**Minutes - Executive Policy Committee – July 9, 2008**

**Minute No. 383**
**Report - Standing Policy Committee on Infrastructure Renewal and Public Works Committee – June 27, 2008**

**Item No. 3 Public Works Fee Revision for 2008**
**File SC-3.7**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and submits the following to Council:

1. That an increase from $20.00 per square meter to $33.00 per square meter for boulevard cut permits for implementation July 1, 2008 be approved.

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

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DECISION MAKING HISTORY:

Moved by Councillor Clement,

That the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On June 27, 2008, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

**RE: Public Works Fee Revision for 2008**

**FOR SUBMISSION TO:** **Standing Policy Committee on Infrastructure Renewal and Public Works**

**ORIGINAL REPORT SIGNED BY:** **Director of Public Works**

**REPORT DATE:** **June 23, 2008**

**RECOMMENDATION:**

1. That Council approve an increase from $20.00 per square meter to $33.00 per square meter for boulevard cut permits for implementation July 1, 2008.

## Report Summary

**Key Issues:**

- It is proposed that the fees charged by the Department of Public Works for Boulevard Cut permits be increased from $20.00 per square meter to $33.00 per square meter.
- The proposed increase to Boulevard Cut permits is based on increases in the City's costs to restore cuts caused by excavations on boulevards. These cost increases are consistent with general price increases experienced throughout the construction industry.

**Implications of the Recommendation(s):**

**General Implications**

None
X For the organization overall and/or for other departments
X For the community and/or organizations external to the City
Involves a multi-year contract

Comment(s): The proposed fees would increase the Water and Waste operating costs associated with watermain breaks and general underground maintenance activities that require excavation. The proposed fee increase will also result in higher operating costs for private contractors and utilities excavating in the right-of-way. These costs are generally passed onto the customer.

**Policy Implications**

X No
Yes

Comment(s):

**Regulatory Implications**

X None
Eliminates or reduces regulatory impact
Proposes regulatory impact

Comment(s):

**Environmental Implications**

X No
Yes

Comment(s):

**Human Resources Implications**

X No
Yes

Comment(s):

**Financial Implications**

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

Comment(s):

## Report

### REASON FOR THE REPORT:

Council must approve fees in excess of the annual Consumer Price Index under the Streets By-law.

### HISTORY:

Fees charged by the Public Works Department for permits, licenses and other matters are usually reviewed by the various divisions every year. Over the past several years, fees have generally risen by the rate of inflation each year. This is consistent with a Council motion adopted in January 24, 2007 that City fees should increase annually by the rate of inflation.

The only exception to this would be fees that have been affected by increases above the annual rate of inflation for product materials, or other costs involved in the provision of the service, to the point that an increase in the fees by the rate of inflation would not fully cover these costs.

### DISCUSSION:

Fees for boulevard cuts were increased on January 1, 2008 to reflect increases to the Consumer Price Index (CPI) for the City of Winnipeg, however upon review of costs to provide boulevard restoration it was evident the CPI increases did not reflect rapidly rising cost increases being experienced throughout the construction industry.

These cost increases were further evidenced by the recent response to bid opportunities issued to the private sector for boulevard cut restoration services. Despite consultation with industry stakeholders which resulted in modified restoration processes and revised bid documents the response to the bid opportunity was a single bid and significant price increases. A second bid opportunity was issued, again with changes that were developed to attract more bidders, this resulted in an increase in the number of bidders, however, no reductions to the bid prices.

The proposed fee increase will allow the Department to fully recover the costs of restoring boulevards after excavations have taken place.

The proposed fee increase would take effect on July 1, 2008. This fee will be increased automatically by the rate of inflation (i.e. the projected CPI for the coming year) effective January 1 each year.

## Financial Impact Statement

**Date:** June 10, 2008

**Project Name:**
Public Works Fee Revision for 2008

**First Year of Program** **2008**

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ 315,185 | $ 424,320 | $ 432,806 | $ 441,463 | $ 450,292 |
| Less: Incremental Revenue/Recovery | 315,185 | 424,320 | 432,806 | 441,463 | 450,292 |
| Net Cost/(Benefit) | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** The proposed additional Boulevard Cut fees are required to offset the increased costs associated with the cut restorations. The Water and Waste Department accounts for approximately 67% of total Boulevard Cut revenues. The additional revenues and costs for 2009 to 2012 are calculated on full year impacts based on average historical square metres restored and include an estimated annual inflation factor of 2%.

*"Original Signed by Darcy Stewart, CA"*
Manager of Finance & Administration

**IN PREPARING THIS REPORT THERE WAS:**

**Internal Consultation With and Concurrence By:**

- Legal Services Division, Corporate Services Department

**External Consultation With:**

**THIS REPORT SUBMITTED BY:**

Department: Public Works
Division: Customer Services / Transportation Engineering
Prepared by: T. Esposito/S. Payne ..... 986-3275 / 3615
File No.