Minutes – Executive Policy Committee – January 17, 2007

CAPITAL BUDGET REVIEW

Minute No. 135 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:

The Executive Policy Committee concurred in the Preliminary 2007 Annual Capital Budget and the 2008 to 2012 Five-Year Capital Forecast, as amended, and recommends to Council:

1. A. That the 2007 Capital Budget totalling $424,323,000.00, requiring borrowing authority totalling $74,251,000.00 for the Waterworks System, the Sewer System, Local Improvements and the Transit System, as tabled at the Executive Policy Committee meeting on January 12, 2007, and amended by Recommendation No. 2, be approved.

   B. That the 2008 to 2012 Five Year Capital Forecast, as tabled at the Executive Policy Committee meeting on January 12, 2007, and amended by Recommendation No. 2, be approved in principle.

2. That the following changes be made to the 2007 Capital Budget and the 2008 to 2012 Five Year Capital Forecast tabled at the Executive Policy Committee meeting on January 12, 2007:

   A. That the funds provided in the Land Acquisition – Riverbank Account be transferred to the Riverbank Greenway Programs (formerly Pathways) to allow flexibility in utilization of the funds for other projects, on the understanding that there are alternative methods of funding the acquisition of riverbank properties including from the Land Acquisition for General Unspecified Purposes account.

   B. That the Public Works/Water and Waste Facilities Consolidation Project be increased by $973,000.00 in 2008 in the Preliminary Capital Investment Plan to be financed by and contingent upon the proceeds from the sale of related properties.

   C. That an expenditure of $900,000.00 be authorized before the 2008 Capital Budget is adopted, as a first call against the 2008 Capital Budget for Riverbank Stabilization for the St. Vital Park.

3. 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.

4. 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.

5. 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

6. 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.

7. 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.

8. 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 $650,000.00 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.

9. 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.

10. That surplus capital funds of $1,100,000.00 in the 2006 Bus Radio System Replacement with AVL Enhancement project be transferred to the 2007 Fare Collection System project.

11. 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.

12. 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.

13. That the cancellation of $25,532,693.00 of unused capital borrowing authority be approved as follows:

    Solid Waste - $9,998,000.00;
    Waterworks - $9,510,000.00; and
    Sewage Disposal - $6,024,693.00.

    [Note: The borrowing authority for these capital projects was originally approved in 1989-2001. These projects were financed through other sources (e.g. retained earnings) or were under expended.]

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

15. 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:

Moved by Councillor O'Shaughnessy,

That Rule 9.3 of the Procedure By-law be suspended in order that the following item, which was received too late to be placed on the regular agenda, be considered by Committee.

Carried

Moved by Councillor O'Shaughnessy,

That the Preliminary 2007 Annual Capital Budget and the 2008 to 2012 Five-Year Capital Forecast be concurred in, with the following amendments, namely:

- Delete Recommendation No. 1 in its entirety and replace with the following:

    1. A. That the 2007 Capital Budget totalling $424,323,000.00, requiring borrowing authority totalling $74,251,000.00 for the Waterworks System, the Sewer System, Local Improvements and the Transit System, as tabled at the Executive Policy Committee meeting on January 12, 2007, and amended by Recommendation No. 2, be approved.

    B. That the 2008 to 2012 Five Year Capital Forecast, as tabled at the Executive Policy Committee meeting on January 12, 2007, and amended by Recommendation No. 2, be approved in principle.

- Insert the following as Recommendation No. 2

    2. That the following changes be made to the 2007 Capital Budget and 2008 to 2012 Five Year Capital Forecast tabled on January 12, 2007:

    A. That the funds provided in the Land Acquisition – Riverbank Account be transferred to the Riverbank Greenway Programs (formerly Pathways) to allow flexibility in utilization of the funds for other projects, on the understanding that there are alternative methods of funding the acquisition of riverbank properties including from the Land Acquisition for General Unspecified Purposes account.

    B. That the Public Works/Water and Waste Facilities Consolidation Project be increased by $973,000.00 in 2008 in the Preliminary Capital Investment Plan to be financed by and contingent upon the proceeds from the sale of related properties.

DECISION MAKING HISTORY (continued):

C. That expenditure of $900,000.00 be authorized before the 2008 Capital Budget is adopted, as a first call against the 2008 Capital Budget for Riverbank Stabilization for the St. Vital Park,

and renumber the balance of the recommendations accordingly;

Carried

The Executive Policy Committee received submissions from the following with respect to the Preliminary 2007 Annual Capital Budget and 2008 to 2012 Five-Year Capital Forecast, namely:

- Rob Cosco and Molly McCracken, Bike to the Future submitted communication and their presentation dated January 17, 2007
- Ross Eadie submitted a copy of his presentation on the Capital Budget and Forecast, and a document titled "Civic Cost over-runs: Are PPPs the Solution by John Loxley, May 10, 2006
- Judy Riedel submitted a communication dated January 16, 2007

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

Further, 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

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

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:

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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.

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

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.]

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

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.