REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED DECEMBER 9, 1997

On motion of Her Worship Mayor Thompson, the Report of the Executive Policy Committee, dated December 9, 1997, was considered clause by clause.

Watermain Renewal and Wastewater Renewal Frontage Levies
File WW-2.4 (Vol. 8)

88 - 1. The Executive Policy Committee has been advised that on January 1, 1974 By-law No. 549/73 came into force to impose and fix yearly a frontage rate on sewers and watermains and to provide for the collection thereof. Section 351(1) of The City of Winnipeg Act gives the City the power to "impose a frontage rate on property fronting on streets in which mains of the city's waterworks have been or are placed and the rate may be a uniform rate per foot of the frontage". Part III of By-Law No. 549/73 states that the by-law is "for the purpose of renewal and replacement and enlarging of watermains and common sewers".

On March 20, 1991 Council passed an amendment to Frontage By-law No. 549/73, such amendment being By-law No. 5661/91, establishing the watermain renewal frontage levy rate as $1.10.

On March 20, 1996 Council passed an amendment to Frontage By-law No. 549/73, such amendment being By-law No. 6803/96, which establishes the 1996 Sewer Frontage Levy and allows for increases to the levy for a five year period beginning in 1997, which would result in a total frontage levy for sewer and water of $2.10 in 1998 and $2.25 in 1999, $2.40 in 2000, and $2.55 in 2001 and beyond.

The accelerated watermain renewal program, which began in 1991, and the practice of installing anodes at repair and renewal locations have resulted in a decrease in the number of watermains meeting leak frequency criteria for replacement. At the same time, there is a backlog of sewer renewal/rehabilitation and sewer relief works. Therefore, it is appropriate to amend the frontage levy rates for the watermain renewal / sewer renewal programs such that revenues more closely reflect program requirements. This can be accomplished with amendments to the Frontage By-law. This proposed revision incorporates the current by-law total increase of 15¢ in 1998, with no increases on subsequent years. A more detailed rationale for the proposed amendments follows.

Watermain Renewal Program

There are about 2370 kilometres of watermain in Winnipeg's water system, a significant portion of which are cast and ductile iron. The City spends about $6 million annually to repair this system. A 1983 study concluded that the City of Winnipeg had the highest watermain failure rate of major Canadian cities. Leak frequency at that time was in the order of 2300 leaks annually.

In 1991, Council approved an increase to the watermain renewal frontage levy to increase the funding level for watermain renewals from $8 million to $12 million annually. The rationale for the increase to the funding level was based on an economic analysis that indicated there was a "backlog" of watermain renewal projects which were economically attractive. The accelerated watermain renewal program was intended to eliminate the backlog of renewal projects over an estimated 5 year period. In 1994, Council eliminated the frontage levy charge against City owned properties; this resulted in a funding reduction of $800,000, for a total of $11.2 million.

Currently, approximately 770 kilometres of cast and ductile iron pipe remain, as compared to 1220 kilometres in 1991. As well, the City has been applying cathodic protection at leak repair and watermain renewal sites. Watermain leaks have declined to approximately 1000 from 2300 annually. As a result, there are fewer watermain renewal projects which meet the renewal criteria of 5 leaks per kilometre per year, when it is more economical to replace than to repair watermains.

Based on the foregoing, the City is projecting a reduction in the capital required to replace watermains and it is appropriate to recommend a decrease in the watermain renewal frontage levy rate. The recommended rate of $0.65 would result in the Capital Program as outlined in Schedule B.

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For the 1998 Watermain Renewal Program, the projected watermain renewal projects meeting the criteria for replacement (ie .5 leaks per kilometre per year) require a budget amount of $3,557,000. Another $1,000,000 has been budgeted in the Allowance for Unforeseen, and will likely be spent on watermain renewals within rights-of-way of 1998 pavement reconstructions.

In the fall of 1996, the City embarked on a pilot project to investigate the feasibility of a cathodic protection program to proactively protect mains that have not "failed" to the point where replacement is necessary. Each of the four cathodic protection systems tested was applied to more than 10 km of watermain in this pilot project. The project report, which was received in draft form by the Water and Waste Department on November 18, 1997, recommends that a large-scale pilot project be undertaken in 1998. The draft report indicates that approximately 100 km of watermain could be cathodically protected in this pilot project at a construction cost of approximately $3 million. It is premature to proceed with an expanded pilot program until a thorough review of the draft report is completed.

There will be an additional $1.5 million accumulating in the Reserve if the 1998 Capital Program as recommended herein is adopted. The Water and Waste Department proposes to review the draft Cathodic Protection report in detail, undertake non-destructive pipe condition testing (such as Hydroscope) to confirm pipe condition, review watermain replacement criteria and provide a report to Council recommending cathodic protection and/or accelerated watermain renewal, with funding estimated at $3 to $4 million from the Reserve in 1998. Sufficient funds will exist in the Reserve to accommodate these activities.

An amendment to By-law No. 549/73 is recommended to clarify that cathodic protection and condition assessment may be funded by the frontage levy. Funding for the 1996 cathodic protection pilot was provided through the Watermain Renewal Program.

Sewer Renewal Program

In January, 1997, the Department initiated the Sewer Management Study, the objective of which was to develop a Best Management Practice for sewer infrastructure rehabilitation/replacement programming. This included development of a framework for sewer condition assessment to ensure a consistent rating method for quantifying defects, and to provide a foundation for the collection of this data in a manner consistent with database management and interpretive assessment objectives. Using existing sewer televising videotapes, priorities have been established for sewer renewal and rehabilitation for the 1997 Supplemental Program and the 1998 Capital Program, as submitted in the "Preliminary Estimates". It is expected that the final sewer management study report will be complete in December.

The current level of funding for sewer televising ($250,000) allows for the City's inventory of sewers to be televised every 70 years. The proposed 1998 Capital Program allows for extensive sewer televising (budget of $1 million) in order to expand the sewer condition database, and identify additional sewers which require renewal or rehabilitation. It is recommended that the 1998 Frontage Levy for sewer renewals be increased from $0.70 to $0.85 to bring program funding up to the long term levels forecast in the 5 year capital estimates. This will allow renewal of high priority projects identified through the accelerated sewer televising program. This would result in a Capital Program as outlined in Schedule B. It is also recommended that first call on the 1998 Capital - Sewer Renewal be approved so that televising can begin as soon as possible to identify additional projects for construction from the 1998 Capital Program.

Combined Sewer Relief Program

From 1977 to 1995 inclusive the Combined Sewer Relief Program was solely mill-rate financed. In 1996, Council approved an increase in the Sewer Renewal Frontage Levy in association with a policy that the Combined Sewer Relief Program be funded by the frontage levy (By-law No. 6803/96). The goal of the Combined Sewer Relief Program is to upgrade the level of protection against basement flooding from sewer backup for a rainstorm with a return frequency of five years. The program has tangible benefits higher than program costs. Intangible benefits include reduced health risks associated with basement flooding, the personal security that comes with a high level of protection and a better image of Winnipeg as a modern city with adequate infrastructure.

In 1987, Council adopted a report which recommended funding levels of $3 million starting in 1987, increasing to $7.6 million in 1993, and remaining at that level with the exception of an annual inflation adjustment. Current funding levels have fallen below those adopted by Council in 1987. By the end of 1998, total funding will be $15.6 million less than the original budget works. Given the funding levels as approved in the 1998 - 2002 Five

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Year Capital Program, as submitted in the "Preliminary Estimates", and assuming no inflation, the Combined Sewer Renewal Program will take 21 years to complete. Increased funding would speed the delivery of the program's benefits.

Accordingly, it is recommended that the 1998 frontage levy for combined sewer relief be increased from $0.30 to $0.60, to bring funding in line with the long term program requirements identified in the 5 year capital estimates. This would result in a Capital Program as outlined in Schedule B.

Council approval is required for amendments to the Frontage Rate By-Law, the Capital Program, and for first call on the Capital Program.

On November 27, 1997, the Standing Policy Committee on Public Works considered the above noted information, and submitted same to the Executive Policy Committee without recommendation. On December 9, 1997, the Executive Policy Committee reviewed the subject information and has revised same which is reflected in its recommendations as outlined below.

The Executive Policy Committee recommends:

I. That the 1998 Water Renewal Frontage Levy Rate be decreased from $1.10 to $0.65 (a decrease of $0.45) and that the 1998 Sewer Renewal Frontage Levy Rate be increased to $1.45 ($0.85 for sewer renewal and $0.60 for combined sewer relief) such that the total frontage levy for water and sewer remains at $2.10 per foot for 1998 as planned.

II. That the above Sewer Renewal Frontage Levy Rate be increased by 15 cents for each of the next three years to 2001 as specified in the existing Council approved by-law as outlined in Schedule A.

III. That the 1998 Capital Program and 1999 - 2003 Five Year Capital Program be amended to reflect the recommended frontage rate changes, as outlined in Schedule B.

IV. That By-Law No. 549/73, the Frontage By-Law, be amended:

(a) to reflect the recommended frontage rate changes; and
(b) to clarify the intent of the frontage levy as "for the purpose of renewal, replacement, enlargement, rehabilitation, corrosion mitigation, and non-destructive testing of watermains and common sewers".

V. That approval be given for first call on the 1998 Capital - Combined Sewer Renewal, to undertake sewer televising to identify renewal projects.

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

Moved by Her Worship Mayor Thompson,
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 Prystanski, Angus, O'Shaughnessy, Phillips, Silva, Steek, Timm-Rudolph, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Clement. 10

Nay: Councillors Golden, Lazarenko, Lubosch, Murray, Thomas and Vandal. 6

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

(See Minute No. 91 for attachments)

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1998 - 2003 Capital Estimates
File FC-1 (1998-2003)

89 - 2. In accordance with the provisions of Sections 30(1) and 336(1) of The City of Winnipeg Act, the Executive Policy Committee submits the 1998- 2003 Capital Estimates for the consideration of Council.

Estimate documentation was tabled at a Special Meeting of the Executive Policy Committee held on October 28, 1997.

At a Special Meeting held on December 3, 1997, the Executive Policy Committee conducted its review of the estimates and considered the recommended changes from the Standing Committees and the Community Committees. The results of the Executive Policy Committee's review are outlined in Appendix "A".

The following summarizes the 1998 Capital Program:

1998 Capital Estimates as per book (Total Program)	$130,907,000
Increase by Executive Policy Committee	2,800,000
Total 1998 Capital Estimates (Total Program)	$133,707,000

The following summarizes the 1999 - 2003 Five Year Capital Forecast:

Year	Amount
1999	$169,492,000
2000	159,161,000
2001	158,611,000
2002	168,033,000
2003	178,565,000

The Executive Policy Committee therefore recommends:

I. That the 1998 Capital Estimates totalling $133,707,000 (tax supported and utility operations and requiring borrowing authority in the amount of $19,832,000; $1,062,000 tax-supported external borrowing for Transit) and the 1999 to 2003 Five-Year Capital Forecast, as outlined in Appendix "A" be forwarded Council for approval.

II. That the City negotiate with the Province to cost share on a 50/50 basis a $10 million residential street renewal program for 1998 and 1999 ($5 million for each jurisdiction), and that the City share not be contingent upon the Province approving their equivalent share of the cost. (Note: The City's $5 million share for 1998 would be financed by unused borrowing authority previously set aside by Council in the event of an extension of the Canada/Manitoba/Winnipeg Infrastructure Program. The City's $5 million share for 1999 would be financed using the remaining $3 million of this unused borrowing authority and $2 million would be debt financed. The Provincial financing is over and above existing UCPA financing.)

III. That the City negotiate with the Province to cost share on a 50/50 basis a $600,000 capital project for Convention Centre cladding in the year 2000 ($300,000 for each jurisdiction). The Provincial financing is over and above existing UCPA financing. Provincial financing should be negotiated from video lottery terminal (VLT) revenue -- the 25% urban economic development project component -- which is over and above the City's annual base Video Lottery Grant (the 10% component) in the operating budget.

IV. That the City continue to negotiate with the Province to maximize recoveries related to the City's capital infrastructure repair costs due to the flood as well as possible cost sharing on flood prevention capital programs. The Provincial financing is over and above existing UCPA financing.

V. That the years 1999 to 2003 of the Five-Year Capital Forecast be adjusted as required to ensure that the total of internal and external tax-supported borrowing for each year is $61 million according to the policy target set by Council.

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VI. That the City Solicitor/Manager of Legal Services be requested to prepare the necessary by-law.

VII. 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.

Moved by Her Worship Mayor Thompson,
Adoption of the clause.

In amendment,

Moved by Councillor Steek,
Seconded by Councillor Lazarenko,

WHEREAS there are numerous failed residential streets in every ward in the City of Winnipeg;

AND WHEREAS these failed streets result in lost time, inconvenience and vehicular damage;

AND WHEREAS all taxpayers are entitled to drive on residential streets in a reasonable state of repair;

THEREFORE BE IT RESOLVED that Council increase its commitment to residential street repair in 1998 from five million dollars to seven million dollars regardless of provincial commitment;

AND BE IT FURTHER RESOLVED that said two million dollars be moved from 1999 prior borrowing authority.

In amendment,

Moved by Councillor Murray,
Seconded by Councillor Thomas,

BE IT RESOLVED that the following items be deleted from the 1998 and five year capital budgets:

- $16,600,000. allocated to “New Transportation Facilities”, be deleted.

1998	$8,000,000
1999	----------
2000	----------
2001	$1,000,000
2002	$7,600,000
2003	----------

- $4,300,000. allocated to “Street Improvements”, be deleted. (The projects be prioritized again as funding reductions should push back the lowest priority project.)

1998	----------
1999	$2,000,000
2000	$300,000
2001	----------
2002	----------
2003	$2,000,000

- $2,900,000. Land acquisition, Streets Department be deleted.

1998	----------
1999	$500,000
2000	$600,000
2001	$600,000
2002	$600,000
2003	$600,000

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- $3,500,000. allocated to “Lane Renewals”, be deleted.

1998	----------
1999	----------
2000	$ 750,000
2001	$1,000,000
2002	$1,000,000
2003	$ 750,000

- $5,000,000. allocated for “Provision for future Intergovernmental Agreements”, be deleted.

2003	$5,000,000

- $ 7,250,000. allocated to Civic Buildings, be deleted.

(Many of these are small items that should be financed out of current expenditures and others should be moved out of the capital budget for higher priority items. There are funds remaining in each of these line items so basic building improvements, asbestos removal and access for people with disabilities could be accommodated.)

- $ 3,000,000. allocated to the “Campus Plan”, be deleted.
- $ 2,000,000. allocated to “Council Building Redevelopment”, be deleted
- $ 2,250,000. allocated to “Historical Gates, Courtyard, Winnipeg Square Garage, Civic Car Park Tunnel, Courtyard redevelopment, Concourse upgrades”, be deleted.

1998	----------
1999	$2,000,000
2000	$ 750,000
2001	$1,000,000
2002	$2,500,000
2003	$1,000,000

- $10,600,000. allocated to “Non-departmental Projects”, be deleted.

Total deletions Non-departmental Projects $10,400,000. (This is only a portion of the funding in this category. These are small items that could be put into the current budget to avoid debt servicing costs or are low priority and even undefined items. They include unspecified land acquisition, unallocated innovative projects, idea bank, special innovative capital, baseball stadium etc.)

1998	$2,300,000
1999	$2,800,000
2000	$2,300,000
2001	$1,100,000
2002	$1,000,000
2003	$ 900,000

THEREFORE BE IT RESOLVED that the savings of $50,150,000.00 achieved by the deletions described in this motion be reallocated to residential street renewal;

AND BE IT FURTHER RESOLVED that Recommendation II. be amended as follows:

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i) That the Capital Budget line item "Residential Street Renewals" be amended to read:

FUNCTION/PROJECT	Detail page No	PLAN WPG IND.	1998	1999	2000	2001	2002	2003	1998-2003 TOTAL
Residential Street Renewal	3-16	5C-01							
-Debt			10,300	9,300	5,700	4,700	12,000	10,150	52,150
-Prior borrowing authority			5,000	3,000					8,000
									60,150

ii) That line item "Residential Streets, Residential Street Renewal, Provincial Contribution" be included in the years 1998 and 1999 of capital estimates upon confirmation by the Province in writing of a commitment to funding this initiative.

iii) That Recommendation II. be amended to read:

"That the City maintain an annual residential street renewal and reconstruction program of 10 million dollars and that the City continue best efforts to negotiate an agreement with the province to cost share a portion of this program. The City will pursue the joint implementation of the "Community Investment Strategy" (previously approved by City Council) with the Federal and Provincial governments.

iv) That the City develop a comprehensive street renewal strategy that includes:

a. A review of the costs and methods of reconstruction, renewal, repairs and resurfacing streets to determine the most effective expenditure of street renewal dollars.

b. A review of the "Pavement Condition Index" and a strategy renewal for the most failed streets.

c. The production of an annual list of the condition rating of city streets with the projected year of renewal of each street.

d. A commitment to financing basic residential street renewal as a priority in the annual capital program.

e. An examination of the feasibility of incrementally increasing the allocation in the current budget for thin bituminous overlay by approximately $500,000 annually for five years to reduce the overall rate of street deterioration.

v) That the revenue from land sold by the city be used to fund the second and third priority categories of transportation infrastructure which are "Transit improvements" and "Improvements to the Street System". Furthermore, that the City research alternative funding sources for the extension of city transportation infrastructure and that a strategy be presented to Council by June 30 of 1998.

The Speaker called the Deputy Speaker, Councillor Prystanski, to the Chair in order to participate in the debate, and after speaking, resumed the Chair.

The motion proposed by Councillors Murray and Thomas was put.

The Speaker ruled Item No. iv) e. out of order.

The Speaker advised that at the request of Councillor Silva, Item Nos. i), ii) and iii) would be voted upon conjointly, while Item Nos. iv) and v) would be voted upon separately.

Item Nos. i), ii) and iii) regarding residential street renewals was put.

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

Yea: Councillors Lubosch, Murray, Thomas and Vandal. 4

Nay: Councillors Prystanski, Angus, Golden, Lazarenko, O'Shaughnessy, Phillips, Silva, Steek, Timm-Rudolph, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Clement. 12

and Item Nos. i), ii) and iii) regarding residential street renewal was declared lost.

Item No. iv) a, b, c, d, regarding a street renewal strategy was put.

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

Yea: Councillors Prystanski, Golden, Lazarenko, Lubosch, Murray, O'Shaughnessy, Phillips, Silva, Steek, Thomas, Timm-Rudolph, Vandal, Deputy Mayor Eadie, Her Worship Mayor Thompson, Councillors Clement and Angus. 16

Nay: 0

and Item No. iv) a, b, c, d, regarding a street renewal strategy was declared carried.

Item No. v) regarding land sales revenue was put.

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

Yea: Councillors Golden, Lazarenko, Lubosch, Murray, Thomas and Vandal. 6

Nay: Councillors Prystanski, Angus, O'Shaughnessy, Phillips, Silva, Steek, Timm-Rudolph, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Clement. 10

and Item No. v), regarding land sales revenue was declared lost.

The motion proposed by Councillors Steek and Lazarenko was put.

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

Yea: Councillors Golden, Lazarenko, Lubosch, Murray, Steek, Thomas and Vandal. 7

Nay: Councillors Prystanski, Angus, O'Shaughnessy, Phillips, Silva, Timm-Rudolph, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Clement. 9

and the motion proposed by Councillors Steek and Lazarenko was declared lost.

The motion for the adoption of the clause, as amended, was put.

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

Yea: Councillors Prystanski, Angus, Lazarenko, O'Shaughnessy, Phillips, Silva, Timm-Rudolph, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Clement. 10

Nay: Councillors Golden, Lubosch, Murray, Steek, Thomas and Vandal. 6

and the motion for the adoption of the clause, as amended, was declared carried.

(See Minute No. 92 for attachment)

EXECUTIVE POLICY COMMITTEE

CONSIDERATION OF BY-LAWS

90 - On motion of Her Worship Mayor Thompson, By-law No. 7125/97, a by-law of The City of Winnipeg being an initial borrowing by-law to authorize the borrowing of money by the issue and sale of debentures of the City in the principal amount of $19,832,000.00, was read a first time.
File FC-1 (1998-2003)

Her Worship Mayor Thompson moved that this constitute the first reading of By-law No. 7125/97, which motion was carried.

Councillors Golden and Thomas asked to be recorded as having voted against the first reading of By-law No. 7125/97, in accordance with Rule 50.7 of the Procedure By-law.