REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED DECEMBER 13, 1995

On motion of Her Worship Mayor Thompson, the Report of the Executive Policy Committee, dated December 13, 1995, was considered clause by clause.

Her Worship The Mayor and Councillors:

1996 Water and Sewer Rates
Files FE(1996) & WW-2.3

145 - 1. The Executive Policy Committee has been advised that in January 1993, a 3.4% general water rate increase, a $.035 per 100 cubic feet increase for the aqueduct rehabilitation program and an 11% sewer rate increase were implemented.

In January of 1994, a 3.0% general water rate increase, a $.035 per 100 cubic feet increase for the aqueduct rehabilitation program, a $.065 per 100 cubic feet charge for water treatment, an 11% general sewer rate increase and a $.02 per 100 cubic feet charge for the environmental studies reserve were implemented.

In January of 1995, a 3.5% general water rate increase, a $.035 per 100 cubic feet increase for aqueduct rehabilitation program, a $.065 per 100 cubic feet increase for water treatment, an 11% general sewer rate increase and a $.02 per 100 cubic feet increase for the environmental studies reserve were implemented.

The Water and Sewer Utility have adhered to the following principles of operation:

1. SELF SUPPORTING UTILITIES - The Utilities do not receive subsidies from the mill rate.

2. COST OF SERVICE - Customers pay rates which reflect the cost of providing the utility service to them.

3. SERVICE OUR OWN DEBT - The Utility Revenue is sufficient to provide funding to cover our debt service (principal and interest) costs.

4. RETAINED EARNINGS/CASH RESERVES OF 20% OF SALES - Reserves are maintained to protect the Utility from fluctuations in revenue due to consumption.

5. EQUALIZED RATE OVER 5 YEARS - Rates are set to try to eliminate significant fluctuations year to year.

6. TRANSFER TO MILL RATE - A transfer to the general revenue fund has been established at 10% as a reasonable return to the City on its investment in the Utility.

7. ESTABLISHING RESERVES - Reserves are established for major capital projects to mitigate significant increases in rates and establish a "pay-as-you-go" philosophy for capital programs in the Utility.

Five-year financial projections have been made for the Water and Sewer Utilities. These projections take into consideration future borrowing for the five-year capital program, inflation on operating expenditures and anticipated changes in consumption. In addition these projections include adjustments to reflect the Utilities increasing their contribution to the General Revenue Fund to support the fire hydrant program in the Water Utility and the land drainage program in the Sewer Utility. As a result of these additions the water and sewer utilities would be contributing 12% and 11% respectively of their sales revenue to the general revenue fund in 1996. This is an increase from the 10% previously transferred in accordance with the principles of operation. As these programs become totally supported by the utilities, the transfer to the general revenue fund will increase by the year 2000 to 16% in the water utility and 14% in the sewer utility.

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The water projections indicate that a 6.1% annual base rate increase will be required for 1996-2000 in order to maintain Water Utility Retained Earnings and support the fire hydrant program.

An aqueduct rehabilitation reserve was started in 1992. In 1995 the reserve contribution was $.125 per 100 cubic feet. The 1996-2000 rate plan includes contribution amounts to the reserve to fully fund the aqueduct on a pay-as-you-go basis over the five year period. A water treatment reserve was started in 1994. In 1995 the reserve contribution was $.130. The 1996-2000 rate plan includes contribution amounts to the reserve to enable the Water Treatment Plant Project to be almost fully cash financed in 2006. The total of these two reserve contributions is an increase of 5.4% to Block 1, 6.6% to Block 2 and 8.8% to Block 3 for 1996.

The five year sewer projections indicate that a 9.4% base rate increase is required in 1996 and 8.7% in 1997 in order to fund future capital projects from cash reserves and to support the land drainage program in the general revenue fund. The projections indicate that the base rate increase would drop to 0% in 1998-2000.

An Environmental Projects Reserve was established in 1994. In 1995 the Reserve contribution was $.04 per 100 cubic feet. The 1996-2000 rate plan includes contributions to the reserve to fully fund environmental projects over the five year period. The overall impact of the base rate increase and the reserve charge increase is a 11.9% sewer rate increase for 1996.

Commencing in 1996 the Sewage Disposal Capital Program will be on a pay-as-you-go basis. No borrowing will be required from 1996 into the foreseeable future.

For the information of Council, the Five-Year Projection 1996-2000, Revenue, Expenditures, Retained Earnings for the Sewage Disposal System Fund and the Waterworks System Fund is outlined in Appendix “A”.

The Executive Policy Committee recommends:-

I. That water rates, based on water used, be increased January 1st, 1996 as follows:
from $1.70 to $1.89 per 100 cu. ft. from 0 - 9,600 cu. ft./quarter (Block 1)
from $1.37 to $1.54 per 100 cu. ft. from 9,600 - 96,000 cu. ft./quarter (Block 2)
from $1.03 to $1.18 per 100 cu. ft. over 96,000 cu. ft./quarter (Block 3)

which includes $.34 per 100 cubic feet for the Aqueduct Rehabilitation Reserve and $.02 per 100 cubic feet for the Water Treatment Reserve.

The impact of this recommendation increases in the block rates of:

Block 1 - 11.1%
Block 2 - 12.2%
Block 3 - 14.2%

II. That the Waterworks System fixed quarterly charge, based on meter size, be revised for 1996 as follows:

5/8" from	$ 11.86 to	$ 12.10
3/4"	12.78 to	13.05
1"	15.55 to	15.92
1 ½"	19.24 to	19.75
2"	29.40 to	30.28
3"	104.16 to	107.81
4"	131.85 to	136.53
6"	196.46 to	203.53
8"	270.30 to	280.11
10"	344.14 to	356.68

III. That the fire hydrant rental charge remain at $194.00 per hydrant for 1996.

IV. That the sewer rate, based on water used, be increased January 1st, 1996 from $2.29 to $2.56 per 100 cu. ft. which includes $.10 per 100 cubic feet for the Environmental Projects Reserve. This represents a 11.9% total increase in the rate from 1995.

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V. That the following rate and factors as calculated for industrial waste surcharges be approved for January 1st, 1996.

(a) The cost of treating normal sewage referred to as the Rn factor be $2.37 per 1000 gallons.

(b) The factor Fs derived from costs of treating suspended solids (S.S.) be 0.32.

(c) The factor Fp derived for costs of treating biochemical oxygen demand (B.O.D.) be 0.47.

VI. That the waste disposal vehicle license fee for 1996 be increased by 4.3% from $186 to $194 per 1000 litre capacity.

VII. That the Watermain renewal frontage levy remain at $1.10 for 1996 as per By-law No. 5661/91 and that the Sewer frontage levy for renewal and rehabilitation of wastewater sewers and combined sewers increase $.05 per frontage foot from $.55 to $.60 as per By-law No. 6606/95, and that the sewer frontage levy be further increased as outlined in the 1996 Capital Budget and the 1997 - 2001 Five Year Forecast.

VIII. That the City Solicitor be instructed to prepare the necessary By-laws for submission to Council at the same meeting as the estimates are being considered by Council.

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

The Speaker called the Deputy Speaker, Councillor Prystanski, to the Chair in order to participate in the debate.

In amendment,

Moved by Councillor Angus,
Seconded by Councillor Golden,
That Recommendation IV be amended by deleting the words “based on water used” and substituting therefor the words “based on the average consumption of the water used by a combination of the highest and lowest consumption quarters in the previous year”.

Moved by Councillor Clement,
That the amendment be referred to the Committee on Works and Operations.

Carried.

The motion for the adoption of the clause was put.

Councillor O’Shaughnessy called for the yeas and nays, which were as follows:-

Yea: Councillors Prystanski, Clement, Lubosch, Murray, O’Shaughnessy, Phillips, Silva, Steek, Vandal, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Angus. 12

Nay: Councillors Golden, Lazarenko, Thomas and Timm-Rudolph. 4

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

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1996 - Ambulance User Fees Increase
Files FE(1996) & GF-3

146 - 2. The Executive Policy Committee recommends:-

I. That the following Ambulance Service user fees on emergency calls be implemented effective January 1, 1996:

Present	Proposed
$195	$220

II. 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.

The motion for the adoption of the clause was put.

Councillor O'Shaughnessy called for the yeas and nays, which were as follows:-

Yea: Councillors Prystanski, Clement, Lubosch, O'Shaughnessy, Phillips, Silva, Steek, Thomas, Timm-Rudolph, Vandal, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Angus. 13

Nay: Councillors Golden, Lazarenko and Murray. 3

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

1996 - Transit Fare Increases
Files FE(1996) &TE-2

147 - 3. The Executive Policy Committee recommends:

I. That the following Transit Fare increases be implemented:

FARE CATEGORY	PRESENT 1995 FARES (AS OF JUNE 1/95)	PROPOSED 1996 FARES (AS OF FEB. 1/96)	INCREASE FROM 1995 TO 1996	PROPOSED 1997 FARES (AS OF FEB. 1/97)	INCREASE FROM 1996 TO 1997
Adult:					
Cash	$1.35	$1.40	$0.05	$1.45	$0.05
Ticket	$1.30	$1.35	$0.05	$1.40	$0.05
Weekday Pass	$11.70	$12.15	$0.45	$12.60	$0.45
Super Pass	$13.00	$13.50	$0.50	$14.00	$0.50
Monthly Pass	$48.00	$52.00	$4.00	$53.90	$1.90

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Reduced:					
Cash	$0.80	$0.85	$0.05	$0.85	$0.00
Ticket	$0.75	$0.80	$0.05	$0.80	$0.00
Super Pass	$7.50	$8.00	$0.50	$8.00	$0.00
Monthly Pass	$28.00	$30.80	$2.80	$30.80	$0.00
Handi-Transit:					
Cash	$1.35	$1.40	$0.05	$1.45	$0.05
Ticket	$1.30	$1.35	$0.05	$1.40	$0.05
Monthly Pass	$48.00	$52.00	$4.00	$53.90	$1.90

Note: Weekday Pass is from Monday to Friday.
Super Pass is from Monday to Sunday.

II. 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 Murray,
Seconded by Councillor Thomas,

WHEREAS a ten year policy of annually raising fares, cutting routes, reducing the Transit fleet and, debt financing bus acquisition has resulted in Transit ridership dropping from 65 million per year to 39 million and has required increased property tax support for Transit;

WHEREAS Council's current Plan Winnipeg Policy on Transit and Transportation which should direct the Budget's development is:

> The City shall maintain the existing capacity of regional street, bridge, and public Transit systems as its highest priority item for expenditure of funds when developing the yearly and five-year transportation capital programs. This policy is clearly contradicted in all three of the 1996 City Budgets.
>
> The City shall commit to transit system improvements as a second priority in those areas where Transit is considered to have a potential advantage over the private automobile, namely, within the Downtown, at major access points to the Downtown, along the major radial regional street system, and in areas of concentrated employment, by:
>
> i) considering the improvement of Transit travel times to levels competitive with private automobile travel to have priority for future investment in upgrading associated with repair or replacement of regional streets and bridges;
>
> ii) initiating a program of rapid Transit development prior to the initiation of major extensions or new additions to the regional street system and requesting Provincial funding for such development, and;
>
> iii) undertaking an ongoing program of Transit operational improvement measures.

WHEREAS Winnipeg has invested virtually nothing in Transit Infrastructure outside of a reduced bus replacement program while leading the country in debt financed automobile centred new infrastructure;

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WHEREAS fare and ridership policy must be integrated into a comprehensive Transit policy which governs its priority in civic capital and current expenditures;

WHEREAS volume discount passes, deep discounting and commercial promotion have been demostrated to be successful policies to boost both ridership and revenue while the current city policy has accomplished neither;

WHEREAS the hosting of the Pan Am Games opens the best “3 year window of opportunity” for Federal and Provincial partnerships for new mass Transit initiatives as was done for Expo 67, 86 and the Montreal and Calgary Olympics. To take advantage of this the City would have to have “shovels in the ground by 1997" and a fare and Transit policy to capture the revenue potential of a major systems enhancement;

THEREFORE BE IT RESOLVED that Council increase the cash fares by 5 cents as recommended by the Executive Policy Committee with all passes and tickets remaining at 1995 levels and further, that Council adopt a large volume “Eco Pass” system, a deep discount policy and commercial promotions discount for Transit pass users as described in the “WIN Transit Initiatives for the Future” document;

BE IT FURTHER RESOLVED that the balance of the attached policy paper be adopted as direction by Council to the Administration for final drafting of the 1996 Current, Capital and Transit Utility Budgets and the development of the 5 Year Capital Budget.

In amendment to the amendment,

Moved by Councillor Golden,
Seconded by Councillor Lazarenko,
That the amendment be modified by deleting the 5 cent increase in transit fares.

The Speaker here resumed the Chair.

The amendment to the amendment was put.

Councillor O’Shaughnessy called for the yeas and nays, which were as follows:-

Yea: Councillors Golden, Lazarenko and Thomas. 3

Nay: Councillors Prystanski, Clement, Lubosch, Murray, O’Shaughnessy, Phillips, Silva, Steek, Timm-Rudolph, Vandal, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Angus. 13

and the amendment to the amendment was declared lost.

The amendment was put.

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

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

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

and the amendment was declared lost.

Moved by Councillor Thomas,
That the rule be suspended to allow consideration of a referral motion.

The motion to suspend the rule was put.

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

Yea: Councillors Golden, Lazarenko, Lubosch, Murray, Silva, Thomas, Vandal and Angus. 8

Nay: Councillors Prystanski, Clement, O'Shaughnessy, Phillips, Steek, Timm-Rudolph, Deputy Mayor Eadie and Her Worship Mayor Thompson. 8

and the motion to suspend the rule was declared lost, not having received the required two-thirds vote of the members present in accordance with Rule 3 of the Procedure By-law.

The motion for the adoption of the clause was put.

Councillor O'Shaughnessy called for the yeas and nays, which were as follows:-

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

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

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

1996 Current Estimates - Utilities Portion
File FE(1996)

148 - 4. In accordance with The City of Winnipeg Act, the Current Estimates were prepared and tabled with the Executive Policy Committee at a Special Meeting held on November 10, 1995.

Council commenced hearing citizen delegations on November 20, 1995 and proceeded to hear Department Head budget presentations until completion on December 1, 1995. The budget process has provided an excellent opportunity for all members of Council to hear presentations from each department.

On December 11, 1995, the Executive Policy Committee heard delegations from concerned citizens and organizations.

Self-sustaining budgets such as utility budgets are significantly influenced by longer-term planning cycles. The final approval for the tax supported current estimates will be considered by Council during the last week of January, 1996. In order for utility rate increases to be approved in a timely fashion, near the beginning of each calendar year, the Utility Budgets should be approved prior to the commencement of 1996.

The Executive Policy Committee recommends:

I. That the following utility budgets tabled on November 10, 1995, be approved, namely:

UTILITY OPERATIONS	1996 BASE ESTIMATE REVENUE	1996 BASE ESTIMATE EXPENDITURE	SURPLUS/ (DEFICIT)
Hydro Electric System	123,365,500	107,395,991	15,969,509
Waterworks System	61,653,006	63,307,885	(1,654,879)
Sewage Disposal System	75,814,557	70,727,189	5,087,368
Solid Waste Disposal System	18,427,980	17,523,997	903,983
Equipment and Material Services	32,366,472	31,366,872	999,600
Ambulance Service	9,051,588	11,445,060	(2,393,472)
TOTAL	**320,679,103**	**301,766,994**	**18,912,109**

II. That the Transit System Budget be considered in January, 1996.

III. That the Proper Officers of the City be authorized to do all things necessary to implement the above recommendations.

Moved by Her Worship Mayor Thompson,
That the clause be referred back to the Executive Policy Committee.

Carried.

EXECUTIVE POLICY COMMITTEE

CONSIDERATION OF BY-LAWS

149 - The Speaker advised that on the direction of Council, By-law No. 6736/95 would be amended by deleting sections 3 and 4.

On motion of Her Worship Mayor Thompson, the rule was suspended and the following By-laws were read a first time, namely:

By-law No. 6734/95, a By-law of the City of Winnipeg to amend By-law No. 5058/88 being the Sewer Utility By-law. Files FE(1996) & WW-2.3

By-law No. 6735/95, a By-law of the City of Winnipeg to estimate and fix the surcharges as provided for in By-law No. 5058/88, being the Sewer Utility By-law. Files FE(1996) & WW-2.3

By-law No. 6736/95, as amended, a By-law of the City of Winnipeg to amend By-law No. 504/73, being the Water Works By-law. Files FE(1996) & WW-2.3

Executive Policy Committee - Consideration of By-laws (continued)

Councillors Golden, Lazarenko, Timm-Rudolph and Thomas asked to be recorded as having voted against the first reading of all three by-laws, in accordance with Rule 50.7 of the Procedure By-law.

On motion of Her Worship Mayor Thompson, By-law Nos. 6734/95, 6735/95 and 6736/95, as amended, were read a second time.

Moved by Her Worship Mayor Thompson,
That this constitute the second reading of By-law Nos. 6734/95, 6735/95 and 6736/95, as amended.

The motion was put.

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

Yea: Councillors Prystanski, Clement, Lubosch, O'Shaughnessy, Phillips, Silva, Steek, Vandal, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Angus. 11

Nay: Councillors Golden, Lazarenko, Murray, Thomas and Timm-Rudolph. 5

and the motion that this constitute the second reading of By-law Nos. 6734/95, 6735/95 and 6736/95, as amended, was declared carried.

Moved by Her Worship Mayor Thompson,
That the rule be suspended and that By-law Nos. 6734/95, 6735/95 and 6736/95, as amended, be read a third time.

The motion was put.

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

Yea: Councillors Prystanski, Clement, Lubosch, O'Shaughnessy, Phillips, Silva, Steek, Vandal, Deputy Mayor Eadie, Her Worship Mayor Thompson and Councillor Angus. 11

Nay: Councillors Golden, Lazarenko, Murray, Thomas and Timm-Rudolph. 5

and the motion for the suspension of the rule was declared carried.

On motion of Her Worship Mayor Thompson, By-law Nos. 6734/95, 6735/95 and 6736/95, as amended, were read a third time and were passed and ordered to be signed and sealed.

Councillors Golden, Lazarenko, Timm-Rudolph and Thomas asked to be recorded as having voted against the third reading of By-law Nos. 6734/95, 6735/95 and 6736/95, as amended, in accordance with Rule 50.7 of the Procedure By-law.