Agenda - Executive Policy Committee – December 12, 2007

CAPITAL BUDGET REVIEW

Item No. 6 Preliminary 2008 Annual Capital Budget and the 2009 to 2013 Five-Year Capital Forecast
File FC (2008)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 22, 2007, the Executive Policy Committee tabled the Preliminary 2008 Annual Capital Budget and the 2009 to 2013 Five-Year Capital Forecast, which outlined the following recommendations:

1. A. That the 2008 Capital Budget totaling $421,499,000.00 requiring borrowing authority totaling $40,688,000.00 for the Sewer System and Local Improvements be reviewed and submitted to Council for adoption; and

   B. That the 2009 to 2013 Five Year Capital Forecast also be reviewed and submitted to Council for adoption.

2. That, in recognition of the recent extension of the Federal Gas Tax Funding, lease payments on tax supported public private partnerships be funded annually up to a maximum of 30% of the cash to capital contribution in the operating budget and the federal gas tax.

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

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

Year	$Millions
2008	61.478
2009	63.478
2010	65.478
2011	67.478
2012	69.478
2013	71.478

5. 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.

6. That the City work with the Province to finalize the necessary agreement(s) for the extension of the Federal Gas Tax Funding beyond 2009.

7. That $10.5 million in prior years' tax supported capital surplus identified in the recent capital review be transferred to fund such 2008 tax supported capital projects in the 2008 Capital Budget as the Chief Financial Officer may approve.

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

9. That the City request that the Province of Manitoba and the Government of Canada enter into a new multi-year cost-sharing agreement to fund sewer and wastewater treatment projects resulting from the Clean Environment Commission recommendations of August, 2003, in compliance with the Clean Environment Commission's Recommendation 15 of their Report, which states that:

   "…the estimated costs to upgrade Winnipeg's wastewater collection and treatment systems to achieve a better level of treatment and thereby improve water quality constitute a significant cost burden to a municipal level of government. Municipal governments have many competing priorities for funding and do not have access to the growth revenues of provincial and federal governments…

   The commission believes that the senior levels of government should assist with the cost of achieving improved nutrient management and other water quality enhancement measures. Ideally, the funding formula of one-third municipal, one-third provincial and one-third federal should be used."

   (Manitoba Clean Environment Commission, Better Treatment: Taking Action to Improve Water Quality, August, 2003, Recommendation 15, Page 60)

10. That the Chief Financial Officer, in conjunction with the Director of Water and Waste, be delegated the authority to redistribute capital financing sources (reserve, retained earnings, other government funding) for the Water Treatment Plant and environmental projects, prior to utilizing debt financing in order to ensure the most effective timing and use of funding. The total debt authorizations and approved funding levels are not to be exceeded.

11. That the Chief Financial Officer be given the authority to redistribute federal gas tax revenue, cash to capital, and other financing sources as sources of financing for approved capital projects, provided the total approved financing is not exceeded, to ensure the most effective use of federal gas tax revenues and any other financing sources.

12. That the fund manager of the Federal Gas Tax Revenue Reserve be changed to the Director of Public Works effective January 1, 2008.

13. That Council's policy be amended with respect to back lanes and granular surface roadways to the extent necessary to accomplish the priority renewal and rehabilitation programs as outlined in this budget for 2008; and, that Council undertake to review local improvement policies and requirements relating to roads, back lanes and similar infrastructure needs before year end 2008 and consider proposals for potential reform.

14. That budgeted expenditures for the Public Safety Building Recladding project, related "decanting" projects, and the Identification Unit - Forensic Services project be subject to review by the Chief Financial Officer to examine alternatives including (but not limited to) recladding strategies, and/or the construction of a new facility financed partly by offsetting reductions in space leased by the Police Service, and cancellations of related decanting projects.

15. That, before March 31, 2008, the Chief Administrative Officer report to the Standing Policy Committee on Finance on:

    a) The use of alternative forms of financing for city infrastructure, including tax increment financing, where this would generate a specific and significant tax benefit to the City as a direct result of completing the financed project(s); and
    b) An appropriate process by which such projects could be introduced as an amendment to the 2008 Capital Budget, and/or included in future budgets.

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

17. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 22, 2007, the Executive Policy Committee referred the Preliminary 2008 Annual Capital Budget and the 2009 to 2013 Five-Year Capital Forecast to the following budget process timetable, namely:

November 27 – December 4, 2007	Standing Policy Committees - Review
December 10, 2007	Executive Policy Committee - Delegations
December 12, 2007	Executive Policy Committee - Recommendation to Council
December 18, 2007	Council Meeting