previous awards and expenditures	$ 960,000.00	
Estimated amount of future awards and expenditures	$ 3,040,000.00	
Total estimated cost	$ 4,000,000.00	$ 4,000,000.00
Estimated shortfall		$ 3,000,000.00

The financial status of the Sewer System Rehabilitation Reserve as of October 31, 2006 is as follows:

Reserve Balance		$ 24,720,468.69
(New consolidated reserve per Council September 21, 2006)		
Remaining Funding Required to Complete Approved Budgeted Projects 2000-2005*		$ 20,070,832.21
Net funding available before interest		$ 4,649,636.28
Add: Interest revenue (estimated)	$ 300,000.00	
Less: Management Investment Fees	$ (50,000.00)	
Subtotal	$ 250,000.00	$ 250,000.00
Net Funding Available as at October 31, 2006		$ 4,899,636.28
Recommended for transfer	$ 3,000,000.00	$ 3,000,000.00
Estimated Sewer System Rehabilitation Reserve Residual		$ 1,899,636.28

* 2006 Combined Sewer Renewal Program financed from Federal Gas Tax

FINANCIAL IMPACT:

The following financial impact statement for this project has been prepared in accordance with the recommendation adopted by Council on December 13, 2000.

Financial Impact Statement

Date: December 15, 2006

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

ADDITIONAL CAPITAL FUNDING AUTHORIZATION FOR WASTEWATER SEWER RENEWAL CAPITAL PROGRAM

	2006	2007	2008	2009	2010
Capital					
Capital Expenditures Required	$ 3,000,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs		-	-	-	-
Additional Capital Budget Required	$ 3,000,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal		$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	3,000,000	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ 3,000,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 3,000,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funds recommended for transfer are available in the Sewer System Rehabilitation Reserve.

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"Original signed by L. Fisher, C.A."
Laurie Fisher, C.A.
Acting Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By: N/A

External Consultation With: N/A

THIS REPORT SUBMITTED BY:

Water and Waste Department
Engineering Division
Prepared by: J. Smalley / T. Whiteside
Processed by: Tamara Siemens
Fax No.: 986-3745
File No.: 020-01-11-00-00

c: N. Vollrath, Finance and Administration, Water and Waste Department