COUNCIL OF THE CITY OF WINNIPEG
Tuesday, December 18, 2007

The Council met at 9:40 a.m.

The Clerk advised the Speaker that a quorum was present.

The Speaker called the meeting to order.

The opening prayer was read by Councillor Clement.

ROLL CALL

Clerk: Mr. Speaker Councillor Lazarenko, His Worship Mayor Katz, Councillors Browaty, Clement, Fielding, Gerbasi, Leipsic, Nordman, O'Shaughnessy, Pagtakhan, Smith, Steeves, Swandel, Vandal and Wyatt.

Pursuant to Section 79(1) of The City of Winnipeg Charter the City Clerk was directed by His Worship Mayor Katz to arrange a Special Meeting of Council on this day, Tuesday, December 18th at 9:30 a.m. to consider the 2008 Annual Capital Budget and the 2009-2013 Five-Year Capital Forecast.

Mr. Speaker: Thank you. Pages, none. Welcome of Guests and Announcements, none.

DELEGATIONS

Mr. Speaker: Delegations. We have two and Mr. Ken Klassen is the first to appear. He will have 10 minutes and Mr. Klassen we have changed our format here a bit. You have to your right side by my desk here is a clock. That will give you indication that you've got 10 minutes or whatever you've got left there and also there will be a louder buzzer that will ring throughout the chambers to know that the time is up. Mr. Klassen 10 minutes. Please proceed

Ken Klassen: Councillors the last time I stood before this Council on January 25, 2007, it was to express concern about the proposal in the 2007 Capital Budget for the most expensive construction road widening project in the City's history and that's the widening of Kenaston Boulevard from Taylor to Academy Road. During the last 11 months I've had more time to investigate this and my concerns about this specific project, perhaps more importantly, the City's overall approach to transportation planning, have only deepened.

The proposed 2008 Capital Budget serves to reinforce my opinion that Council appears to willingly selectively turn a blind eye to its own adopted policies regarding transportation and land use planning, limiting greenhouse gas emissions, cost benefit analysis and meaningful public consultation. You can ignore me today at your peril but you can't ignore the fact that to proceed with such a major project as the widening of Kenaston through an existing neighbourhood will require regulatory approval from the Provincial government through a Plan Winnipeg amendment, satisfying a joint Federal/Provincial environmental assessment, because you are going to trigger an assessment in the Canadian Environmental Assessment Act, and financial support from the senior levels of government because you don't have money in your Five-Year forecast to do anything for this roadway.

Over the next several months I will be contacting key Federal and Provincial officials, politicians and the people that advise them, and I'm going to encourage them to begin asking the difficult questions of the City of Winnipeg, that the City seems to be able to either unable to answer or is unwilling to answer.

And I guess the first issue I want to raise is climate change. I literally flew around the world last month by meeting with people in Shanghai and London and stuff like that. The world has changed a lot in the last 11 months and there is no better evidence than what we saw in Bali last week. We found earlier this year, first major report since 2001, the world's most authoritative group of more than 2,000 Nobel Prize winning climate scientists issued their strongest statement yet on the relationship between global warming and human activity. They've warned us. They've warned us, they've warned you Councillors, that global warming is real and not checked. The resulting destruction will overwhelm our ability to adapt. That reductions in the range of

25% to 40% are needed by 2020 and 60% or more by 2050.

Winnipeg isn't going to be meeting its obligations for even its own corporate emissions. I've taken a look at your report and in fact, a lot of the reductions are the fact that you sold Winnipeg Hydro. The emissions haven't disappeared they've just gone on someone else's books. So you are not meeting your corporate emissions which are only 2%. The City has no plan for the other 98% of the community emissions.

Let's compare that to Calgary. Calgary has made a commitment for a 50% reduction of corporate emissions by 2012; 20% per capita community wide reduction by 2020 and 50% by 2050. Other cities are taking action too. I look at your 2008 Capital Budget, 7% of your Capital funding is for Transit. Toronto passed their Capital Budget last week, $1.6 billion dollars, 47% for Transit.

Question 2 infrastructure deficit. Councillor Steeves, President of the FCM. I understand from reading the FCM stuff that our infrastructure just isn't deteriorating its quote "near collapse". So I really ask why is the City of Winnipeg now envisioning the large expansion of Winnipeg's regional street system in living memory if we can't even fix the roads that we already have?

And question 3, this is particularly interesting when you look at the fact that Winnipeg is at slow growth and has short commutes. Statistics Canada, the report within the last year showed that we have the second shortest commutes in Canada of the 10 major urban centres. When you look at the most recent census data we were the slowest growing urban centre in Canada again of the 10 major urban centres.

Cost versus benefits. The City of Winnipeg has adopted the SIRP report which clearly states that you shouldn't build new infrastructure unless the cost can be recovered by the benefits. And I see no evidence in your Capital plan that there has been any preliminary cost benefit analysis on these projects. So I as a citizen, how can I rank one project against another or a road widening against Transit? There is nothing that allows me or you as Councillors to do that type of analysis.

Plan Winnipeg, we have a Transportation Plate in Plan Winnipeg. Plan Winnipeg is going to come up for a major review. That's Policy Plate "B". You're basically abandoning and throwing Plan Winnipeg's Transportation Plate in the garbage. And why do we even have Plan Winnipeg? What's the purpose of the upcoming Plan Winnipeg review if we just completely ignore it?

Number 3, why is Council allowing the administration to ignore its own policy guidelines for citizen participation in Public Works projects? For example, on the Kenaston project, you know you already are at the stage of functional design. If you look at the documents that are supplied to you, the City's own policies require five preliminary steps before you get there - consulting with the community; defining the problem; looking at every possible viable alternative. Has any of that occurred? No!

Let's look at Waverley West's real costs. When you as a Council went to the Province for a Waverly West amendment, you told the public and you told the Province that it would cost about $30 million dollars for additional infrastructure, for widening of regional streets beyond the boundaries of the development. You've put that in your cost benefit analysis and said it would save, that Waverley West would generate a net benefit to the City of $70 million dollars. Well now we know if you go ahead with the Waverley underpass, the widening of Kenaston, the cost is really $168 million not $30 million. Why wasn't that disclosed in the Plan Winnipeg amendment to the public and the Province?

Timing. Last time I raised this issue in January 25th, I pointed out that Councillor Clement opposed the widening of Kenaston at the last Plan Winnipeg hearing. He talked about the devastating impact it would have on the neighbourhood. Councillor Steek who is

now the chair or the head of the Manitoba Homebuilders' Association, he also opposed and spoke quite eloquently about the negative impact that this widening would have on the community.

When Councillor Clement's reply to that was that "well, Ken there is way more traffic". Well you know what? I looked into it and it's not true. I have the traffic counts that I received from the City of Winnipeg yesterday and these are the counts for Kenaston. The count in 2006 at the St. James Bridge was 69,000. Let's roll the clock back 10 years, oh it's 68,600. Let's roll the o'clock back 20 years, it's 67,000. So this project wasn't in your 20 year transportation plan in Plan Winnipeg. There has been virtually no increase in traffic, so why is it all of a sudden such an urgency to widen this street when you have so much existing infrastructure throughout the City of Winnipeg that is crumbling? I don't understand that.

And the thing that I really, really don't understand is why the City is not looking for other lower cost alternatives to the widening of Kenaston. Particularly, the acquisition of the CNO Point right-of-way. Your former director of Planning, Property and Development asked for $175,000 dollars to study looking at the CNO Point Subdivision as an alternative to having to widen Kenaston. Why has this not been acted upon?

You've found no problem in acquiring, you've already acquired, you've already started to acquire property along Kenaston. You've spent almost a third of a million dollars to acquire properties, two properties and demolish one of them, yet you don't have $175,000 dollars to find out whether there's lower cost alternatives that have less impact on the community? Not a single house would have to be destroyed if you use the CNO Point Subdivision. I've included in the package there letters from people in the community who live on that, who've said that we're open and willing to talk about this issue.

I spoke on Friday with Canada Lands, and lo and behold there is no co-ordination going on between what Canada Lands is doing with the Kapyong redevelopment and this transportation plan or widening of Kenaston. And again Plan Winnipeg compels you to integrate transportation and land use planning. And I don't see how you can come up with a functional design study for a roadway before you even know what the land use adjoining the major roadway is going to be.

So anyway, as you can see I feel very passionate about this and I guess I, you know, it kind of irks me because I see the City of Winnipeg you've endorsed a National Transit Strategy. This came from the Big City Mayor caucus in FCM and here is says land use and transportation planning must be integrated to ensure that development supports transit. It says cities will therefore only be eligible for funding, for Federal funding if they have a Council approved land use and transportation plan that favours transit. It's a primary means for calming future growth and travel demands. Your 2008 Capital Budget and your Five-Year Forecast doesn't do that. So why did you vote and support this? I don't understand. I don't understand.

So you know the other thing too is looking at the economic impact. The City of Ottawa did a study and they found out that a 10% modal shift off of cars to active transportation, transit or whatever, would result in an annual savings to the community of over $400 million dollars. So there's huge savings if we have a more balanced approach through our transportation. So even if you don't accept the climate change stuff let's look at the economics.

The other thing you need to look at is what's happened to gasoline prices. Okay when you met on January 25th for your last budget the gasoline price in Winnipeg was around 81 cents a litre. It's up 30%. Does anybody here believe that it's going to go down much in the future? So really what you're doing is you're seeing by having so much reliance on Capital planning on cars, it's a huge drain of money out of the local economy.

So I've got 20 seconds left. Thank you.

Mr. Speaker: Thank you. Mr. Klassen if you could just stay on the side here. We'll hear Mr. Eadie who is the second delegation. He'll have five minutes and then there will be a 10 minute Question Period, if there is any questions. Ross Eadie, also in opposition to Item 1. Mr. Eadie you have five minutes.

Ross Eadie: They're not the same thing. I'm not, I'm not with, I'm a separate delegation.

Mr. Speaker: Oh pardon me you're in opposition?

Councillor Gerbasi: Point of order Mr. Speaker.

Mr. Speaker: What?

Councillor Gerbasi: I just want to clarify the rules because they may be in opposition but shouldn't they, they're not together as a delegation. Shouldn't each of them have a Question Period? I would just like clarification from the clerk. Just one moment I just want to make sure everybody gets their Question Period (inaudible) that they're supposed to get.

Mr. Speaker: Let the clerk tell me. Well we have Mr. Klassen who is in opposition to Item 1. We have Ross Eadie who is also in opposition to Item 1. Okay look, let's, Mr. Eadie, Mr. Eadie. Well because both. What I have here is both are in opposition. I don't know what Mr. Eadie is opposed to but I have here "opposition to Item 1" both delegations. So here is what we do we put them together for Question Period. If Council wishes to ask Mr. Klassen questions now, we'll do so and then we'll continue on with Mr. Eadie's presentation and questions will be of his presentation. First we'll hear what he has to say. Is that okay? Agreement with Council? Anyone has a question of Mr. Klassen? None. Mr. Eadie proceed.

Ross Eadie: Everybody can hear me? I don't know if this microphone is the right way. But just for clarification I have 10 minutes?

Mr. Speaker: Five minutes.

Ross Eadie: I'm here as a citizen of Winnipeg and I think it would be within my rights to at least be able to speak for 10 minutes on such important issue as I have to bring up. I think it is erroneous for this City Council to pass this Capital Budget without the proper policies and procedures in place in order to proceed with a private/public partnership or what it really is, is long term debt under what is called a lease agreement which costs more money. I was going to spend a bit of time talking about good things in this budget but now I won't.

So what I will bring up is that the private sector gets money for a higher cost than the City of Winnipeg. And when we go with private/public partnerships, based on this current one if they go with a 30 year lease agreement, because you can't tell from the information, although I did have a proper dialogue with the Finance department and I got some clarification. But you know, the present value of the extra interest cost, if this Chief Peguis Trail at $64 million dollars, if the Chief Peguis Trail goes through it will cost the City in present value dollars $6 million extra dollars in present value. That means that the private sector needs to find a 10% reduction in expenditures in order to make it financially viable, against the City, simply issuing a debenture for 20 years on such a project.

And in that policy, the debt policy, it talks about being prudent at 20 years, there are some assets that probably require a longer amortization, longer amortization period with blended payments and those are projects that run into the quarter of a billion. Your sewage, water sewage plants are assets that should be going over a longer period. But make no mistake you pay a much higher interest cost over time. So that $6 million dollars extra, you know, that could be, we're paying extra money. It doesn't matter. P3s, you pay extra money. Business doesn't do this for any reason.

And I would point out, that the same construction companies that bid on a regular tender, that the City issues debentures, it's the same companies. How can they find construction savings

when it's the same company we do the private sector, the public sector is unable to even bid on this stuff because this City Council, since the Finance chair has been in since 1974, has consistently reduced the City's ability to be able to even bid and be competitive with the private sector to save us citizens some money.

Now, again, I think it is totally erroneous for you to move ahead. You have a debt policy that expresses all these different considerations that you need to put into place, before moving ahead. But you have no policy on how to treat the private/public partnership or long term lease agreements.

Number 1, you should have and I would expect it, that the companies that tender, issue tenders for a public/private partnership, P3, should not be able to bid on the normal contract. I don't know how you can actually compare which one will cost more if you don't separate who bids on what. And then there is an issue of cohesion between the heavy construction industry and finance companies being a member of their association. I'm not exactly sure that we would get a fair tender process. So you need to build that in and figure out how to do that. You have no criteria at this point to measure that, in a policy. And I have a real problem with that.

You also have no criteria to measure, well you have a Universal Design policy. Now, the private sector under P3 would build this thing and if they need to they'll cut cost, they will. If they're going over budget and they want to make this work they're going to cut somewhere and it's always accessibility for people with disabilities that gets cut first. We're still waiting for audible signals at Moray and Charles. There is only one, Moray and Portage and you can't even get onto the bridge from the Roblin side if you happen to be blind. Even a regular pedestrian would have a heck of a time getting over onto that bridge. So you can't even implement that policy.

And you know this is not like a car lease. A car lease if you get a lemon, you can demand a new car under the lease. Well when they build this construction problem and you get a lemon you can't get rid of it, you need that facility. And so you know there is a serious problem with that.

And you know I just found out some information, you're voting on $2 million dollars to proceed on a procurement process and that sort of thing and even that $2 million dollars, if you're going to spend that money this year, I think that you should have a criteria that you measure it against for public accountability because the City has a great duty, responsibility, to make sure there is public accountability. That leaves how much time?

Anyway, you need to get approval from the Province for debt debentures. I think you should be subject to the same thing when it comes to P3 which is simply long-term debt which costs more money which you could put into more bike trails, you could put that extra money into many things. And as a person, a citizen who takes his responsibility to pay taxes, I have to say I'm having a hard time making ends meet and you guys are just growing the gap when you go with this public partner ideology that has no practical way of saving money for this City. Thank you.

Mr. Speaker: Thank you Mr. Eadie. Is there any questions? Councillor Gerbasi?

Councillor Gerbasi: Thank you Mr. Speaker. You attended EPC to speak on the budget and you've attended here but there is only two people here today and I guess would I just like to know what your opinion is of the public process around our budget, and how you feel about what's, the process we've undergone this time?

Ross Eadie: Well it's very interesting this, this public process. I have to say that it doesn't work. If you're a citizen taking your responsibility to know what your City is doing and ensuring that things are preceding on a good way, there is no way. You introduced the Capital Budget on November 22nd. People have jobs as well. I don't do this full time. I have to take out the time in my day, away from my

family, my kids and so on. But in order to make my EPC presentation, which I never even got asked a question. You know how insulting that is? I spent the time to put together a presentation and I had some errors in there because you know what, that Capital Budget doesn't tell you anything and you can't make a coherent presentation based on what's presented. It's just totally ridiculous to say that that is an open process in which the citizens of Winnipeg get to participate and to express some real concerns.

I mean, I'm not frivolously going out. I am, I'm trained in business. I have a business administration degree. I won the Lieutenant Governor's medal for my achievements within business, and I know that business is very good at making profit. And I'm telling you when the private sector bids on these private/public partnerships they are making more money then they would in the normal way. That's why they enter into it.

So if you, for example, if I was able to speak long enough on this process at EPC and I understood what was actually going on, that you're not actually voting for the project to go ahead as a P3 right now, but you may be doing it in the future based on I don't know what criteria, one criteria I would have is simply that let's issue out two tenders. Companies cannot tender on both types of projects, the P3 or the regular normal way the City usually does its Capital and borrows its own money on debenture. You know what I bet you unless there is some cohesion if I was a business person I'd only bid on a P3 because I know I'm going to make more money. So the process, from my perspective is just totally unfair.

I need time actually. So I just had a discussion, a good discussion with the Finance department. A very, you know, I thought it was a great conversation. Got the information I needed but that was on Monday. That was yesterday. So now, I'm saying to myself, well you know what? I don't know maybe a P3 could be cheaper but we don't have the criteria in place to properly evaluate that because I know that a number of City Councillors around here are just going to say the private sector is more efficient than the public sector. But you know what it's still the private sector that builds it. It does not matter. It's the same companies building the project.

And on maintenance, the City itself I don't think would have the capability of maintaining it. But the City contracts with private sector snowplowers because the City doesn't have the equipment any more to be able to do its own snowplowing. So it's already maintenance related to the private sector. Where are they saving money? I don't understand. It's costing you more money.

So on the public process, you know I think that, well I have no choice. I am going to send in criteria to the Province. It's my understanding any long-term debt should be considered by the Province. It's in you're your Act and there is no difference between a lease agreement and a debenture, and I think that the proper review, due diligence needs to be taking place. This is public money and we actually know, need to know, like on the Charleswood Bridge, we don't even know how much that maintenance contract is costing us because there is no accountability built into it. And when you, but when the City actually spends its money directly on something, they have to account for that.

So anyway, the public process has been very difficult. I've only talked about the Chief Peguis Trail which by the way I do believe needs to be built but I don't think we should be paying extra money for it. And, anyway that's the long answer.

Mr. Speaker: Your second question, Councillor Gerbasi? Councillor Steeves, your first question.

Councillor Steeves: Thank you Mr. Eadie. Its Gord Steeves asking a question. With respect to P3s. I've had a chance to talk to municipalities right across the country. It would seem that with respect to P3 investments, which have been around for decades, that municipalities right across the country will tell you that if they are done properly by the municipality they can work out for the municipality. If they are not, there can be

some adverse consequences. Pretty much the same as tendering. If tendering is done properly it can work out for the municipality. If it's done improperly that it might not work out for the municipality.

Given that P3s have been around for decades and that there is a track record in many places of them working out, how can you say right across the board that they're bad?

Mr. Speaker: Mr. Eadie.

Ross Eadie: These P3s are actually new to the City of Winnipeg. I erroneously, I gave a bit of false information at the EPC meeting. There is for example, a hospital built in England. They ended up, the hospital can't get their hospital gurneys through the doors because somebody decided to save some money and there wasn't appropriate accountability built into it. And when you say the, these private/public partnerships work, the cities that make them work, spend an inordinate amount of money, I mean lots of money to ensure that the accountability is there, and that is not incorporated into the price.

I'll give you an example right now. The $2 million dollars that you're talking about today in your Capital Budget, to move ahead a potential plan for a P3, that's not going to show up as a cost to the asset because you're treating it just like it's sort of a Capital operating expense. But it is actually part of the cost. So I had a dialogue with the Finance department and the Finance department is looking at financing projects, they are not looking at accounting, and I have to say accounting has a different treatment, and if I was Moody's I would be wanting to know the full costs, the extra costs related and I don't know how anybody could tell you that the private sector can find money for cheaper than the public sector because we are way less of a risk. It's at least half a point difference between that.

So I don't know, and for every good example you can give me, you can give a bad example. Around this world, private/public partnerships are not new. Like you've said they've been around for decades. Not so long in Canada. And it's all philosophical. Again if I'm a business person, what's the difference to me? It's all based on, well let me go to the Police station, an example for you Mr., Councillor Steeves.

Councillor Steeves, we talk about a growing gap. The people who are retiring from this City right now can afford to pay the property taxes in this City because they have a decent job and they are able to live. I might well give you an example. My father sold his house because he can't afford to live in the City. His pension is CPP, he worked in the private sector, has no pension, made crap for wages for years so that his boss could go to Florida to retire. My dad is in Balmoral, Manitoba. And I still have worry about him getting to a hospital when he has a heart attack because it's not exactly the best service.

So when we start talking about the measurement of private/public partnerships, I, you know what, we can give lots of failures Councillor Steeves, and it does cost extra money. We proved that. Unless you're telling me that the private sector is going to invest their money in something that they get less of a return on, I don't understand how they would proceed.

So again, maybe some of these private/public, Councillor, uh Nick Ternette made a presentation and he talked about Indianapolis. Indianapolis' public sector actually were able to bid on contracts because Indianapolis didn't gut their ability to be able to compete and produce cheaper construction projects.

So you know it's all in how you measure it. If I go to the International Labour website, you'll find, even examples that if you go to the, what's the name of that place that meets in Switzerland where all the richest people in the world go and they say well we want private/public partnerships because we're good people and we want to see things work. The only thing I've ever seen is lots of people making a profit and then giving out money according to what their philosophy of who deserves and who doesn't deserve.

But needless to say depending on which, Councillor Steeves depending on which people you talk to you'll get totally different answers. So I don't know how you can make the comment and how these other people can make comments and ultimately have they measured the accessibility of these facilities that have been built? Is the employee able to access, an employee with a wheelchair able to work for the Police station? You know, not just come in and you know, be arrested but also to work within this organization?

This City has a whole bunch of places that you can't work in. You can visit the front office but you can't work in it because you can't get into the building behind, you can't get in to the offices behind if you use a wheelchair. So again this is kind of a long answer but you know what, if you want to go tit for tat we can do it.

Simply this, the City of Winnipeg is borrowing money at 5-1/4 I think on a 20 year debenture. Although you don't know until you go to the market but the private sector is paying at least a half a percent more and on present value again on a 30 year project that's $6 million extra dollars. Where are they making up the 10%? Also if you go on a 20 year, match 20 year its $2.5 million.

Mr. Speaker: Thank you Mr. Eadie your time has expired for Question Period. Thank you sir.

Ross Eadie: This is not a great public process either.

Mr. Speaker: We follow procedure what's before us Mr. Eadie. Okay now we get on with the report of the Executive Policy Committee Mr. Mayor. Report of December the 12th of 2007.

REPORT OF THE EXECUTIVE POLICY COMMITTEE
DATED DECEMBER 12, 2007

Mayor Katz: Thank you Mr. Speaker. I would like to introduce, I would like to introduce the report Mr. Speaker. And obviously today Mr. Speaker is, Council will be considering a budget, and that budget will be to maintain key investments in water, in sewer, roads, bridges, trails, and public transit.

In todays debate Mr. Speaker, I know that Councillors will be talking about the cost of inflation as well as reforms to our Capital Budget process to attack that inflation. Mr. Speaker we have frozen the Public Safety Building re-clad and the east works yard project to explore cheaper and more sensible alternatives.

We've added inflation in some cases, years worth, to several projects, to update the estimates that did not account for inflation. We've moved this budget to December, to get tenders out earlier. We now require all project estimates to be reviewed centrally through Corporate Finance and Mr. Speaker we've hired a new infrastructure manager from the private sector, in order to help departments improve their bid strategies.

Despite all that, I expect some Councillors to complain today that the cost for the Chief Peguis Trail has grown by almost 100%. All I can say Mr. Speaker, is stand in line. Councillors like Councillor Smith, Swandel, Clement, Wyatt, and O'Shaughnessy, are among many Councillors who have spoken up for months about cost inflation and the need for better estimates.

Today's budget solves problems that were left unfixed for years, and revises estimates to reflect the hyperactive construction market. Mr. Speaker, if we hadn't made those changes, we'd be cancelling projects today, instead of freezing them. Or worse, we'd be ignoring the issues and clinging to under-estimated projects until it was too late. Most of us have had enough of the old way. 12% is our global inflation target for this year. This is a target, not an expectation. We must work hard as a City and as a Council to stick to that target.

I know Councillors will be talking about P3s. P3s Mr. Speaker are just one option that we are considering. Critics should not lose sight of the fact that the total P3 lease payments in the six year plan are

$97 million dollars. That's just 4.6% of our total Capital Budget and less than a quarter of our own cash financing. We're proposing them for larger projects where speed is a must. And we're willing to reject a P3 if the business case doesn't work. As we've already done for McGillivray widening. Our approach, Mr. Speaker is measured, not ideological. And our bond raters seem to agree after giving us two stable ratings in 2007.

Finally Mr. Speaker, I'm sure some Councillors will challenge the budget's priorities. And I have to respect that. While I believe we're doing what we can on Transit, I know there will be those who believe the ratio should be different. But even if some Councillors think we're investing too much in our broken roads and bridges, I believe this year's process was very positive.

Regardless of how Councillors vote today, I want to thank everyone who has constructively raised concerns along the way. Their constructive approach helped bring forward issues like accessibility or crumbling back lanes even as we maintained our focus on renewing our core infrastructure. As a result, we proposed $100,000 dollars more for access improvements and the baseline of over $2 million annually for back lanes; long overdue Mr. Speaker.

I want to thank the positive spokespersons in the cycling community who have stayed focused on their positive initiative to call for new trail investments. We've reaffirmed our commitment to the Clean Transport Alternative by proposing an additional half a million dollars over and above the $1.6 million that was in the preliminary draft.

I'd like to close Mr. Speaker by thanking the members of the budget team, Councillors O'Shaughnessy, Leipsic and Clement. And the public service team, especially Mike Ruta, Jo-Anne Ferrier, Henry Hunter and their respective colleagues. This is the second earliest date the Capital Budget has been considered by Council and that's only by a few days. Reaching this target is an achievement and I congratulate everybody for their input to making it possible. Thank you Mr. Speaker.

Mr. Speaker: Thank you Mr. Mayor. We have a Motion No. 2, moved by Councillor Thomas. Councillor Thomas would you like to introduce it?

Councillor Thomas: Thank you. I'd like to read it into the record before I start my speech.

Motion No. 2
Moved by Councillor Thomas
Seconded by Councillor Gerbasi

WHEREAS the Molson/Panet renewal and expansion has been an item in the Capital Budget since 1999;

AND WHEREAS since 1999, the traffic has exponentially increased due to the completion of the developments of Eaglemere and Valley Gardens as well as the Concordia Hospital expansion and the establishment of 2 seniors residences in the area;

AND WHEREAS the expansion of the Concordia East development will put additional stress on the Kimberly/Munroe section of this project;

AND WHEREAS the North South traffic on Molson now exceeds the East West traffic on the designated regional street of Concordia;

THEREFORE BE IT RESOLVED that the Molson/Panet renewal and expansion between Munroe and Kimberly be reinstated for 2008;

THEREFORE BE IT FURTHER RESOLVED that the Molson/Panet renewal and expansion between Kimberly and Grassie be reinstated for 2010.

Councillor Thomas: I believe that my residents had every right to feel that they were getting this street coming in there. It has been there for a long time. The street is in very poor condition and needs to be expanded. While it is not officially designated a regional street, the traffic on it exceeds the officially designated

regional street in the area and it's getting worse.

I have to question why two collector streets that have never been in the budget before, find themselves in the budget at this point in time, while a street that has been there for a long time, has been taken out. I've heard no rationale or explanation of why this occurred. I've just been told that it should be done by the local improvement and residents should pay for this expansion. Why should they pay for this expansion while other collector streets get this privilege? That's a question that needs to be answered. Why is something that has been in the budget for nine years, suddenly pulled out of the budget, no explanation given, as to why it occurs? It baffles the mind as to why that has occurred in this area.

Not only is there two new, one nursing home and assisted living project in the way of senior residences, there is also two 55-plus condos in the area. And it is acting like a regional street and it will be acting more like a regional street when Concordia East is completed, because there will be all sorts of traffic coming down the Concordia East arterial street in Transcona, turning and going south on Molson/Panet.

This all comes at a time when it is most critical to have this street done. Henderson Highway is going to be blocked at the end with the closure of Disraeli for what is anticipated to be, I've heard rumours saying that it could be closed for up to 18 months. There needs to be alternative ways for that traffic to get to North Kildonan and Transcona because it won't be coming down Disraeli and Henderson any more. This is one of the alternatives. It is most critical that this street be renewed at this time. I don't think it's funny. I don't understand why some people over there are amusing themselves at the, at the expense of my citizens. It's not funny at all.

You don't see a lot of people here from Elmwood/East Kildonan today and that's because they can't be here. They're not well off, upper-middleclass people owning big companies that can afford to take time off here and come down and scream and yell at the rafters because their street is not being taken care of, and hopefully you've been receiving the emails and the phone calls that say how upset they are with what's been going on in the area. This is unfair in the highest degree. It is most uncalled for and it is very petty.

Mr. Speaker: Speakers list. Councillor Gerbasi.

Councillor Gerbasi: Oh Motion 1, I'm sorry, yeah there's another…

Mr. Speaker: No Councillor Vandal's Motion will be dealt, it's a stand alone motion. It will be dealt with before we read the By-laws. Proceed.

Councillor Gerbasi: Okay. Thank you. Thank you Mr. Speaker.

Mr. Speaker: Do you have a Point of order?

Councillor O'Shaughnessy: Just a clarification. If it's not an amendment to the only subject we're allowed to discuss at this Special Meeting how can it be debated today? It's either an amendment to the budget, to the item before us or it's not up for debate today; one or the other. I would assume, therefore it should be dealt with as a Notice of Motion, well even that, I don't know if that's appropriate or not or it should come up tomorrow. Could you give us a ruling please?

Mr. Speaker: Well, it's the Councillor's wish. Councillor your wish? If you don't want to deal with it today? Fine, sure we have rules. Yes the rules. It's not an amendment. Mr. Clerk could you read, could you read what you, could you say what you've told me. So Council will understand.

City Clerk: The Motion as it stands is not an automatic referral. It's dealing with a matter that's being voted on at Council today, a matter that's already been dealt with but it clearly is not an amendment to the Motion itself. It means if you would deal with it as a stand alone motion and you deal with it today because Council is dealing with the matter today. Or it could

be dealt with at any other meeting but because you are dealing with the matter today, it's in front of Council. You can't deal with any other matter that is not in front of Council. This matter is in front of Council.

Councillor Steeves: Can we agree to discuss the context of this Motion within our discussions on the Capital Budget or are we saying we have to go through a separate discussion on this? Can we agree just to work it in?

Mr. Speaker: I've asked, Councillor. Just hang on. Hang on Councillor Gerbasi. I've asked you Councillors before is the will of Council. Do you want to deal with it now or do you want to have it a, as a separate motion and go to another time?

Councillor Vandal: Deal with it now.

Mr. Speaker: Okay Councillor Vandal wants to deal with it now when it, appropriately when it comes on the agenda here today.

Councillor Steeves: Just for a compromise Mr. Speaker because I care about you and your people. What if we agreed to hear it but everybody agreed as gentle people here to work it into the context of the discussion around the budget so that we don't have a separate, a separate discussion surrounding this specific Motion. How does that sound?

Councillor Swandel: Why don't we just agree to do it?

Mr. Speaker: Councillor Vandal I believe Councillor Vandal got up just awhile ago and he said he wants to deal with it now. So how much clearer…? Introduce it. Let's get on with this. Introduce your Motion, Councillor Vandal.

Councillor Vandal: Thank you Mr. Speaker. The Motion is very, very clear and direct. There's two lines.

Motion No. 1
Moved by Councillor Vandal
Seconded by Councillor Gerbasi

WHEREAS the Chief Peguis Trail project Capital cost estimates have increased from $34 million in 2007 to $64 million in 2008.

THEREFORE BE IT RESOLVED THAT Council commit to having an internal audit implemented and completed to determine the precise reasons for the $30 million dollar increase in the Chief Peguis Capital estimates from 2007 to 2008.

Councillor Vandal: January 25th, 2007 we sat in these chambers and we discussed the merits of Chief Peguis Trail. The estimates at that time were $34 million dollars. I was led to believe by the Mayor of the City of Winnipeg, the chairperson of Infrastructure, and the budget boss, Councillor O'Shaughnessy, that these numbers were solid. Due diligence had been accomplished on the numbers coming forward, and 11 months later, the number has nearly doubled. A $30 million dollar increase in 11 months is not acceptable for my citizens or any other citizen in the City of Winnipeg.

There is talk about inflationary increases. But Mr. Speaker, this is more than inflation. Inflation at 25% if there was a 50% inflation factor which there is not, this is another $17 million dollars towards inflation, which would bring the entire budget up to $51 million dollars. So there is clearly a gap which is inexplicable that we need to look at. And if you look at the therefore be it resolved, the key words in the therefore be it resolved are "precise reasons"; precise reasons why this project is $30 million dollars over.

And we could talk about the Audit department and the work that they're doing on six projects that are already completed, and that's fine. We can look at the best practices. We can look at benchmarks but that's not going to give us an answer to the Chief Peguis Trail.

This Motion clearly says precise reasons why there was a $30 million dollar over-expenditure, over-estimate in one year, in

11 months. It's very clear. It's very unambiguous. It's direct. And this should pass unanimously.

Mr. Speaker: Speakers list. First is Councillor Gerbasi to speak to the two motions and the clause.

Councillor Gerbasi: Thank you Mr. Speaker. First I would like to make a couple of positive comments about a few small changes that were made at the last EPC meeting. The Access Advisory Committee request to increase the accessibility funding means a lot. This means a lot to people with disabilities. And that's a positive step towards improving City facilities. I'd also like to acknowledge the additional $500,000 for cycling and I think it's appropriate that it's going to be decided in the Active Transportation Plan and hopefully be for commuter cycling.

And while these changes are appreciated, I am disappointed to say that I cannot support this budget. This budget does some small things that are good but it's the big things that are the problem. This budget takes Council, City Council very far down the road of debt, whether it's P3 borrowing or some other method. Borrowing can certainly be justified for the right reasons, but this budget, as Ken Klassen pointed out in many different ways, this budget borrows money for the wrong reasons.

Some of the expensive choices in this budget are actually making the infrastructure deficit worse rather than better. Ken referred to it earlier, I guess we're on the same wavelength today but the Heavy Construction News weekly recently screamed out the headline that the FCM infrastructure is near, saying that infrastructure is near collapse. The FCM is saying. And we all hear about how the infrastructure deficit that cities face is enormous. It's overwhelming to simply try and fix the roads we already have. Therefore it makes sense that we have to fix the Disraeli Freeway.

But where is the cost benefit analysis that justifies the road widenings, new extensions and underpasses that we are talking about? Clearly, there ought to be a balanced investment which includes fixing our existing roads and bridges and investing a reasonable amount in public transit and active transportation. The vast majority of greenhouse gases are caused by automobile use. Yet the policies of this Council continue to support low density, car dependent development. Waverley West will add pressure to build more new infrastructure. The hidden costs of suburban development have not been properly calculated.

A new Police shooting range in this budget is a good example. $1.6 million extra that was missed in the cost benefit analysis for Waverley West with no explanation given. There will be more, but bigger than that in numbers, there will be more pressure to expand roadways and build new infrastructure from Waverley West, much of which was also not calculated when Council was told this development would be profitable.

The budget reflects this Council's direction to spend hundreds of millions making this City more and more attractive to drive a car. I'm not sure if everyone is aware of how much all of these projects will cost and here are some projections that I received from the Public Works department. The Chief Peguis Trail, you know is close to $65 million; widening of McGillivray $13.7 million; the Kenaston underpass total cost was $44.25 million.

And there are two more projects that seem to be on the fast track although they aren't funded yet in this budget, so that debt load will come later. The preliminary work has been funded in previous and this budget. The widening of Kenaston is costed at $91.5 million dollars in 2006 dollars. And the Waverley underpass is estimated at $77 million in 2008 dollars. When you add all of those projects up it's almost $300 million dollars.

The Mayor has often said it is a matter of priorities. Well clearly this Council's priority is to continue to subsidize, placate, satisfy and promote the continued growth of the use of the automobile and the domination of that mode of transportation. Widening and expanding car capacity simply

encourages more automobile use. In a few short years, the travel time gains are no longer there as people choose to drive, as more and more people. And the lack of investment in public transit in this budget, I'm sorry to say, is a disgrace.

Other cities have recognized basic truths such as increasing fuel costs and the global climate crisis. They've realized that city governments have a role to play by planning cities for people first. Downtown revitalization, infill development, healthier lifestyles as well as meaningful greenhouse gas reductions are all benefits of investing in public transit and providing a real alternative to the automobile.

Councillor Steeves was quoted in the Free Press as saying "that rapid transit is something that every healthy metropolitan area needs but costs hundreds of millions of dollars and is therefore out of reach". If rapid transit is out of reach for Winnipeg it is because in 2004 Councillor Steeves, Mayor Katz and others voted to cancel a fully funded project that would have built the first phase of bus rapid transit from downtown to Jubilee. It would have also built a separate commuter bike path eventually to the University of Manitoba, to downtown.

Most other major Canadian cities are investing 50 to 100% of their Federal gas tax funds on public transit. Winnipeg fought to only have to spend 10% of their gas tax on public transit and then to add to that insult, this budget takes our meager 10% for Transit and moves it over in 2010 to be spent on fixing up civic transit buildings instead of improving Transit service. This, the blip we saw in Transit spending from the first year of the gas tax and the C22 funds will be gone. Some new bus shacks, buses and some technology that by the way was also cancelled in 2004, it would have already been here, may be the end of the line for Transit riders.

And if anyone wants the page numbers for the budget, for those people who accused the citizens who raised that point, said they were inaccurate, I've got them right here. The money was transferred from Transit improvements to Transit buildings. And the excessive fare increases starting next month further demoralize and penalize those who choose to use public transit.

This lack of support for public transit can only be described and I'm going to use the words of Stephen Lewis although he was talking about another topic – "cosmic insensitivity and moral default". I've been waiting for something bad enough to use those words but that's what this is.

But back to the P3 issue and the City's debt load. There is no P3 money tree as it was implied last year. People recognize now that P3s are simply a different way to borrow money. We all recognize that but we don't know yet if this way of borrowing money will end up costing more. And one of the problems with P3s is that there may be a lack of transparency. Private companies are not required to be as free with their business plans and information as the public sector and we all know how hard it's been to get real information about the true costs of our P3 project the Charleswood Bridge.

Our Chief Financial Officer has said that P3 lease payments are financially speaking no different than borrowing from a bank. This budget allows for up to 30% of available Capital funds to be tied up in lease payments. These payments are usually over a 30 year period. If you add up the lease payments projects approved in this budget and I got a different number then the Mayor, so I'm not sure which one of us is accurate, but from my numbers, you add up the Disraeli, the Chief Peguis Trail…

Mr. Speaker: Councillor Browaty moves extension of two minutes.

All in favour? Contrary? Carried.

Councillor Gerbasi: And the remaining 20 years or whatever it is approximately of the Charleswood Bridge and it comes to close to $25 million dollars a year in lease payments.

This means at approximately of the $60 million in cash to Capital and $40 million of gas tax we have, we have about $100

million dollars, $25 million of that would be taken up for the next 30 years except, and the number could go up to $30 million if we borrow more. But what happens if the Federal gas tax money, the $40 million dries up? It's only been approved for five years and what if the government changes? That would make our $60 million $35 million. We would have $35 million to maintain our existing infrastructure and build all these new roads and underpasses that this Council wants. Not to mention rapid transit if that ever happens.

Our credit rating has risen over the last decade because Council stopped borrowing externally. It wasn't easy but property taxes were reduced and frozen, and the debt was paid down and the City got into this better financial position. Time will tell but it's pretty clear that this budget takes us down a different path, a path of debt which I'm surprised is being taken so quietly by this supposedly fiscally conservative Council. The P3 debt will be there for 30 years no matter what happens to the economy or Federal funding and I'm gravely concerned we may lose our strong financial footing. And in the tradition of Tommy Douglas and Bill Blaikie and others, it's not the right wing that has the monopoly on fiscal responsibility; in fact it's quite the opposite in reality.

But the saddest point of all is that this debt load is happening for the wrong reasons and for the, to create the wrong kind of City. There's a lack of an adequate cost benefit analysis and planning to justify this change in direction. And I don't believe we should be making massive expenditures, in the hundreds of millions on new infrastructure until we have a new Plan Winnipeg that includes an extensive and modern transportation plan which we don't have.

Mr. Speaker: Thank you Councillor.

Councillor Gerbasi: And I don't even have time to talk to the Motions. Ten minutes is not enough to discuss these kinds of decisions.

Mr. Speaker: Thank you Councillor. Councillor Browaty.

Councillor Browaty: Thank you Mr. Speaker. I am very pleased to rise here today in support of the Capital Budget. I applaud the Mayor and members of the Finance Committee focusing on the priorities of Winnipeggers - pipes, pavement and policing.

In the past year since we passed an aggressive budget on new infrastructure projects on accelerated time frame to deal with construction inflation we have continued to see cost increases and other challenges in our infrastructure renewal plan. That's why continuing to seek out innovative financing methods to build and maintain our critical infrastructure need to be explored and embraced where appropriate.

Also in the past year we have witnessed the tragedy of the I-35 bridge collapse to our neighbours and friends in Minneapolis. I find my conversations with constituents that this collapse hit home for many of us as we are familiar with the bridge from vacations in the Twin Cities area. It also served as a wakeup call for many of us that renewal projects can't wait and need to be done in an expeditious manner.

In Winnipeg our largest major bridge that needs an overhaul is the Disraeli Freeway and overpass serving northeast Winnipeg including my ward of North Kildonan. While nobody is looking forward to the extended traffic snarls that will result of this work we need to remember the far greater consequences if we do nothing. While other parts of the City have had major routes extended to address population and commercial growth, northeast Winnipeg has been off the agenda for far too long.

In fact, it's my understanding that the reason for the large cost escalations on the Chief Peguis Trail project since last year are largely attributed to the cost estimates a year being based on factoring of costs from the early 1980s back when this project was originally proposed and adopted. I am very pleased that despite these cost escalations the importance of this project on a road network for all of north Winnipeg is recognized and the fact

that this project should be done and will be done over the next number of years.

In my discussions with the City's traffic planners and engineers, the Chief Peguis Trail extension proposal was a higher priority than the Kenaston underpass. Obviously today the Kenaston underpass is open while the Chief Peguis Trail is only moving along now. While I completely appreciate the lure of one time Federal political funding received for this municipal project, the need for the Chief Peguis Trail extension cannot be questioned.

Mr. Speaker, my colleague from St. Boniface has called for an inquiry into the cost escalations with Chief Peguis Trail. I'd like to remind all members of this Council that Mr. Vandal while a member of this chamber and EPC did not request a similar inquiry into the cost overruns on the St. Boniface pedestrian bridge and the million dollar toilet. Rather than some full blown inquiry, calls from our public service would have provided much needed information the Councillor has been seeking.

In January of 1982 this phase of the project was estimated to cost $15.2 million dollars. That's January 1982. Today it's going to cost $64 million dollars. If the escalated numbers had been based on something five years old verses something 25 years old I'm confident the estimates would have been far closer.

I would be remiss if I didn't include in my comments today compliments to the Provincial government for the progress on the continuation of twinning the northeast perimeter and look forward to them living up to their promise to finish the interchange at the north perimeter and Lagimodiere Boulevard, Highway 59.

Winnipeg continues to improve as a clean and green and very livable city. Real investments on trails, active transportation, transit improvements, parks and accessibility are all key indicators that Winnipeg is serious about quality of life issues. In my ward I'm very excited to see the continuation of the successful Northeast Pioneers Greenway, a major new play structure going into Harbourview at Kilcona Park, and the redevelop the of the Bronx Park Community Centre in conjunction with Good Neighbours Seniors Centre as a first rate multi-use multi-generational facility.

Winnipeggers deserve to feel safe in their homes and in their communities. Our Police need to have the resources and facilities to serve and protect the community we live in. I'm very pleased to see the progress on the new northeast district Police station on Dugald Road and was honoured to be part of the sod-turning ceremony held there just a couple of months ago. There is a new spirit of optimism in our Police force going forward and I believe this is part of it.

The protection and rehabilitation of Lake Winnipeg, one of the world's largest bodies of fresh water is a responsibility we need to take very, very seriously. The City of Winnipeg's Capital projects over the coming years, our large Capital projects sorry, are in the areas of sewers and wastewater facilities. The expansion of south Winnipeg requires an expansion to the South End Wastewater treatment plant and the storm overflows from our combined sewers that dump raw sewage into the river need to be addressed aggressively. In addition, attacking phosphorous that leaves our wastewater plants and flow to Lake Winnipeg need to be addressed.

I applaud the Provincial government for introducing legislation to phase out phosphorous in household cleaning products if the Federal government doesn't introduce nationwide standards. In addition, I fully support the removal of phosphorous by our wastewater facilities. However the expenditure of hundreds of millions of dollars on biological methods of nutrient removal being dictated to us by the Province's Clean Environment Commission is not the best way to attack water quality issues in Lake Winnipeg.

Over the next year work will begin on designing biological facilities to remove nitrogen and phosphorous from our wastewater plants that many scientists argue is not the best way to address the

problem of Lake Winnipeg. That's why I'm for our civic public service to work with their colleagues at the Province to look at an alternative of removing phosphorous from our effluent using a far less expensive and proven chemical process that has produced substantial benefits to water quality in the Great Lakes.

Capital Budgets are difficult documents to produce that require balance and foresight. I believe this budget does balance repairs and new projects. It provides a balance between traditional roads and new trail infrastructure. As my friend Andrew Swanson mentioned at the Infrastructure Renewal and Public Works even he felt he was crazy for driving his bike to City Hall that day in a blizzard. We need both. I applaud both my colleagues on Council and City staff for all their work and congratulate them for this document we are considering today. Thank you Mr. Speaker.

Mr. Speaker: Thank you Councillor Browaty. Councillor O'Shaughnessy.

Councillor O'Shaughnessy: Thank you Mr. Speaker. I would like to speak to the Motion, the amendment as well as the clause all at once and I must, I'll speak first to the stand alone amendment of Councillor Vandal regarding the Chief Peguis Trail.

In his introduction he said I along with two others had assured him that last year's figures were accurate. I didn't remember exactly so I checked with our staff and found out that we did the Capital Budget on the 25th of January, so unless he talked to me from my hospital bed where I had my heart attack on the 14th of January, I don't know how I could have given him these figures and I'll claim temporary insanity, whether I said they were accurate or not, if he did talk to me there because I have no recollection at all. I have a response from the head of Public Works, Bill Larkin here, on the Chief Peguis Trail. And it says that the cost, where originally estimated on a mid 1980's estimate with inflation added, the new estimate is based on a current and more detailed preliminary design undertaken this year 2007. And I'm quoting from, I'm quoting, actually I'm reading all of his email here. "This construction escalation is the main reason for the budget increase. You may recall from the Council seminar on the 2008 to 2013 Capital program that construction costs have gone up between 20 and 25% a year for the last two years and that they are expected to go up next year and in the near future by around 25% per year.

We have now gone through the preliminary design and have more detailed information on design aspects which have driven up the cost. They include some design challenges at the Lagimodiere intersection which is on a curve and requires more reconstruction of Lagimodiere than was anticipated due to its super-elevated cross-section; addition of a Transit park and ride facility at Henderson and Douglas; hydro plant relocation to accommodate noise walls", I gather that being noise attenuation barriers, "addition of active transportation requirements including paths; and the requirement for retaining walls in some areas". That's the answer from our expert. You know, you can believe it or you can get a new director of Public Works. I'll keep this one thank you.

In more general terms speaking to the Capital Budget. It's over $2.1 billion dollars in spending over the next six years. Of this, over $1.2 billion, over half our budget, is green, sewer and water. Just on sewer and water treatment, extension, extended treatment options that is, and replacement of a deteriorating system; over $1.2 billion of the $2.1 over six years. Streets take up another roughly $600 million. Maybe you don't want to go green. Maybe you don't want to build streets. I don't know, rehab streets.

That leaves a total of just over $300 million. Of that half, $150 million is for public transit. So, and you could argue that Transit requires the roads as well. Maybe not the sewer and water but as far as the roads as well, that's a half. The rest you've got roughly $80 million for land drainage and flood control, which don't come under the utility which we pay for cash; $78 million for public safety and infrastructure and another $20 million

dollars in approvals to complete recreation and leisure facilities. Now we have a rather large already approved amount for recreation and leisure that is also going forward but new approvals in this are an additional $20 million.

And that, you know, just about covers what we're going to do and when you have to do $1.8 billion out of $2.1 billion for sewer, water and road repair, there is a limited amount to go to other projects. Now say half of that is on public transit. So really, it's not like its being spread over hundreds and hundreds of items, it's quite narrow.

I would like to answer a couple of things that Councillor Gerbasi pointed out. All with good intent I assure you. The gas tax extension has been announced with no sunset date on it. So it is assumed to be part of the Canadian fabric, the social net of our country, if you will. And you have to assume many things. You have to assume that the Province is going to continue to give us grants. You have to assume that people are going to continue to pay their tax bill so we have assumed in this document that the government will live up not only to its commitment to extend the gas tax indefinitely but that that there will be no sunset to it.

The other item does require even more explanation. Maybe not longer I hope. That is the large amount in Transit for transit buildings for the future. This is the largest single amount in the Transit budget. It's for a new transit building as such.

When the Budget Committee, Subcommittee looked at this matter, we asked the head of Transit to explain. He explained and we said well, it's out enough years that we're going to use it as a holding account. That is not necessarily where the bulk of our Transit dollars are going to be spent for a new headquarters and garage. It will stay within Transit but we will have to look, year to year, because these monies are out at the far end of the Five-Year Capital, at where they're best spent. So Council will have an opportunity to look all of this over. Perhaps the Standing Policy Committee on Infrastructure will look at it in the interim and decide what direction, what are the greatest needs under the areas of public transit.

So I share Councillor's Gerbasi's concern. If the majority of this $150 million were going toward offices and garage space for Transit I would be equally concerned but Deputy Mayor Leipsic, Councillor Clement and myself did flag this already and we left it at what Transit had requested but with a clear understanding that it's a holding account for this money which is designated only for Transit in the future years and exactly how that money will be spent will be subject of much further study and debate.

With that I'm pleased with the work done by our staff, by my fellow colleagues on this budget. At getting close to half a billion dollars for 2008 alone, our budgets will be Capital, just construction of a considerable size. I've heard comments that we're still falling behind in our infrastructure repair and if you know what? If half a billion dollars a year we're still falling behind, if that's the case, which I find suspect, then we need totally new sources of revenue to run a City because...

Mr. Speaker: Councillor Thomas moves extension of two minutes.

All in favour? Contrary? Carried.

Councillor O'Shaughnessy: our limited abilities to raise money will be far exceeded if this is still falling behind. I don't know where we would go to do the catch up and it will have to come from outside sources and Mr. Premier, Mr. Prime Minister, we're open to your suggestions. Thank you.

Mr. Speaker: Councillor Thomas.

Councillor Thomas: Thank you. I wanted to specifically speak to Motion No. 1 and then I'll go into general P3s and we'll see how much time I end up with at the end of it. For some reason I've only been given seven minutes.

First with regard to the Chief Peguis Trail, I think it's absolutely imperative that we do an internal audit on P3s. I have here a book on P3s called "Flawed, Failed and Abandoned - Canadian/International Evidence of over 100 P3s" that were done. It says in the introduction, "International and domestic evidence shows that claims of P3 performance proponents deserve close and careful scrutiny. While P3 proponents claim that projects come in on time and on budget evidence does not appear to bear out these assertions. The public sector has not been fully able to achieve P3 proponents claim of value for money or risk transfer." And this group's research yields several critical themes and trends that governments should consider before employing P3s. Cost overruns, delays, design, and construction flaws, quality problems, legal disputes, failed contracts, bankruptcies, service cuts. All these are issues.

I think a further consideration unique to Manitoba is our hot economy. P3s require a proponent to up front the cost of the project and we pay them back. I was at an industry event awhile ago, one of the festive events that we are invited to, and I wanted to tell you what some of the industry feedback was on this. They said, some small entrepreneurs had told me that they're considering not applying for this specific project, the Chief Peguis Trail expansion because why would they take on that debt when they could get the government to pay them up front? A lot of the very competitive small entrepreneurs that we have in this City are thinking about not even applying to be a part of the P3s. That leaves many people out of the process, because you have to have the capital to be able to undertake that. And that ensures that we won't get the best price.

I wanted to point out that I expressed my reservations the last time, in the Capital Budget, when we all supported it, and the reservations I expressed were with regard to specifically P3s. I was told that the one that we did on the Charleswood Bridge was very good. But I've asked for the numbers. It's been a year. Where is the report that we were told would be forthcoming? Where are the numbers to prove that it is more cost effective?

I believe what we have here is a belief system. We have been told that the numbers are positive but we have not had one iota of proof which is why I think it's most important that we do an internal audit on the Chief Peguis Trail. I want to see the Chief Peguis Trail happening. I believe that there is too much traffic coming down into my ward that could be circumvented around my ward. But I want to see it come in a way that will save the City the most money. I think the fact that there has been an almost 100% increase in the cost of this project shows that we are not getting the best deal from the people who are choosing to apply to be a part of this, under the P3 phenomenon. Many countries have tried and changed their minds about P3.

Now, I'd like to point out that this report was issued in 2005. So this is old news in the industry, but we seem to be not listening to what is happening in the industry. So let's have our due diligence done to make sure that before we go forward with more P3s, that we have done our due diligence to make sure that we get the best value for our money. I have seen no proof given to me, and you had a year to give me the proof, I asked for it in the last budget, said if I didn't get the proof, that I wouldn't be supporting this one. Well, where is it? Not one document has come forward to show me how the Charleswood Bridge has saved us money. Not one document has come forward to tell me that P3s give us a better deal. But people are saying the mantra of P3s and blindly going forward with it, and there is no evidence that they actually work. As a matter of fact, there is evidence that they don't. So why are we doing this?

To speak in general terms with regards to the budget, I think the budget is on its head. We had established a long time ago that we should be focusing on renewing our existing infrastructure before we have as a second priority expansion of that infrastructure and bottom priority and something that we would do very carefully, the establishment

of new infrastructure. I see more than half of our Capital Budget going to new infrastructure, whereas residential streets have been reduced and people who are finding their streets turned to pot poles, are not getting help.

I used to have the third worst streets in the City. Only Councillor Lazarenko and Councillor Smith exceeded the number of streets because they are older wards, the number of streets that were in poor condition. Now I've been told that I now have the second worst streets. I didn't enquire as to who had the worst streets. I don't know who has gone up but it's pretty bad. So why are we shrugging off additional infrastructure and focusing on new infrastructure?

And last but not least. Oh well.

Mr. Speaker: Councillor Wyatt moves extension of two minutes. Proceed Councillor Thomas.

Councillor Thomas: Thank you. And last but not least, while we've proceeded with new infrastructure, the new infrastructure that we've, proceeding with is in my point of view, not appropriate priorities. Where we should be focusing on new infrastructure that focuses on rapid transit and getting our citizens off our clogged streets and making it more convenient with them, and greener for them to take Transit to the university, to downtown, to many places throughout our City, we're not doing that. As a matter of fact it suggested that rapid transit should pay for itself while we continue to expand infrastructure that focuses on the single family vehicle.

That's a problem. That's not green. That's turning the whole purpose for the Federal government, giving us a share of their taxes, to very poor use. Very poor use. We should be subsidizing our transit infrastructure, focusing on our existing streets. You don't put an addition on your house when your roof leaks. Fix what you have first. Thank you.

Mr. Speaker: No further speakers? Look at this. I just say that and there is about four more now. Who's first? Councillor Swandel followed by Steeves and Smith and Fielding. Go ahead Councillor Swandel.

Councillor Swandel: Thank you Mr. Speaker. I just, you know I wasn't going to speak today but I sit here continuing to listen to this ideological diatribe of nonsense around P3s and I think I have to stand up and say something. You know if P3s were the end all and save all everything in this budget would be a P3 Mr. Speaker. You know I could go trot out and I could find anecdotal information of you know a hundred P3s that were successful that saved governments huge amounts of money.

You know, but instead what we have here, instead of celebrating a wonderful budget that you know was difficult to get done because we had to address the huge inflation that we've experienced and we're a bit of the makers of our own destiny here that because we've been able to invest money in the City's infrastructure we're driving the capacity of the industry very hard which means every year we're getting less bidders per project and therefore driving our own inflation. So we have to look at alternatives and P3s is only one tool in the tool box that we have. We are looking at other ways of value managing our projects so that we can actually address the issue of inflation and continue to deliver to citizens of the City of Winnipeg.

You know, those that choose to ignore the successes, they don't realize that what P3s do, what we do with a P3 is we purchase an outcome and that outcome that we are purchasing is protected by the contractual obligations that we impose on the provider of that outcome. So to say that there will be a huge change in the project is utter nonsense. The project is the project. The outcome that we are purchasing is the outcome. And then through the contract process we put the protections in place so that we are sure that we get the outcome that we set out to get at the cost that is effective for the taxpayers of the City of Winnipeg.

You know and it seems to be, the reason I use the term ideological diatribe of

nonsense is because when we had things like the request for $250,000 dollars to be approved to fund projected shortfalls associated with the replacement of the waterslide at Elmwood/Kildonan indoor pool, taking the project cost from $200,000 to $450,000 dollars, the estimate was wrong Mr. Speaker. The scope in that case didn't even change, just inflation. When we talked about the Chief Peguis Trail Mr. Speaker we're talking about a huge shift in scope that incorporates additional Transit components, active transportation components. Easy answers to get if those people who wanted to go into this self-serving drivel would take the opportunity to contact the director of Public Works and get the answers that they require.

You know when we shifted $3.3 million dollars from the 2006 regional streets budget that was left over as a result of some projects that didn't get done into the 2007 budget to address inflation but there was no P3 involved, there was no scream, there was no outcry from these people. They all knew Mr. Speaker that we are in very difficult times. Inflation is driving us harder than we are able to address the need for new revenues.

And you know our friends at the Province and at the Federal government are trying to assist. We're trying, everybody is coming together to address this problem but in particular the City of Winnipeg is doing more than anybody. We have put measures in place to look at all of our projects. We've gone to the Audit department to audit specific projects, but we know after the estimates have been completed and the project has been tendered that there has been something terribly wrong. Something has driven it. Whether its 46% inflation because we only have one bidder. You know ridiculous numbers to catch up with.

So you know at the end of the day I won't be supporting either of the Motions that are put in front of us because I see them for the self-serving, ideological political nonsense that they are. They're not anything to do with operating in the best interests of the citizens of the City of Winnipeg. We have all the protections we need in place here.

The budget you know as much as we would like to have many more additional pieces that add to the quality of life for the citizens of the City of Winnipeg we've been able to add a few things in the area of active transportation, accessibility, some additional parks amenities money that will help improve our parks and make the quality of life in the neighbourhoods for citizens a little bit better. The citizens, you know considering the times we are in, an unbelievable budget Mr. Speaker and we should all be standing and supporting it. Thank you.

Mr. Speaker: Councillor Steeves.

Councillor Steeves: Thank you Mr. Speaker. I'll rise in support of the Capital Budget. The first thing I want to acknowledge Mr. Speaker is the fiscal restraint and I think the fiscal responsibility exercised by all members of Council over the past several years. It's become almost automatic to make the assumption that this Council is going to be respectful of the taxpayers that fund the City of Winnipeg. That has not been the case right across the country and I think it's worth noting that members of this Council over the last decade have been very respectful of the tax money that has been given to this administration and the stewarding of that money on their behalf. That's important because that's not necessarily the rule right across this country.

The Capital review is something I want to specifically acknowledge and thank the people responsible for. I find it somewhat surprising Mr. Speaker that we stand here somehow arguing about the prospect of the Capital review and what it's produced. I don't know who is going to be fingered as being the persons at fault for erroneous Capital projections over the years. But simply put, this is just, I think a right-minded attempt to find out the real cost of doing the projects that we all know we have to do. How could that be wrong?

We've been looking at the trends document over the course of the last few

years and will note that Winnipeg amongst major Canadian cities, is now moved, is moved to around the fourth or fifth lowest on an apples to apples comparison of all municipalities across Canada in terms of the per capita rate that taxpayers in this City are paying. That is about where we've stayed for the last few or more years. It's interesting to consider that we're at that level only after about 10 years of successive freezes and cutting. It sort of makes you scared to wonder where we were at before that period. That would be pretty scary to know, I think.

In terms of our expenditures on a cash to Capital basis, we're doing what we can. I think we're hamstrung to a certain extent on this Council by virtue of the fact that we're being forced and I use that word sincerely, to undergo massive renovations to our water, our wastewater treatment infrastructure, and of course that causes a cost to our taxpayer. Now, I know there are some differences in the way we could look at that vis-à-vis the Capital Budget. At the end of the day our taxpayers are going to be paying a lot more money to the City of Winnipeg to take care of that and we have to consider that in the context I think of anything we do.

So if somebody was to advance the argument that our cash to Capital could be higher in the context of our Capital Budget, you should only do that after carefully considering the extra costs that our people are, that are the citizens of the City of Winnipeg have to undergo by virtue of our licencing requirements as mandated by the Provincial government. That's only fair Mr. Speaker.

I'd also ask Council, although it's a bit of an aside, to consider what's currently going on in northern Manitoba with the new hydro line issue. I listened to this issue as advanced by one politician yesterday. It is my respectful opinion that right now our Provincial government is enduring a potential $1.5 billion dollars in extra expenditure for a hydro line that comes down from Gilliam around the west side of the lakes. That $1.5 billion dollars could be avoided by coming down the direct route on the east side of the lakes. There's arguments I suppose on both sides but there is no argument with respect to the cost. I have this fantasy Mr. Speaker where one day the Provincial government is going to see the error of their ways and take that amount of money which coincidently is almost the exact amount that is needed to upgrade our wastewater facilities, and just transfer those savings to upgrading our wastewater infrastructure, if that's what they really think is important. Wouldn't that be something Mr. Speaker?

In the post war era Mr. Speaker when everyone came back from the war, the municipal the provincial and federal governments went wild with spending and everybody went into debt. It wasn't very long after that Mr. Speaker that the noose began to tighten in Canada and economically it soon became very clear that things weren't working for governments fiscally. The provincial governments all reacted the same way by implementing provincial sales tax to sort of right their ship, to get their financial house in order. That's what they needed revenue wise to get to that place. Later on of course as we all recall, the federal government did the exact same thing with the GST. That's what they needed to get their revenue/fiscal house in order.

Municipalities are still in that state of evolution. We've been working with the MRIF, the CSIF, the gas tax, GST rebates, all those sorts of things to try to better our lot in life revenue wise and fiscally but it hasn't fully evolved. Municipalities are only asking across this country to do the exact same thing and evolve in the exact same way that provincial and federal governments have since the post war era.

That's why we're frustrated around this table and that's why we'll probably not get to where we ever want to be unless there is a change in the way municipalities can raise money. The situation we have right now is archaic. It's historically archaic if we compare it to the provincial and federal governments, even the last 40 years here in Canada Mr. Speaker.

If the Disraeli repair winds up costing $60 million dollars, I don't know what the final

cost is going to be exactly, but if that's what it winds up costing, at $4 million or so a shot for percentage of property tax increase, everyone around this table is easily intelligent enough to do the math to figure out what that going to mean in terms of a one-time shot. That's ridiculous and that will never work.

And we start looking at issues like Panet Road and the like. My estimate is about a $6 million dollar touch to do the work that Councillor Thomas wants done in her ward. That money doesn't exist in this Capital Budget. There wasn't, as I heard it any constructive suggestion as to where we might move things around to find that extra millions of dollars to replace something and do that extra project. Didn't hear that part of things and I think before we consider those types of requests, isn't it incumbent upon us Mr. Speaker to at least consider the prospect of where that additional millions of dollars might come from? I don't expect that's asking too much is it?

In the last couple of days, the Winnipeg Free Press published an editorial entitled "The Making of Swan". It was in response to a Conference Board report and it finishes up by saying "another familiar issue raised by the Conference Board relates to funding for cities which simply don't have the resources to cope with the demands and responsibilities facing them. It's time for the provincial government to acknowledge the future of Manitoba is linked directly to the fate of the City. If nothing else the City needs a more generous tax sharing agreement from the Province. There's a swan waiting to emerge from the ugly duckling but it won't happen without a lot of intervention." I couldn't have said it better myself Mr. Speaker.

Mr. Speaker: Councillor Smith.

Councillor Smith: Mr. Speaker, there is a great deal of good in this Capital Budget. I'm very supportive of the bike paths allocation, the public art strategy which I think is important for our way of life, and the Cindy Klassen Centre with the new library and the Disraeli Bridge which I think is important to fix. These are all things that are worthwhile.

But you know, in this budget there is also the Public Safety Building. Now I know that we put the brakes on it and we're looking at other alternatives but if we pass this budget today we can still go along with what it has for cladding for the Public Safety Building. The previous budgets on cladding for the Public Safety Building were $12,900,000. This budget is $3,033,000. And the 2009 budget is $5,367,000 for a total of $21,300,000. You could build a new building, a brand new building. So I'm glad they put the brakes on it but the fact is it's in this budget and if we pass this they could go ahead without those cladding amounts.

Now, I'm also pleased by the way with this budget, with the fact to back lanes. You know the Mayor said to me, you know when we had our Council seminar he said I should be jumping up and down with joy. And he's right in the sense that this is a new direction. This is attempting to deal with a problem, though it's still just a little inching away towards rectifying the problem. But the fact is the back lanes basically affect three wards tremendously. You know, the downtown, the, my ward, River Heights. So the back lanes are important and I'm really pleased that this budget recognizes that and is moving in that direction.

But you know, when I look at this budget, it seems to me, it reminds me of a movie I saw that the National Film Board put out a few years ago. Where in this, in this film they pictured the cars as making all the decisions. Okay. And that the people just sort of followed along. And really, this budget is like that. You know, in Transit, something like almost $17 million dollars for Transit. And yet we have the Chief Peguis Trail which is a new construction, McGillivray Boulevard for $75,680 thousand. It seems to be awfully lopsided in favour of cars, cars, cars.

Now I'd like to also deal with the private/public partnership. You know the Charleswood Bridge we haven't got the details, we don't know if it's more costly the way we did it or if we had done it the

traditional way. You know. The information is secret. It's not available to us. Now we know what it's costing us but we don't know what the comparison is. So, you know, it's ludicrous.

Now we heard from our esteemed President of the Federation of Canadian Municipalities. And I would like to bring you to your attention they hired someone to put out a study on private/ public partnerships. Obviously you did not read it. Let me quote what they had to say in their conclusion. "It is all the more difficult to come up with a positive assessment of P3s based on concrete achievements instead of theories as there has been only limited long term experience in which we can report in North America." So in effect, you can heckle me all you want Councillor Swandel but the fact remains that …

Mr. Speaker: Councillor Smith I believe there is a Point of order. Councillor Thomas.

Councillor Thomas: I apologize for interrupting Councillor Smith but when Councillor Swandel continues to try to engage Councillor Smith into debate it's difficult for me to actually hear what Councillor Smith is saying and I believe he has the floor, so I would ask that he not do that or perhaps it was Councillor Steeves, I'm not sure which one it was. It's over there on my deaf side and it's very difficult for me to hear.

Councillor Swandel: Mr. Speaker I believe it was me and I'll rise and apologize for the disturbance. I was just merely pointing out that in the document that was (inaudible).

Mr. Speaker: I understand. You'll be sitting quiet from now on. Thank you.

Councillor Smith: All this talk is losing the point. I'll have to restate exactly what it says in this report. It was done for the Federation of Canadian Municipalities and which Gord has obviously not read.

Councillor Steeves: It was not the knock out punch I thought it was going to be.

Councillor Smith: "It's all the more difficult to come up with a positive assessment of P3s based on concrete achievements instead of theories as there has been only limited long term experience on which we can report." In other words it's very clear, this is not done by a biased Councillor or developer, this is a report done by, for the Canadian Municipalities to in effect assist municipalities. I mean that's why we belong to this organization. They do things to help us. They did this report that clearly establishes that private/public partnerships are not ideal.

So, the fact is, you didn't, you know, Swandel still hasn't heard the words I said in quoting this report! Should I have to read it a third time for you? The fact is it made it very clear in this report that private/public partnerships are not clearly the answer. And you know, the fact that 30% of our public projects, work projects are private partnerships means that we should not be gambling in this direction. Thank you.

Mr. Speaker: Councillor Fielding is the final speaker.

Councillor Fielding: Thank you Mr. Speaker. Good morning, I'm pleased to rise today to speak to the 2008 Capital Budget. First and foremost I'm glad to see that the Capital Budget before us today not only looks at improving Winnipeg's infrastructure but really looks at getting a better return on our infrastructure investments. The focus of this year's budget is really about two things. It's about controlling Capital spending inflation and investing in our infrastructure smarter.

In 2007, the cost of the Capital projects have been skyrocketing far faster than what the private sector has been doing in their construction. Clearly the status quo is not working and I applaud the decision to bring in external experts, or external expert to manage the infrastructure tendering and spending process. This step will allow us to spend our taxpayers' money more effectively.

While I'll be voting for this in favour, I'll be voting in favour of this document for the Capital, I do believe the taxpayers deserve some answers of why the costs were increasing substantially higher than the private sector at the same time. I want to ensure the taxpayers they are not getting fleeced in the tendering process or in the Capital in terms of the estimates. Thirty to 50% increases is completely unacceptable. We need to get the bottom line of where the taxpayers, the taxpayers deserve this out of their elected representatives.

On a personal note I can tell you whether you own a business, whether its small businesses if our estimates raise, rose by 30 to 50%, you wouldn't be in business a long period of time. And I believe the budget identifies construction inflation as a major serious issue and it takes some important first steps to addressing this issue.

First off I'm very pleased that the inflation bar has been set around 12% inflation on new Capital projects, a figure that mirrors what the private sector is doing. I also wholeheartedly support the process to look at cancelling projects that go above and beyond this, whether it be 30% or more. I also think that bundling some of the tenders will allow our competitors, allow for more competitors to come in the market and thus save some taxpayer dollars as well. I know there will also be a bi-annual report with Capital expenditures to track exactly where we're going with this.

Another element that I'm very pleased to see is the City will be looking at additional P3s for the coming year. Close to $218 million dollars of infrastructure upgrades over the next number of years will be done through P3s and I'll tell you I marvel every time I go over the Charleswood Bridge, the facets and the quality work that was done on time on budget. This is a perfect example I think of what the City should be moving towards.

What P3s really do it gives exact, it gives some cost certainty for the project that are needed, whether it be the Disraeli Bridge, the Chief Peguis Trail extension, you name it especially with this inflation that we've talked about, a number of our Councillors have talked about. P3s also gives the City and taxpayers more leverage with the private consortiums as we pay a fixed cost and thus can withhold payments in terms if the contracts, the merits of the contracts are not met.

Again I ask what are the repercussions of learning that our infrastructure projects have been costing significantly more than first budgeted? P3s also provide cost certainties by forcing private sector to deal with construction delays, the maintenance of these facilities and these infrastructure investments, to cover the lifespan of the projects. Now some of the critics have suggested that we're not accounting for this and I'm happy that this budget doesn't incorporate that into the budgetary process. You know exactly what the payments are.

Another area of significant concern over the next number of years, really simply put, the water and waste upgrades that the City was mandated to do by the Provincial government is probably the most important cost drivers that the City will have over the next number of years. As we all know, the Clean Environment Commission requires the City to spend its $1.8 billion dollars of sewer upgrades and water upgrades. Unfortunately they also did recommend that three levels of government all fill in the gap to pay for this and as such that we've received about 11% in terms of the commitments, not actually money but commitments for this and this is unacceptable. But beyond asking other levels of government for more funding and before considering increasing rates I think we need to find ways to cut some expenditures and get our house in order as well.

For example, why after three years of public mocking do we still have a public railway system? A railway system attached to Water and Waste. Nothing has been done. Why? In fact, before we consider voting whether it be for rate increases I want to ensure that there is some sort of independent analysis of how we're spending our money at Water and Waste. I think it's important, I think it's the

taxpayers and the ratepayers deserve this.

Maybe we need to do things different at Water and Waste. Maybe we need to look at P3s, you know. Doing so will allow the City to amortize the cost over 25 to 30 years which will absorb some of the rate shocks that our payers, our ratepayers will have. Maybe we need to pressure the Provincial government for the unrealistic time lines that their, what Councillor Browaty has talked about in terms of the nitrogen removal where the science is iffy at best. Or maybe we need to look at other models. What Edmonton does in terms of how they operate, in terms of how they fund their system? So in essence I think we really need to look, we really need to roll up our sleeves and develop a better plan for Water and Waste because these expenditures are really astronomical.

In terms of the nuts and bolts of the budget there are a number of key projects that I very much like. The community parks and playgrounds initiative giving $1.5 million dollars to community parks is something that I think is very valuable. It's essential to the quality of life of our citizens. And I'll tell you we've invested about $150,000 dollars at Bruce Park and I've got hundreds of constituents that have talked immensely about how important this is. So putting more money, investing more money to really enhance the quality of life for our citizens as well as the playground structures, I know we've increased it about $1.75 million.

I was also very pleased that St. James in of itself will receive a new firehall. The No. 11 firehall is something that's really stood the time tested tradition. There's lots of history behind it but the infrastructure renewal that's a part of it really needs and merits a new facility. So I'm very happy that the new budget incorporates that. Investing in a new firehall will give our Fire Department the facility and equipment necessary for the extremely important role which they play in the community.

I was also very happy that evening and weekend construction practices will be a part of the budgeting for the Capital projects that are out there. As many of you know I lobbied very hard and strong to have that incorporated in and I'm very pleased that the chairman of Public Works and the Public Works Committee endorsed that as well as penalties incentives to get projects done a lot quicker. So I'm very happy to see it.

Councillor Smith mentioned the back lanes. Now this isn't a sexy topic. It's not something that gets a lot of headlines. It is apparently but beyond that I think it's something that's very important. When it all rains, when it rains we all get the calls from our constituents where the back lanes are falling apart. So I think investments in this area are very important.

Another element is in terms of re-cladding the Public Safety and this budget is really about making smart infrastructure decisions. As such, I was happy to see as I mentioned the re-cladding put on hold. Over the last number of months whether it be a public, PP & D, Property, Planning and Development Committee meetings we've heard the money that we're investing in this facility and the transition money to relocate police officers here, there, you know everywhere. At that point I think we all started to think well does it make sense to incorporate this? Look at different models. Maybe look at a new building and incorporating an entirely different system. So it's about investing in our infrastructure smart and I think that's a smart decision.

A couple of further points Mr. Speaker. I was very pleased this year's budget was debated on an earlier basis as well. If you look what the Heavy Construction Association, they talked for many moons that suggest that we should be incorporating our budgets a lot quicker so we can do the tendering process (inaudible)

Mr. Speaker: Councillor Vandal moves extension of two minutes.

All in favour? Contrary? Carried.

Councillor Fielding: I think we very much really need this, needed this and its far overdo.

In conclusion I'm very pleased with the initiatives that are incorporated in this document and I believe the budget team as well as the public service deserves credit for turning what could have been a lemon budget into lemon aid. Thank you very much.

Mr. Speaker: Councillor Vandal.

Councillor Vandal: Thank you Mr. Speaker. Thank you. I'm not going to be supporting this budget today because it sets a course for the City of Winnipeg that is fiscally unsustainable, environmentally irresponsible and not only neglects our Plan Winnipeg it contravenes our Plan Winnipeg and the Downtown First policy.

We are entering into an era where approval of this Capital Budget and the almost half a billion dollars of spending within it, only for 2008, will fiscally bind us. It will tie our hands probably behind our back for the next two decades, into an auto dependent, suburban focused City which whole heartedly endorses the outdated, the expensive ring road transportation system, which was devised in the '40s and '50s which will ultimately hurt our Downtown First Plan Winnipeg priority.

Let me begin with fiscally responsibility. Let me begin with the Chief Peguis Trail. January 25th, 2007, it was in these chambers where it was approved for $34 million dollars. Eleven months later, today, we're looking at $64 million dollars; 99.95% increase in 11 months. I want to compare that with that other famous icon of the City of Winnipeg, Esplanade Riel that was referenced by Jeff Browaty, Councillor Browaty, which I believe, endured a 8% increase in Capital cost over the term of the project. 8% to 100% increase, let's say 100%, let's make it simple. And I think you'll see that the comparisons are ridiculous.

Mr. Speaker a 100% increase in 11 months and our Mayor goes on the public record saying that he thinks he knows why, he is not sure but thinks he knows why. Winnipeggers are getting gouged. All across this country inflation is at 12% but for some reason which is inexplainable we're at 35% in the City of Winnipeg, sometimes 40%, sometimes 45%. That's gouging. And what is the Mayor's response to this? He goes out and he borrows another $30 million dollars to let the gouging continue.

Mr. Speaker even if there was a 50% construction increase in the Chief Peguis Trail that's only $17 million dollars. That only brings it is up to $51 million dollars and we're at $64 as we speak and I'm led to believe that the actual Trail which we are going to approve today, and let's not make any bones about it, the votes are here, does not even include an overpass at Raleigh and Concordia which was the original design. Instead of an overpass we're going to get a red light. So it's significantly altered from the original designs.

And Councillor Browaty says he thinks, he thinks that when we approved it last year we were using 1980 numbers. So am I led to believe that in this Council last year that the quality control that we have within our system is such that we can vote in 2007 on numbers that are 1980 numbers? Am I led to believe that the quality control in the Mayor's office with his Executive Policy Committee Secretariat, and his CAO Secretariat, the quality control is such that we're going to, they allow 1980 numbers to be used on the floor of this Council in 2007? Mr. Speaker, I'm speaking to the Motion of an audit. We need to have an audit. We need to have it today. We need to find the precise reasons why this project has grown out of control. Winnipeggers deserve the answer.

Fiscally responsibility. This budget calls for $126 million dollars of borrowing. We're calling it a triple P but let's call it for what it is. It's borrowing. It's external borrowing and make no mistake about it, it's borrowed money and Winnipeggers are going to be paying for it for the next 30 years. And those debt payments over the course of the 30 years are going to severely restrict the amounts of major

projects that we can embark on to make our City a better city, a more exciting city.

How are we going to pay for the borrowing? Well we're going to pay for it using the gas tax. And I understand through our Fiscal, Finance chair, that the gas tax has been, has been continued, probably forever he hopes, and I think we hope, because we're budgeting in this budget about $5 to $6 million dollars per year to pay for the increased borrowing to complete the Chief Peguis Trail and the other road construction projects. And if that well dries up then we're in very significant problems.

I say this because since I got here in 1995 we put a very disciplined progressive program in place to stop the borrowing. We did that because we were paying too much year in and year out on servicing our debt. $30 million dollars per year right off the top, probably more than that was going to service the debt and we've managed to control the animal and what are we doing in this budget we're borrowing $126 million dollars, $160 million dollars if you consider the utilities.

Let's talk about environmental unsustainability. Infrastructure deficit and I hearken back to two weeks ago where our chairperson of the Federation of Canadian Municipalities was in, went public with his ascertation that our existing infrastructure is near collapse, according to Councillor Steeves, President of FCM. Then why is it that the City of Winnipeg, why is it that we are this morning spending, embarking on the largest expansion of our regional street system when we can't take care of what we already have?

The entire Capital Budget is extremely top heavy with spending on infrastructure for a transportation system which is outdated, which is incredibly biased towards single vehicle automobile travel. It is environmentally unsustainable to be spending $62 million dollars on new transportation facilities, a new transportation facility like Chief Peguis Trail when there is not a balancing number in the budget.

And let's just look at the '08 numbers. We have $2.3 million for active transportation. We have $700,000 for innovative transit. And we have $3 million for undeclared Transit improvements. So we have about $5 maybe $6 million dollars in alternative modalities and we have $62 million on a brand new road project which is out of control.

Mr. Klassen has spoke about the lack of cost benefit analysis which is quite clear in our Plan Winnipeg. Before we go spending the taxpayers and the citizens' money we need to implement a cost benefit analysis. That hasn't been done.

I want to close by talking about how this budget neglects the downtown. We have a Downtown First policy in Plan Winnipeg. We have a theme in this budget that I call downtown last. Plan Winnipeg, if you examined this preliminary Capital Budget, you will find reference to Plan Winnipeg...

Mr. Speaker: Councillor Pagtakhan moves extension of two minutes.

All in favour? Contrary? Carried.

Councillor Vandal: You will find it on 214 There is $150,000 dollars on a regional servicing strategy for Plan Winnipeg. I'm not quite sure what that is but it seems to me that if we're putting significant Capital dollars in a servicing strategy for Plan Winnipeg, we should be discussing this document or what this initiative is.

In the last eight years Mr. Speaker we've approved these Capital Budgets and we've done great things with the Capital Budgets. We've built the MTS Centre. We've constructed the Millennium Library. We've constructed Waterfront Drive where there are hundreds of condominiums now. We put millions into the Red River Community College so that there are hundreds of students in the downtown.

And if you leaf through this document and you focus only on the half a billion dollars or so that is in 2008, you know what you your going to find for the downtown? $400,000 in image route enhancements. You've got a document that’s going to

spend half a billion dollars and you've got $400,000 for image routes enhancements. You've got a transportation system that's going, you're funding a transportation system that's out of control, that's going to keep people away from the downtown and your going to set a course for the City of Winnipeg that's going to be extremely difficult to turn around. Mr. Speaker, Winnipeggers deserve better. I think we need to refuse this document. Thank you.

Mr. Speaker: No further speakers? Councillor Wyatt.

Councillor Wyatt: Thank you Mr. Speaker. I'm going to, I prepared some comments but I will respond to some of the statements made by the previous speaker and look forward to that.

We were elected Mr. Speaker in, just recently in the last re-election in 2006. We are now into year two of this term. We're well on our way to being midway through the term. And hearing the Disraeli being mentioned in the speeches I was reminded of a quote of Disraeli which many of you have heard before "there's three types of lies - lies, damn lies and statistics". So I'm going to give you some statistics now and you can do with them as you wish.

But Mr. Speaker, I refer back to a document which I think was a very good document of the day which is almost 10 years old now, the Strategic Infrastructure Reinvestment Policy of the City dated May 15th, 1998, or the SIRP report. And in the SIRP report it indicated the challenges we were facing at that time. And the challenges haven't changed. The challenges in many ways have increased with regards to what we're facing on our infrastructure renewal.

I'll just give you some examples. From all our administration since 1998, the cost factor, inflation factor of construction is estimated since '98 to 2008 has gone up 2.1 times or just over double basically. So just to give you an example, in 1998, the SIRP report called on residential streets to be funded to a tune of, that we should be requiring annual funding of $30 million dollars, you add the, you times that by 2.1 and you get a factor of, you get a total of $63 million dollars. This year we're budgeting $11.5 million and that's including, I included the TBO number there of $3 million dollars.

Back lanes it called for $5 million dollars on back lanes in 2008; $10.5 million in, in real dollars. Our budget is $3 million. Sidewalks $2 million dollars it called for in 1998; in today's dollars $4.2 million. $1 million dollars is what we're budgeting and finally regional streets it called for $25 million in annual funding. In today's dollars that works out to $52.5 million and we're budgeting when you look at the numbers $22.6 million for regional street renewal of our existing regional streets.

So the challenge is great. When you look at the numbers it's a shortfall in today's dollars of $92.1 million. Now keep in mind Mr. Speaker that these are 1998 dollars and I'm taking the '98 dollars, I'm not factoring in from '98 till now the deficit that has been allow to increase since that time. So it's actually not really a clear picture but it gives you a bare minimum, the amount is quite a bit higher actually. Our own administration estimate that the unfunded shortfall from, if you look at a 2003 report and I understand that they're revising the numbers but a 2003 report to the City, the unfunded liability, the unfunded infrastructure cost is $236 million as of 2008, which is very rough and outdated.

And of course this, these numbers that I gave you Mr. Speaker earlier does not include our sewers, our water, our watermains, our bridges. It does not include parks and recreation, civic buildings and parkades and it does not include new strategic infrastructure whether it be things like BRT, roads and overpasses. So we're facing a major crisis Mr. Speaker. There's no doubt about it. We're not facing actually let me correct myself. We're in the crisis. This, we're right now in it. And like many other cities across the country there is no doubt about it. But we're in this huge crisis that really is a massive challenge. And I guess I find it hard to stomach when I hear certain arguments being made attacking one point of view or another point of view

or Councillors who are now in opposition who before were in the so-called government who were also there when this was growing and developing.

I might add Mr. Speaker that from basically 1996 to the present we've had property tax freezes and in some cases cuts and we've had business tax cuts and if you add it all up and you accumulate that number Mr. Speaker, we're, I would dare say we're probably close to a hundred million dollars if not more even when you add the compound effect over that period of time but what we've left on the table so to speak, and everybody in this room, everybody, and I can say that knowing well because of the last unanimous operating budget that was passed unanimously, everybody in this room voted for property tax freezes at one point or another if not once, maybe more than once. So we are also part of the problem here Mr. Speaker but at the same time we are the ones who are, the ones who need to find the solutions.

Mr. Speaker I think the time has come for us to put aside our differences and to work together as a Council. We were elected as a Council in our respective wards, the Mayor at-large, and the time has come to work together and to pull in one direction. And when I say that I think first of all we need to have a plan of action Mr. Speaker. We need to update these numbers. We need to know exactly what our infrastructure deficit is today and we have to know what we are facing. I think we have to be extremely transparent about it. I think the public has a right to know. This is a challenge facing every homeowner across this City. And I think we must involve all of Council. And I think once we've done that Mr. Speaker we have to be prepared to put everything on the table.

We are really in a great crisis here and we have to be prepared to put everything on the table to solve the challenge that we're facing. And it is a difficult challenge, but you know what Mr. Speaker, we are in many ways blessed. We're blessed because of the fact that we are on a Council that is facing such a great challenge. That we can rise to this challenge and solve this challenge Mr. Speaker would be tremendous. To be able to turn around to our grandchildren and to our children and to say that we were part of the Council that came forward with a plan to resolve the infrastructure crisis facing this City for the next 10, 20 years, I think Mr. Speaker would be an honour, but everything I think has to be on the table.

I think the issue of growth taxes as has been talked about before, whether it be a provincial sales tax or some form of GST, has to be on the table Mr. Speaker. Because there is no doubt about it we need other sources of revenue. We have to Mr. Speaker in my mind also be talking about our existing taxes. I don't think it's responsible for us any longer to continue with this ideology of the tax freeze. The tax freeze days are quickly coming to an end Mr. Speaker. Our own operating costs are going up by $15 to $20 million a year Mr. Speaker and that alone is going to be driving us, never mind the growing infrastructure deficit.

I think we also have to be fair here. We have to put other ideas on the table and that's cost saving measures on the table Mr. Speaker. Whether it be looking at what services maybe we shouldn't be in, whether it be Animal Services or golf courses or what have you. We have to ask ourselves the tough questions when we are facing a crisis Mr. Speaker. What can we afford?

Mr. Speaker: Councillor Clement moves extension of two minutes.

All in favour? Contrary? Carried.

Councillor Wyatt: What can we not afford? But we have to do this and try to do it which is very difficult in this chamber in a non-partisan way by putting all the issues on the table including Mr. Speaker the issue of the business tax and whether or not we should be cutting the business tax. If we can find $55 million dollars maybe Mr. Speaker we should be putting that towards infrastructure at this point in time and at this crisis that we're facing.

I think all the issues have to be put on the table. Because it was mentioned earlier

that our roof is leaking. Our roof is not leaking if our City was a house it's not leaking. Our roof has collapsed Mr. Speaker, it has literally collapsed and the snow is blowing in. And now we wouldn't even pass our own Derelict Building By-law if our house was put up and inspected Mr. Speaker. That is the challenge that we're facing today. So these are tough words but I believe we have to do this and come up with a plan for a sustainable future Mr. Speaker. We have no choice. We really have no choice. We either do it now or we do it later. If we leave it for later it's going to get a lot harder Mr. Speaker and I think the time has come now and the time for tough words with Ottawa and with Broadway.

And we can't wait for the national organizations to do this. We have to do it ourselves. I mean this is the City that came up with a provincial/municipal sales tax agreement in the '70s. We led the way and we can do it again Mr. Speaker.

So let me just sum up, I noticed that I have about 40 seconds left Mr. Speaker. I would like just to leave these words with you and this is a quote - "All this will not be finished in the first 100 days. Nor will it be finished in the first 1,000 days. Nor in the life of this administration. Nor even perhaps in our lifetime on this planet but let us begin." And that was John F. Kennedy in his Inaugural Speech in '61.

Mr. Speaker we're not going to resolve this issue overnight but we have to begin. We have to begin and we have to start finding the solutions now. And we have to put everything on the table and work together and come up with a plan in short order. This is coming up to the middle of our second term Mr. Speaker. We don't have a lot of time. Thank you very much.

Mr. Speaker: Thank you Councillor Wyatt. Councillor Clement.

Councillor Clement: Thank you Mr. Speaker. I'd like to start because I was part of this budget process, I'd like to start by doing the same thing Councillor O'Shaughnessy did. I'd like to thank many of our staff. Many of them are sitting behind us today. This was not an easy budget. I've been involved in a lot of them and this one took a lot more time. Many, many more days and a lot more scrutiny, and they did a great job of providing us with information as we requested it and it was much appreciated.

I'd also like to thank Councillor O'Shaughnessy and Leipsic for putting up with me because I'm a little cantankerous in those budget meetings. I believe in living within one's means Mr. Speaker and I believe that this document is fairly well crafted in regards to that.

I'd like to talk about what's in the budget a little bit. Everybody knows what was there before, and I believe there was only one project that was changed, even though we had very, very significant challenges in front of us because the previous document didn't have inflation built into it. And on a year-over-year basis when you're doing this, you take the numbers that you're provided and you believe them to be accurate and you make your decisions based on that information. And so we had a little bit of a problem as a result of that.

But notwithstanding that we had huge issues to resolve beyond that, we've added $100,000 per ward for parks improvements. We've added a half a million dollars towards active transportation; clearly we're building active transportation into all of our new projects on top of that. We've also put $4 million dollars into improvements, street improvements in this budget Mr. Speaker, in and around the Disraeli Bridge facility, because those streets are going to have to be improved as we go through that construction which is going to be fairly major. And there is many more numbers that I can throw out like that.

But I'd like to address some of the things that have been said here today. Everybody has their own play on numbers I suppose, but I'm going to talk about P3s for a second. Many people have raised the Charleswood Bridge today and I'm very proud of that project. It's 12 years old by the way, and it looks brand new. Isn't that magical? Because the, I can tell you that the Maryland Bridge in the time that

I've been on Council has been repaired three times and it doesn't look brand new. This one is 12 years old and it looks brand new. Now how is that?

I can also tell you that when the Charleswood Bridge was built as a P3, it was built in one year; which allowed them to have pretty good control over their finances which is ultimately how they make money. Never once in our Capital Budget and it was in there for a long time, was it ever perceived that we would build that bridge in less than three years administratively. Three years is how many, was the course of construction each time and we don't do the debenture until the project is finished which means that you have to bridge finance the front end of that. Nobody ever talks about that part.

The other thing I'd like to tell you and you can look at the numbers. I mean I don't know why people can't get numbers on the Charleswood Bridge. I never have any trouble going into documents and plucking them out. But there is one really key issue and I've raised it many, many times when people have made comments about P3s and what that specific bridge cost us. Because the one thing that is not in our financial numbers when this comes up is who is doing the maintenance on the bridge? And I can tell you that the company that owns the bridge is doing the maintenance, not the City of Winnipeg.

Now how much is that maintenance on that bridge worth every year for 30 years? And it's not in the numbers. And I'll guarantee you that when you figure out what we spent on every other bridge and if you don't know how much it costs to maintain a bridge, then go and talk to the director of Public Works and I'm sure he can get you some numbers and then add that up for 30 years, and you'll find out that that particular project was a pretty good project financially for this City.

Now, it was raised here today and I did that by the way because Mr. Eadie came, I missed him when he was here, I was away on business and he said nobody answered him and he appeared and he thought that wasn't right. Well he appeared today so there is the other side of that issue from where this Councillor comes from Mr. Eadie, and thank you for staying and thank you for staying for the debate. No I don't need any answers from you. I heard what you had to say. You wanted an answer I gave you one.

Mr. Speaker: Mr. Eadie and Councillor Clement address the (inaudible)

Councillor Clement: I am just addressing what he said. He said nobody, he felt bad because nobody questioned what he came to talk about.

Kapyong is pretty interesting. And why I'm saying the word Kapyong is because another gentleman here today raised the specter of the Kenaston roadway being widened. All that's in this Capital is the same money that was in last year which deals with some design. Now we all know that Kapyong is going to be coming at us soon. How do you sit down with the Federal government people and discuss that if you have no plan for what Kenaston is going to look like in the future. How do you know how much land to take? How do you even get into those discussions? How do you tell them how much land they can use of their own land? It would be, it's a chicken and egg thing you have to have some kind of criteria. So we're doing a design. There is no money in here to build anything. Nobody is saying that it's needed tomorrow. That's not the issue. But we're going to need to have some of that information and the only drawing that was available was years old Mr. Speaker, when we got into it.

So that's part of that particular issue and for the gentleman that was here telling us about the numbers and what they were this decade and then 10 years later and then 10 years later, and now the numbers were the same, he forgets one thing, the Charleswood Bridge that everybody has been raising today is carrying 26,000 vehicles a day. He forgets to add those in because the majority of them are on Kenaston and now they're back because his own numbers say that they're the same.

And we have Waverley West that's starting. First phase I think every lot was sold already. As part of our discussions with the Province we know that Kenaston is going to be extended to the perimeter over a period of time. That will certainly make the development move west faster than it was going to and I don't know how anybody can look at that particular project over the period of time that it's going to take to be built and suggest that it will not impact on Kenaston Boulevard. It doesn't, it just doesn't make any sense.

So obviously we have to look at it and that's all we're doing but you need to have some sort of design so that you can to and have the public meetings (inaudible).

Mr. Speaker: Councillor Nordman moves extension of two minutes.

All in favour? Contrary? Carried.

Councillor Clement: How do you hold a public meeting and talk to people if you can't show them anything? You know, it just doesn't make any sense. We've all been there we know you have to have something. So those are some little anecdotal things.

By the way, as far as your Motion goes Councillor Vandal, I can't support it, oh he is not here, I'm sorry. But the numbers that we had on Peguis last year I can't tell you where that $34 million dollar number came from. What I do know though is that inflation in '06 wasn't attached to that and I know that inflation was in the area of 25% which it also was running in '07, and I know we that we've built in 12% for this year. And if you took a $100,000 bill and you added 25%, and then you compound it another 25%, you go from $100,000 to $125,000, then you go to $160,000, well you actually, you actually go to $175,000 and then, oh pardon me you go to $156,200, and then you go another $18,000 dollars with the 12% for this year. Without even trying hard that's $175,000 dollars on $100,000. That's not double but its close and I know where another $9 million is that I don't really want to talk about at this point in time.

And over and above that Councillor O'Shaughnessy stood here and talked about five or six issues that the director of Public Works gave him as to why these are all changing. And that includes the fact that the fly-over at Rothesay is taken out because these are expensive initiatives too and there is only so much money.

So there's a tremendous number of good things in here and everybody can look out and, into the future I suppose and if they're clairvoyant they have the answers. I'm not clairvoyant. I know one thing though that we've been very, very responsible Mr. Speaker, financially over the last number of years it's proven out. We have to get this work done. We've had tremendous help from both the Feds and the Province and that will continue over the next few years and that's helped immeasurably to make these things move forward. So I hope everybody will support this.

Mr. Speaker: Thank you. Final speaker Councillor Leipsic.

Councillor Leipsic: Thank you Mr. Speaker. I just want to add my comments as being a member of the Budget Committee, to begin by thanking Councillor O'Shaughnessy and Councillor Clement, who I never considered difficult, maybe interesting some days but never difficult. We're heckling again. I also particularly want to thank people in Finance who are extremely professional and learned and also helped me over the last year many, many times, on our budget work.

I want to first say negatives are easy and I think we all learnt it's very easy to criticize. It's always much more difficult to be positive I believe. That's what I was taught. But I want to say there's some positive things that people should be acknowledging in this budget. One our commitment to the environment, Lake Winnipeg, our requirements that the Province has put down on us for sewer, wastewater. I'm proud of what we're doing there. I've seen an increase in one year on Council.

I want to say I'm especially proud of the increase of monies for accessibility. I wish we could have given more but another $100,000 is something that I'm proud of and I'm pleased that we are going to be having that passed hopefully today.

I want to say the Public Safety improvements have also been increased in this budget. Our community recreation, our centres, our parks, libraries, things are moving and we're increasing livability in the City of Winnipeg, and that's important. Active transportation corridors, monies increased $500,000. This money wasn't easy to find Mr. Speaker, but it's a pleasure and an honour to be able to see this coming through today.

And then I want to talk about back lane renewals and I can't comment whether they are sexy or not. I would respect my Councillor of St. James but I can tell you, I have certainly been lobbied over the last year, many, many, many times by Councillor Smith. I myself have people calling me and asking me to drive back lanes with them and meet with them. In the middle of River Heights we've got gravel. It's pretty shocking. I hope Councillor Gerbasi is also happy that she will see additional monies for back lanes. But we increased that from $749,000 to $3 million. I think we should be congratulated. And we also have a property tax freeze which I certainly heard from my constituents was very important to them.

Those are the positives. I would like to ask one thing Mr. Speaker if I might of some of my colleagues here. I address Councillor Thomas, I address Councillor Smith. I would very much appreciate when you're holding up pamphlets, issues like that that you obviously have put research and time into, I would be extremely interested in knowing who published them and the year where they are from, in the future. That would be very helpful. Thank you very kindly. And I will be of course voting for this budget Mr. Speaker.

Mr. Speaker: Thank you Councillor. No further speakers. We have, it's noon time and I don't think we want to adjourn. I think you want to finish because we have the two amendments, Motions to deal with. Okay Councillor Thomas moves that we continue.

All in favour? Contrary? Carried.

Now closing debate on Motion No. 1, Councillor Vandal, followed by Councillor Thomas. Councillor Vandal closing debate on your Motion.

Councillor Vandal: Thank you Mr. Speaker. $30 million dollars in one year. A 100% increase. There is no rational reasons. Chief Peguis Trail is a runaway freight train that needs to be brought under control. This Motion should fly unanimously. Thank you.

Mr. Speaker: Councillor Thomas on your Motion.

Councillor Thomas: Thank you. In closing debate on Motion to reinstate the Molson/Panet renewal and expansion, I would just like to say that, just to point out again, that this is a matter of fairness, this is a matter of fulfilling commitments. This project has been there since 1999. This is also a matter of priorities. With hundreds of millions of dollars being spent on new projects that weren't there before at all, which normally when new projects come in, they are in the fourth or the fifth year of the budget, there should surely be enough for $3 million dollars to renew an existing street. We are supposed to priorize more highly existing infrastructure over new. And if there is so much money, only so much money, why are previously made commitments being ignored?

Finally safety. This is a major arterial roadway that is being neglected. At a time when the stress on the existing traffic patterns have seen an increase in the numbers utilizing this roadway, and when other roads, which are being worked on and will be closed, are going to further increase the demand on this area, it defies logic why this item was pulled out of the budget. Thank you.

Mr. Speaker: Mr. Mayor, your report of December the 12th of 2007. Are you going to close debate on it?

Mayor Katz: I most certainly do Mr. Speaker, thank you. It's been an interesting morning Mr. Speaker. I am of the opinion that every member of Council when they decided to give of themselves to run for that office, believed that they could make a difference and do positive things for our City. I very much believe that. It appears to me that for some unknown reason, sometimes things change.

When I look at this budget Mr. Speaker, I'm not going to tell you that it's a perfect budget. I wish there was a silver bullet to solve each and every one of our problems but there is no such thing as a perfect budget. If we had an endless supply of money maybe that would be the reality but we know that's not the case.

Sometimes I marvel at the fact that people don't realize that this City faces serious, serious problems. Years and years of neglect Mr. Speaker, have left us with a $2 billion dollar infrastructure deficit. And it's not going away. And if you look at the money that comes in from taxpayers Mr. Speaker, and there is only one taxpayer, and see what the municipalities are left with after the Provincial and Federal governments, you would see its minute. People would be afraid when they really understood how little we get and yet we have to solve our problems, which is why we're so dependent on property taxes and user fees. But that's the reality and God willing that will change in the very near future.

But when I look at this budget, I just wish we could all work together to do something positive. I know it's never going to be a point where we agree on every single item in any budget. And I'm thankful when I have a Councillor Smith or a Councillor Gerbasi who comes to a seminar to learn, to ask questions and on the floor of Council makes constructive criticism and also makes some positive comments. I value that and I appreciate it and I respect it. And we are doing a lot of good things in this budget Mr. Speaker, but some of the comments that were made today Mr. Speaker, my God. I don't know what the motivation is. And it would just not be me not to respond. You probably already know that.

The realities are Mr. Speaker, is that first of all, I want to thank Councillor Smith who actually said to me "this is a good budget but I can't support it because of the P3s". I appreciate it. I respect it. And I wish I could change his mind and I am going to take one last shot Mr. Speaker because the realities are people still don't even understand what P3s are. I've heard people say I want an audit done on the P3 of Chief Peguis. Mr. Speaker think about that. We've heard about the cost. You're not auditing the P3. You've asked for the cost of the project. Whether it's built, one way or another way has nothing to do with the cost Mr. Speaker. The cost is the cost. Something we have identified over three months ago with the acting CAO, that we have problems there and we've taken that initiative to change it and put a hold on it.

But I think Councillor Clement probably talked about P3s as astutely as anybody. No one for a moment realizes the positives. One of the best maintained bridges in the City that hasn't cost the City a nickel. Just think about that. How many millions and millions of dollars do we spend on maintaining our infrastructure, and the sad part of it, half the time Mr. Speaker we don't even have the money to maintain it.

You know what? There are situations where P3s make perfect sense. There are others where they are totally inappropriate. I think it's up to this Council to make those decisions when the time comes. And I've said right from the beginning Mr. Speaker, that every P3 that comes forward will be voted on and every P3 will be transparent. What more can one ask Mr. Speaker?

You know it's rather interesting, because there is always criticisms for doing things. Criticize you for using the gas tax to fix the roads. Criticize for not fixing the potholes. You can see Mr. Speaker there is no win here. But one of the interesting parts of today that I almost found close to offensive, but totally inaccurate, is that if one wants to call for an audit because

they feel there is something going wrong, on Chief Peguis, I could respect that if there was some consistency.

But first of all, I think it was Councillor O'Shaughnessy, he read out the exact reasons for Chief Peguis. This was given by the director Bill Larkin. If someone has a problem with what Bill Larkin is saying, then you better talk to Bill Larkin. But if you want to blame the Mayor or you want to blame the chair of Finance, that's your prerogative but it's absolutely unadulterated nonsense. And if you think that is a real reason for calling an audit, Mr. Speaker, then I've got to correct some factual information.

Okay, this is from an article written Tuesday, December the 18th, Winnipeg Free Press by David O'Brien. "The City's Public Works Committee approved issuing a $14.1 million contract to MD Steele Construction Limited to build the Esplanade Riel compared to the City's original estimate of $9.6 million last year." The final cost $22 million dollars. About a 120% increase. If Councillor Vandal wants to move a motion to audit this, I will second it gladly. Come on, people, let's get serious. Let's not play politics. Let's not play these nonsense games. It's time for us to stop because as Councillor Wyatt said, we've got serious problems and he's right. He's right.

And I also take exception to the fact that we're not doing enough for downtown. Councillor Wyatt is working hard and anybody I know for our downtown and we're making some serious progress. To say that we're neglecting our downtown is totally inaccurate Mr. Speaker. There has to come a point in time where we all decide you know what there's 50 things here. I like 42 of them, I don't like 8 of them. Okay, you can't love everything in a budget. Who's going to like it? And Mr. Speaker I'm sorry but I was elected by all the people of the City of Winnipeg. I represent the City of Winnipeg. I don't represent any individual wards and sometimes it's tough to make a hard decision to represent the City and do what's best for our City.

You know, I never knew what the term pork-barreling meant. I've learned that in the last three years Mr. Speaker and to be very frank with you, I don't want to see it and I want to make sure we're doing what's best for the City. And everybody has problems. Since I've been here since day one Councillor Smith has talked to me about back lanes and you know what he was right. We were doing nothing for back lanes and I don't care if back lanes are in three wards or all 15 wards, it was robbed and we've changed it and I thanked him for his input because he was right and I understand Councillor Pagtakhan or Councillor Leipsic or anybody else who has any streets that have back lanes, it's time for us to do the right thing.

I want to remind someone of something awhile ago. And through you Mr. Speaker I will address Councillor Thomas. There was awhile ago where we made improvements on the Louise Bridge. And as it turned out Mr. Speaker for whatever the reason may be, the improvements we made were lacking something. It was lacking what you would call finishing the bridge. I should say Redwood Bridge, my apologies. And the bottom line is more money was required to make it look esthetically pleasing. Mr. Speaker I was happy to support that. It may not have been a popular thing to do but it was the right thing to do and that's the way I will treat every City Councillor, do the right thing. End of story. And supporting this budget is definitely the right thing.

Mr. Speaker: Thank you Mr. Mayor. Motion No. 1 that's moved by Councillor Vandal and seconded by Councillor Gerbasi. Recorded vote has been called for by Councillor Gerbasi.

A RECORDED VOTE was taken the result being as follows:

Yeas

Councillors Gerbasi, Smith, Thomas and Vandal.

Nays

His Worship Mayor Katz, Councillors Browaty, Clement, Fielding, Leipsic, Nordman, O'Shaughnessy, Pagtakhan, Steeves, Swandel, Wyatt, and Mr. Speaker Councillor Lazarenko.

City Clerk: The vote Mr. Speaker, Yeas 4, Nays 12.

Mr. Speaker: Motion No. 1 is Lost.

Motion No. 2, moved by Councillor Thomas and seconded by Councillor Gerbasi. Do you want a recorded vote also Councillor Gerbasi? A recorded vote has been called on Motion No. 2.

A RECORDED VOTE was taken the result being as follows:

Yeas

Councillors Gerbasi, Pagtakhan, Thomas, Vandal.

Nays

His Worship Mayor Katz, Councillors Browaty, Clement, Fielding, Leipsic, Nordman, O'Shaughnessy, Smith, Steeves, Swandel, Wyatt and Mr. Speaker Councillor Lazarenko.

City Clerk: The vote Mr. Speaker, Yeas 4, Nays 12.

Mr. Speaker: Motion is Lost.

On the report of December the 12th, introduced by the Mayor. Recorded vote? Recorded vote has been called on this.

A RECORDED VOTE was taken the result being as follows:

Yeas

His Worship Mayor Katz, Councillors Browaty, Clement, Fielding, Leipsic, Nordman, O'Shaughnessy, Pagtakhan, Steeves, Swandel, Wyatt, and Mr. Speaker Councillor Lazarenko.

Nays

Councillors Gerbasi, Smith, Thomas and Vandal.

City Clerk: The vote Mr. Speaker, Yeas 12, Nays 4.

Mr. Speaker: Motion Carried.

EPC Consideration of By-laws. The first reading only Mr. Mayor.

EXECUTIVE POLICY COMMITTEE CONSIDERATION OF BY-LAWS

Mayor Katz: Thank you Mr. Speaker. I move that By-law No. 219/2007 be read a first time.

Mr. Speaker: All in favour? Contrary? Carried.

Councillor Thomas: Nay.

Clerk: By-law No. 219/2007.

Mr. Speaker: Councillor O'Shaughnessy moves adjournment.

All in favour? Contrary? Carried.

ROLL CALL

Clerk: Mr. Speaker Councillor Lazarenko, His Worship Mayor Katz, Councillors Browaty, Clement, Fielding, Gerbasi, Leipsic, Nordman, O'Shaughnessy, Pagtakhan, Smith, Steeves, Swandel, Thomas, Vandal and Wyatt.

Council adjourned at 12:20 p.m.