Agenda – Executive Policy Committee – January 17, 2007

CAPITAL BUDGET REVIEW

Item No. 5 **Executive Policy Committee – Final Recommendations - Preliminary 2007 Annual Capital Budget and the 2008 to 2012 Five-Year Capital Forecast**
File FC(2007)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 12, 2007, the Executive Policy Committee tabled the Preliminary 2007 Annual Capital Budget and the 2008 to 2012 Five-Year Capital Forecast, which outlined the following recommendations:

1. A. That the 2007 Capital Budget totalling $424,323,000, requiring borrowing authority totalling $74,251,000 for the Waterworks System, the Sewer System, Local Improvements and the Transit System be reviewed and submitted to Council for adoption; and

   B. That the 2008 to 2012 Five Year Capital Forecast also be reviewed and submitted to Council for adoption in principle.

2. That lease payments on tax supported Public Private Partnerships be funded annually from the cash to capital contribution in the operating budget up to a maximum of 25% of the cash to capital amount, including the lease payment on the previously approved Charleswood Bridge Project.

3. That the Administration pursue the Private Public Partnership opportunities as presented in the budget and undertake appropriate due diligence to make recommendation on this approach for each project.

4. That the tax supported cash to capital contribution be as follows:

Year	$ Millions
2007	59.478
2008	61.478
2009	63.478
2010	65.478
2011	67.478
2012	69.478

5. That, pending the final amendment of the gas tax agreements enabling the City to invest its gas tax funds directly in roads and bridges, the Chief Administrative Officer be given the authority to redistribute federal gas tax revenue and other financing sources among approved capital projects, provided the total approved financing is not exceeded, to ensure the most effective use of federal gas tax revenues.

6. That the City work with the Province on project selection for funding under the Manitoba/Winnipeg Infrastructure Program (MWIP) and the Provincial funding for road improvement projects from priorities included in the City's Capital Budget.

7. A. That the City negotiate a new Building Communities program on a 50/50 basis with the Province, and that the Chief Administrative Officer be delegated the authority to finalize details such as program design, amount and timing; and

   B. That capital funds of $650,000 in the 2006 Special Innovative Capital project be transferred to the proposed 2007 Building Communities program, and that matching Provincial funds be identified under MWIP in future capital budgets once a Building Communities agreement has been reached.

8. That the City actively negotiate with the Province of Manitoba and Government of Canada for a new multi-year cost sharing agreement for the purpose of funding environmental projects (e.g. sewer projects, including the Clean Environment Commission reference to Lake Winnipeg) due to new regulatory requirements.

9. That surplus capital funds of $1,100,000 in the 2006 Bus Radio System Replacement with AVL Enhancement project be transferred to the 2007 Fare Collection System project.

10. That Transit Bus projects be combined effective 2006 to provide the flexibility to schedule the purchase of regular and articulated hybrid buses as operational requirements and production schedules allow.

11. That the transfers from utility operations, reserves and other funds outlined in the capital budget submission be approved, with cash flows to be determined by the Chief Administrative Officer.

12. That Council approve the cancellation of $25,532,693 of unused capital borrowing authority as follows:

    Solid Waste - $9,998,000;
    Waterworks - $9,510,000; and
    Sewage Disposal - $6,024,693.

    [Note: The borrowing authority for these capital projects was originally approved in 1989-1998. These projects were financed through other sources (e.g. retained earnings) or were under expended.]

13. That the City Solicitor/Manager of Legal Services be requested to submit the necessary borrowing by-law directly to Council.

14. 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.

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 12, 2007, the Executive Policy Committee referred the Preliminary 2007 Annual Capital Budget and 2008 to 2012 Five-Year Capital Forecast to the following budget process timetable, namely:

January 15 and 16, 2007	Standing Policy Committees - Review
January 17, 2007	Executive Policy Committee - Delegations
January 17, 2007	Executive Policy Committee - Recommendation to Council
January 25, 2007	Council Meeting