Agenda - Executive Policy Committee - May 9, 2007

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

Carried

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - May 8, 2007

Item No. 2 Canada Strategic Infrastructure Fund Contribution Agreement File S-7

STANDING COMMITTEE RECOMMENDATION:

On May 8, 2007, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the administrative recommendation and submits the following to Council:

1. That the City of Winnipeg enter into a contribution agreement with the Government of Canada and the Province of Manitoba for funding of wastewater treatment upgrades at the North End Water Pollution Control Center (NEWPCC), the West End Water Pollution Control Center (WEWPCC) and the South End Water Pollution Control Center (SEWPCC) under the Canada Strategic Infrastructure Fund.

2. That the Chief Administrative Officer be delegated the authority to finalize the terms and conditions of the funding agreement.

3. 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 - May 9, 2007

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - May 8, 2007

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On May 8, 2007, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

RE: Canada Strategic Infrastructure Fund Contribution Agreement

---

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

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

REPORT DATE: April 30, 2007

RECOMMENDATION(S):

1. That the City of Winnipeg enter into a contribution agreement with the Government of Canada and the Province of Manitoba for funding of wastewater treatment upgrades at the North End Water Pollution Control Center (NEWPCC), the West End Water Pollution Control Center (WEWPCC) and the South End Water Pollution Control Center (SEWPCC) under the Canada Strategic Infrastructure Fund.

2. That the CAO be delegated the authority to finalize the terms and conditions of the funding agreement.

3. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REPORT SUMMARY

KEY ISSUES:

- The Canada-Manitoba-Winnipeg contribution agreement will provide $50 million funding towards the City of Winnipeg's wastewater improvement program and $17 million towards recreation and leisure capital projects.

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

X	None
	Yes - Comment(s):

Human Resources Implications

X	No
	Yes - Comment(s):

Financial Implications

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

Comment(s): Funds for this project are included in the approved Capital Budget and also included in the sewer utility rate plans and forecasts.

REPORT

REASON FOR THE REPORT:

Council authority is required to enter into a funding agreement.

HISTORY:

1993 On December 17, 1993, City Council authorized the establishment of a River Quality Environmental Studies Reserve Fund for the purpose of providing funding for environmental projects to improve river quality. This reserve was renamed in 1996 to the Environmental Projects Reserve to more accurately reflect its purpose.

2003 In January and April, at the request of the Province of Manitoba, the CEC conducted public hearings on the City of Winnipeg's Wastewater Collection and Treatment Systems.

2003 On August 26, 2003, the CEC issued their report on the hearings recommending that Manitoba Conservation establish “interim” effluent limits for Winnipeg’s three Water Pollution Control Centres in accordance with their Water Quality Standards, Objectives and Guidelines, and further that the City of Winnipeg be directed to plan for removal of nutrients, specifically nitrogen and phosphorous from its treated wastewater discharges.

2003 The Assistant Deputy Minister of Manitoba Conservation wrote a letter dated September 26, 2003, to the Director of the Water and Waste Department, advising of their plans to reflect the CEC report recommendations in Environment Act Licenses for the City's wastewater treatment plants.

On November 26, 2003, City Council approved an increase in the 2004 sewer rate from $2.73 to $3.11 per hundred cubic feet.

2004 On November 24, 2004, City Council approved an increase in the 2005 sewer rate from $3.11 to $3.39 per hundred cubic feet.

2005 Environment Act Licenses were issued for the North End Water Pollution Control Center (NEWPCC), the West End Water Pollution Control Center (WEWPCC) and the South End Water Pollution Control Center (SEWPCC).

On November 23, 2005, City Council approved an increase in the 2006 sewer rate from $3.39 to $3.87per hundred cubic feet.

2006 On February 21, 2006, City Council approved the 2006 Capital Budget which included the Canada Strategic Infrastructure funding.

2007 On February 21, 2007, City Council approved an increase in the 2007 sewer rate from $3.87 to $4.46 per hundred cubic feet, effective April 1, 2007.

DISCUSSION:

On March 19, 2004, the Government of Canada, the Province of Manitoba and the City of Winnipeg announced an agreement in principle to provide strategic infrastructure funding for priority projects which included wastewater improvements. The provincial and federal governments would each provide $25 million towards the wastewater improvement projects that were mandated by the Environment Act Licenses issued for the NEWPCC, WEWPCC and the SEWPCC.

The federal government announced a realignment of strategic infrastructure priorities for the City of Winnipeg in April 2005 and a renewed agreement in principle whereby they would provide $42 million in funding towards the wastewater improvement projects.

This would bring total funding under the proposed agreement to $67 million. The federal commitment was reaffirmed in November 2005.

Total provincial and federal funding of $50 million to be received under the Canada Strategic Infrastructure Plan is included in the Water and Waste Department's sewer rates as approved by City Council. The balance of $17 million is designated for recreation and leisure capital projects. The funding is included in the approved Capital Budget. A summary of the draft agreement terms and conditions is contained in Appendix A.

In 2006, in accordance with the requirements of the Canada Strategic Infrastructure Fund, the department completed an environmental assessment of the project so the federal government could perform an environmental screening of the project under the *Canadian Environmental Assessment Act*.

The negotiations are proceeding and the federal government has completed its Environmental Screening Report so a contribution agreement is now being prepared. This report seeks Council authority to conclude the agreement.

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: April 19, 2007

Project Name: Funding for Wastewater Improvement Projects from the Canada Strategic Infrastructure Fund

First Year of Program 2007

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ 24,700,000	$ 15,100,000	$ 8,500,000	$ 14,500,000	$ 4,200,000
Less: Existing Budgeted Costs	24,700,000	15,100,000	8,500,000	14,500,000	4,200,000
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
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: The wastewater improvement projects have been authorized by City Council's adoption of the Capital Budget. The Canada Strategic Infrastructure Funding is identified as a funding source in the City Council approved Capital Budget.

"Original signed by M.L. Geer, C.A.

Moira L. Geer C.A.
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Legal Services

External Consultation With: N/A

THIS REPORT SUBMITTED BY:

Water and Waste Department
Finance & Administration Division
Prepared by: M Geer, CA

April 27, 2007

APPENDIX A

Summary of Draft Agreement Terms

CANADA – MANITOBA – WINNIPEG
AGREEMENT FOR WINNIPEG WASTEWATER TREATMENT UPGRADES
2006-2007 / 2012-2013

1. Project Components

   a) Biological nutrient removal and effluent disinfection at the West End Water Pollution Control Centre - $30.6 million

   b) Centrate nutrient removal and effluent disinfection North End Water Pollution Control Centre – $51.4 million

   c) Biological nutrient removal South End Water Pollution Control Centre - $94.8 million

2. The total project cost per the agreement is $176.8 million with funding by each party as follows:

Canada	$	42
Manitoba		25
Winnipeg		110
Total	$	177

   The agreement project cost is based upon the project cost estimates as of November 2005.

3. The agreement calls for an Agreement Steering Committee comprised of 2 members from each party

4. Project costs incurred before March 19, 2004 are ineligible

5. The agreement concludes on March 31, 2013.

6. Projected Cash Flow (in $millions)

Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Canada	$ -	$ 15.0	$ 12.0	$ 5.0	$ 10.0	$ -	$ -	$ 42.0
Manitoba	$ 8.2	$ 1.5	$ 3.1	$ 3.5	$ 4.5	$ 2.5	$ 1.7	$ 25.0
Winnipeg	$ 14.8	$ 10.0	$ 10.0	$ 15.0	$ 20.0	$ 20.0	$ 20.0	$ 109.8
Total	$ 23.0	$ 26.5	$ 25.1	$ 23.5	$ 34.5	$ 22.5	$ 21.7	$ 176.8