Letter from the Chairperson of the Standing Committee on Fiscal Issues

March 5, 2003

TO HIS WORSHIP MAYOR GLEN MURRAY AND TO ALL MEMBERS OF COUNCIL

Re: Preliminary 2003 Capital Budget

I am pleased to submit a preliminary capital investment plan for the City of Winnipeg for 2003.

This plan addresses our City's priority capital requirements by investing $171.6 million in the City's infrastructure, including our street system, water and sewer mains, our water supply, transit system, and in our flood protection. Some of the areas where significant capital investment will occur are:

- $51.3 million for the City's street system, including $14.7 million for the continued development of the new Provencher Paired Bridges project, $15.3 million for local street renewal, $4.2 million for the initial phase of the Kenaston Underpass, and $4 million for the Redwood Bridge
- $23.7 million for land drainage and flood control, including $18.3 million for combined sewer renewal and flood relief
- $21.5 million for the City's water system, of which $6.5 million is dedicated to water main renewals and $6 million to the development of the proposed water treatment plant
- $19.4 million for the City's transit system, of which $11.9 million will go toward buying new transit buses and $5 million is dedicated to preliminary planning for Phase 1 of the Rapid Transit Corridor
- $15.9 million for sewage disposal projects

The plan is also fiscally responsible. The City will not require any new external debt and we will be financing the program on a pay-as-you-go basis.

We have been working with the Federal and Provincial governments to develop strategic partnerships through the Canada/Manitoba Infrastructure Program. The following projects included in this capital budget have been approved under this Program –- the development of Waterfront Drive, the renewal of the Redwood Bridge, the new Provencher Pedestrian Bridge, the Millennium Library, Leila Avenue improvements, Red River Community Centre construction, and turf replacement at the Canad Inns Stadium. The City's share of these projects has either already been cash flowed or is included in this capital budget. We will continue to work together to make further improvements to the City's infrastructure in the upcoming months.

Negotiations with the Federal and Provincial governments will continue with respect to funding for two new projects – the Rapid Transit Corridor and the Kenaston Underpass being introduced in the preliminary 2003 capital budget. We recognize a strong infrastructure base is a key component in supporting a dynamic and competitive economy.

.....2

This plan substantially represents what Council approved last year with the five-year capital expenditure forecast, and also includes approvals subsequent to that time as well as some new projects and modifications to reflect current conditions.

During the coming weeks, there will be opportunity for all Members of Council and the general public to engage in the process. I encourage you to participate actively in the budget review process to develop a final capital investment plan for Winnipeg.

Respectfully submitted,

Bill Clement, Chairperson,
Standing Committee on Fiscal Issues.

Preliminary 2003 Capital Budget



March 5, 2003

Winnipeg

POLICIES USED TO DEVELOP THE BUDGET

- **Plan Winnipeg**
- **Financial Management Plan**
- **Capital Priority Rating System**
- **Council-Approved Borrowing Cap**
- **EPC direction to develop the budget without new external debt**
- **Council-approved capital forecast**

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THE CHALLENGE

Balancing…….

Infrastructure needs/ Protecting the environment

Fiscal responsibility



HIGHLIGHTS

- Capital investment:
  - ***$171.6 million in 2003***
- Fiscal responsibility:
  - ***pay-as-you-go***
  - ***no new external financing***
  - ***lowering debt and finance charges***
- Strategic partnerships

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PLAN WINNIPEG ALIGNMENT

"*Plan Winnipeg. . .2020 Vision*" Policy Areas

Downtown and Neighbourhoods	Government and the Economy	Planned Development, Transportation, and Infrastructure	Public Safety, Health, and Education	Environment, Image, and Amenities
Total Value of Designated Projects: **$3.8 million**	Total Value of Designated Projects: **$14.0 million**	Total Value of Designated Projects: **$132.9 million**	Total Value of Designated Projects: **$8.8 million**	Total Value of Designated Projects: **$12.1 million**

Major Capital Projects by Policy Area

(2003 Total Capital Program - $171.6 million)

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AREAS OF MAJOR CAPITAL INVESTMENT

- **$51.3 M for the street system**
- **$23.7 M for land drainage and flood control**
- **$21.5 M for the water system**
- **$19.4 M for the transit system**
- **$15.9 M for sewage disposal**

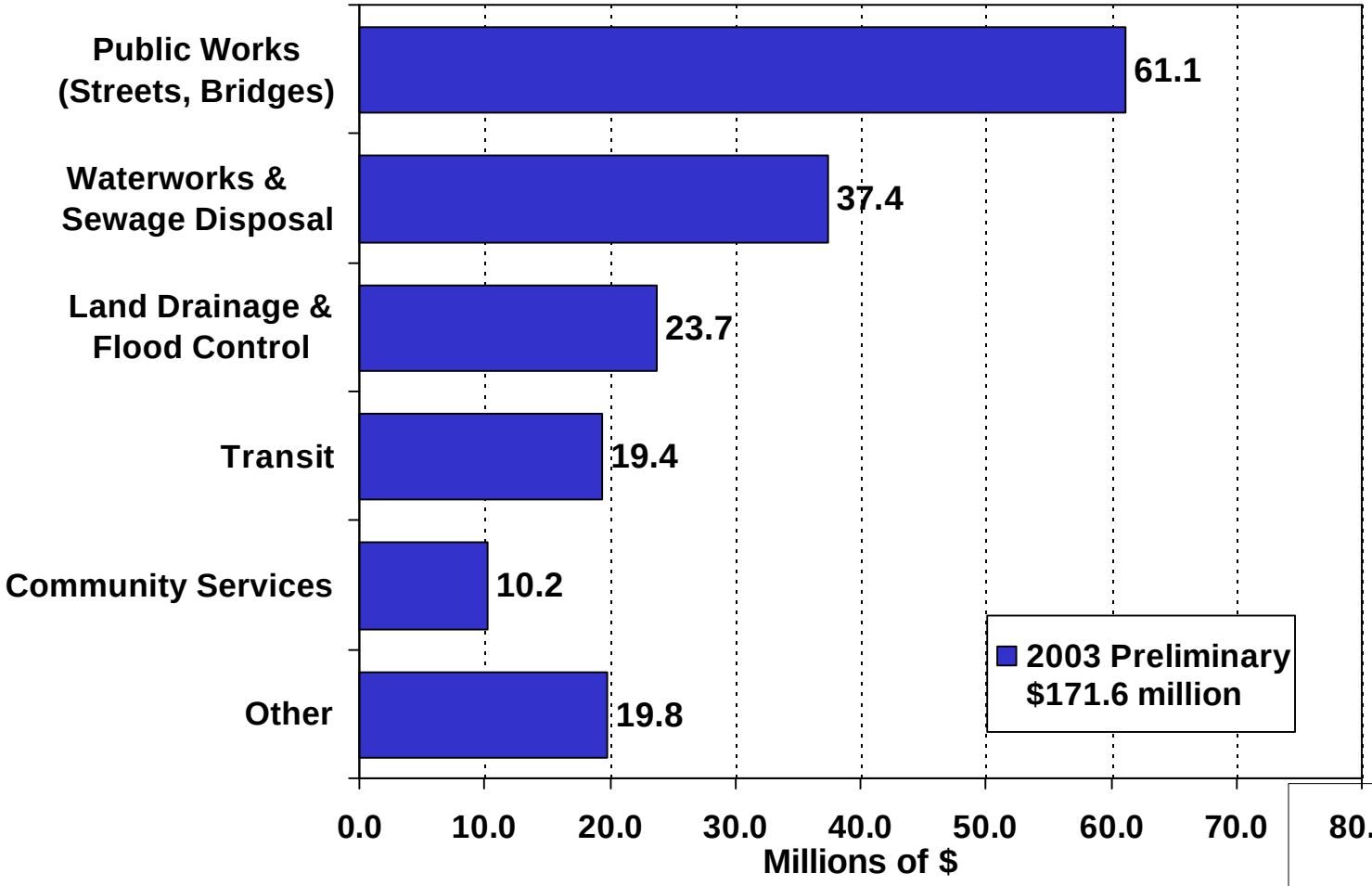
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PROTECTING OUR ENVIRONMENT

- **Water treatment plant**
- **Combined sewer overflow mitigation**
- **Land drainage/flood protection/secondary diking**
- **Aqueduct assessment and rehabilitation**
- **Rapid transit corridor**
- **Riverbank stabilization/riverbank greenway program**
- **Reforestation**
- **E-government**
- **Cooling plant upgrades in civic facilities**

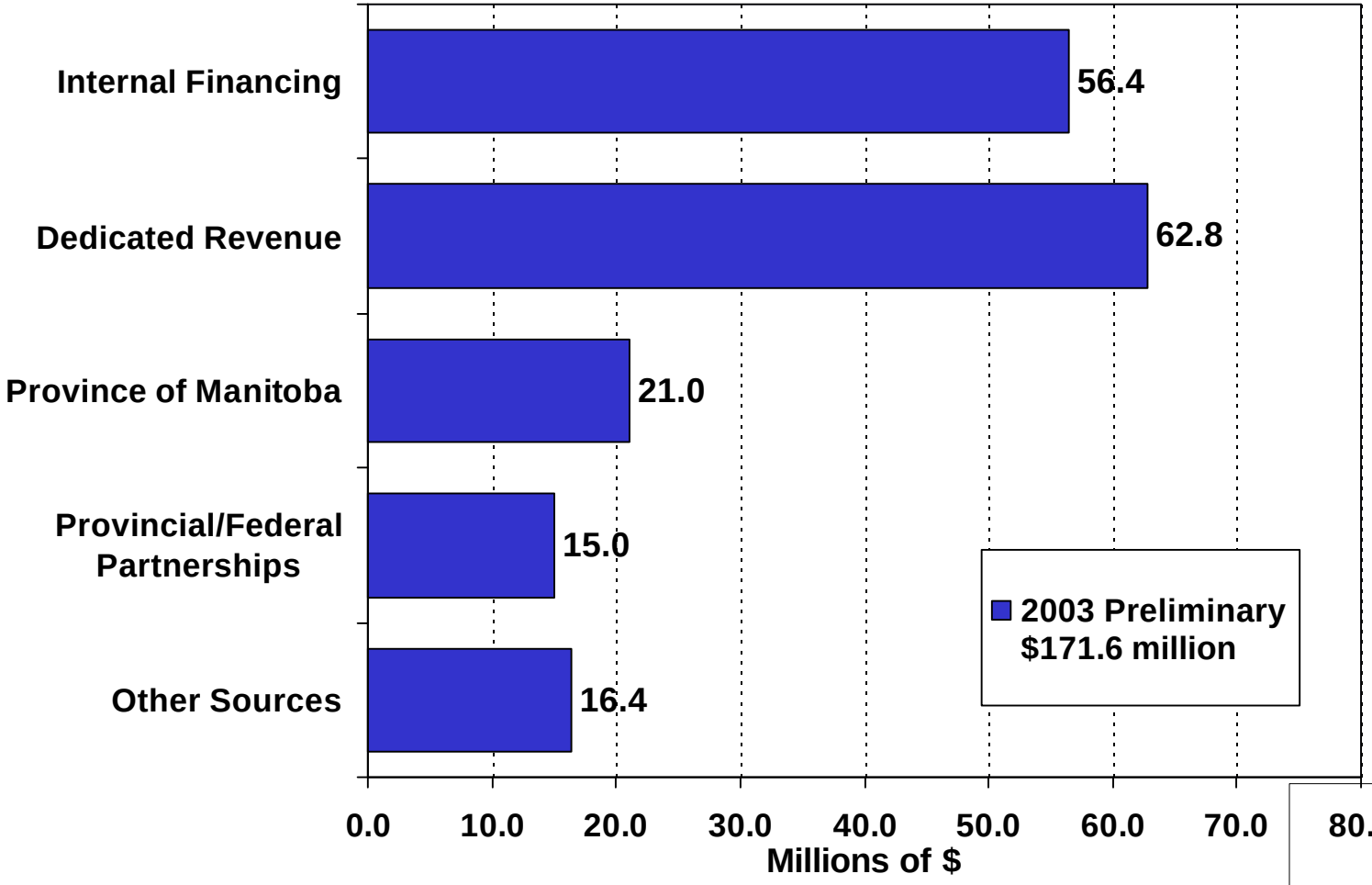
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HOW TOTAL CAPITAL DOLLARS ARE SPENT



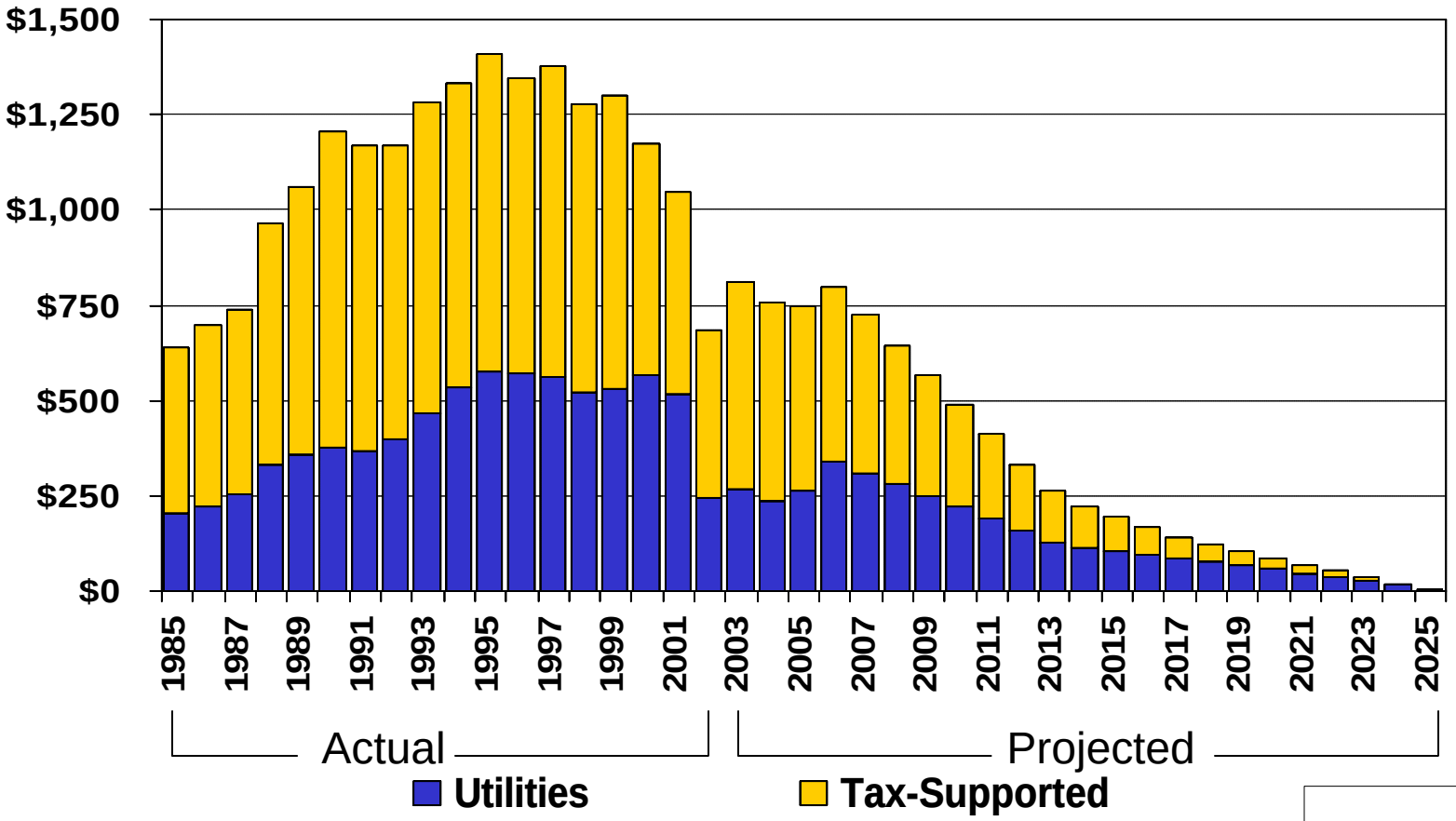
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SOURCES OF CAPITAL FUNDING



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NET EXTERNAL DEBT PER CAPITA

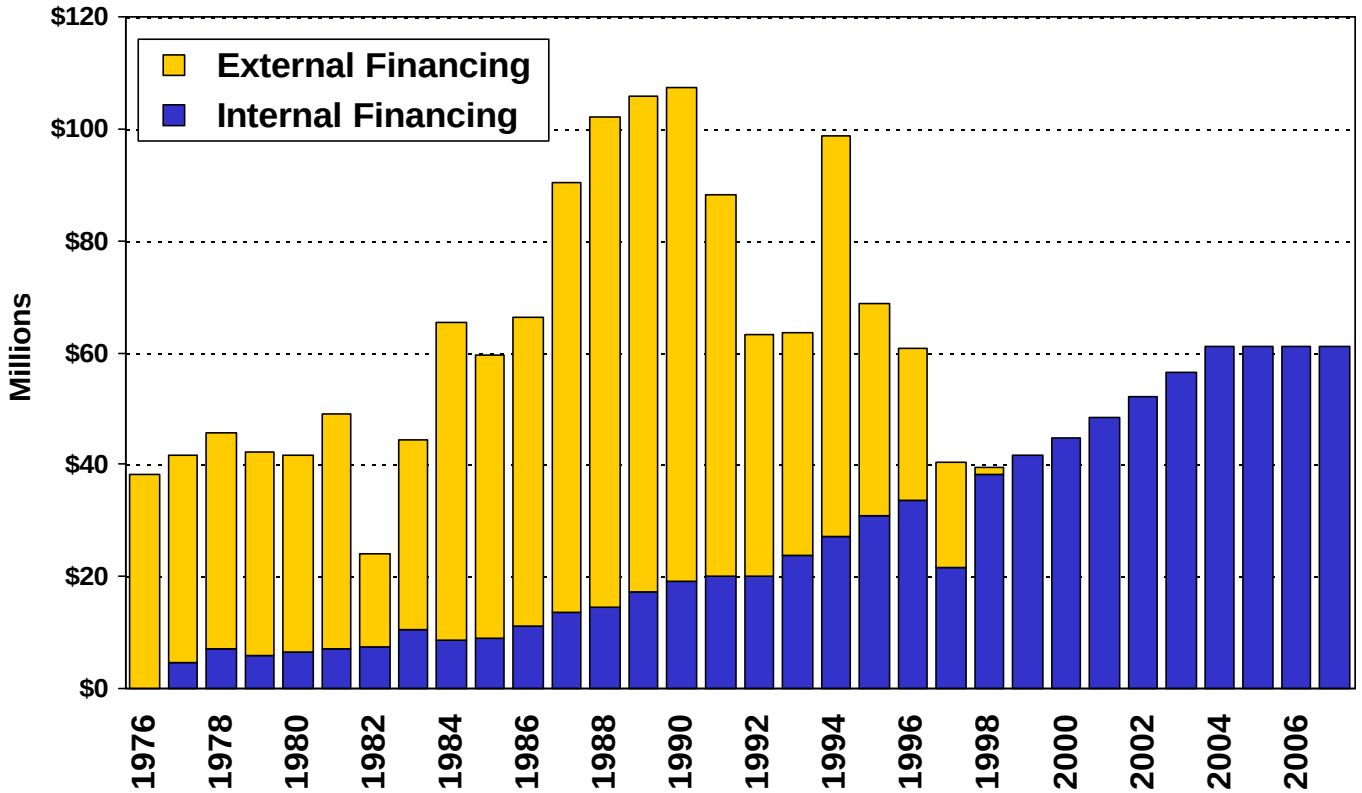


* Utilities include Water & Waste, Transit and Civic Accommodations

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TAX-SUPPORTED CAPITAL PROGRAM INTERNALLY FINANCED SINCE 1999

(Including Transit and Civic Accommodations)



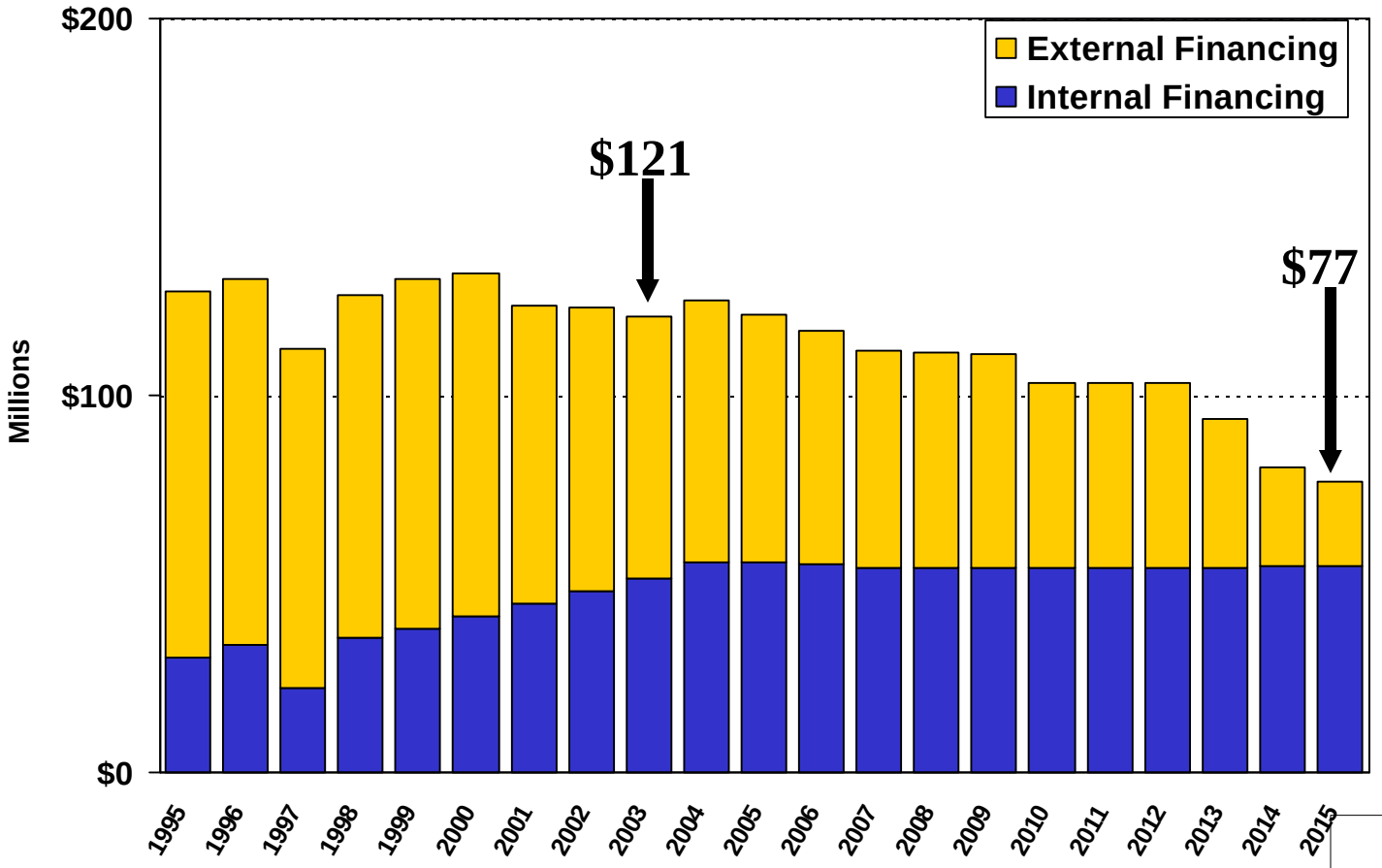
1976-2002 Adopted Budgets; 2003-2007 Forecast

1994 includes the Canada/Manitoba/Winnipeg Infrastructure Program

Excludes interim financing

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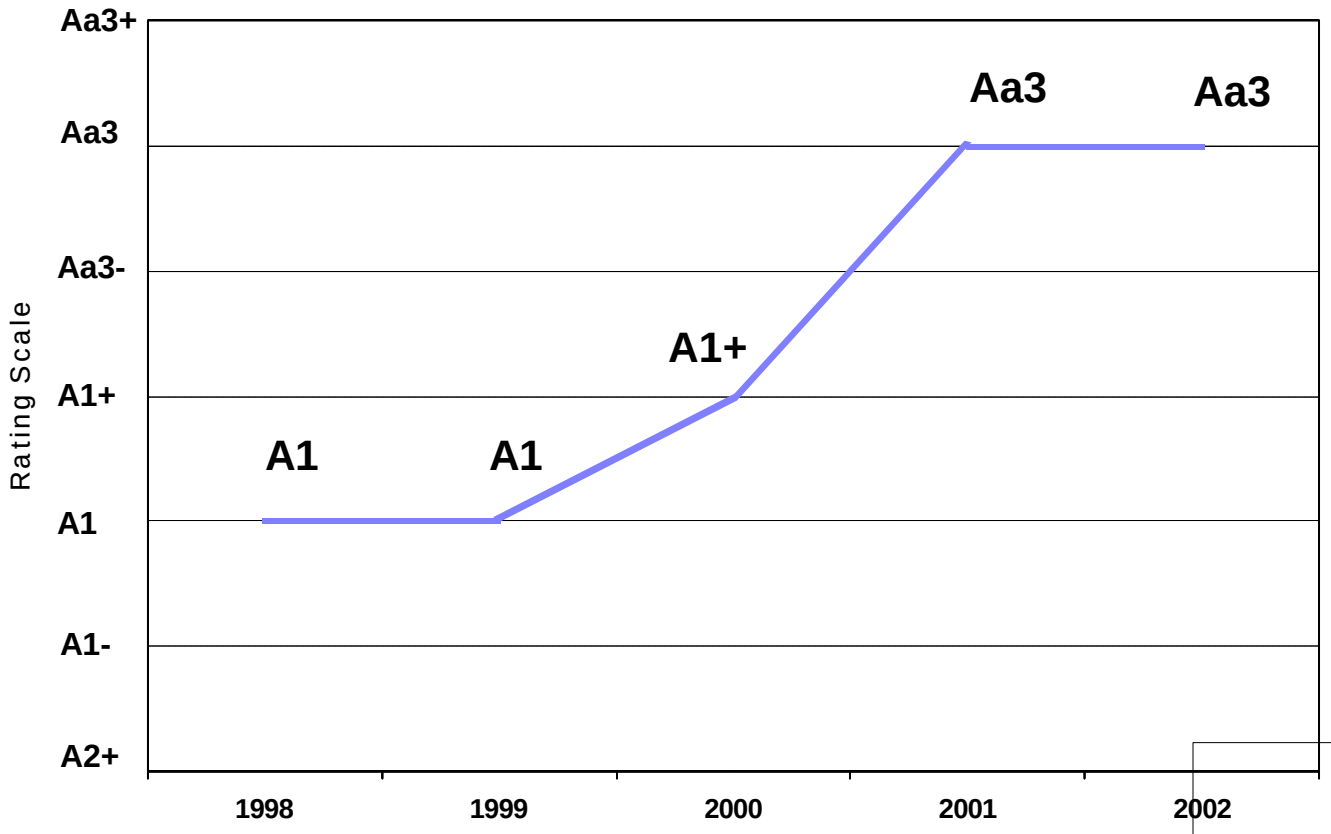
TAX-SUPPORTED DEBT SERVICING COSTS



Excludes Civic Accommodations and Transit.

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CREDIT RATING



Source Moody's Investors Service

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RECOMMENDATIONS

1. That the 2003 Capital Budget totalling $171,647,000 (tax supported and utility operations requiring no external borrowing) be reviewed and submitted to Council for approval.

2. That the transfers from utility operations and reserves outlined in the capital budget submission be approved.

3. That the City request the Province to provide funding of $5 million, over and above the Urban Capital Projects Allocation (UCPA) funding, for a local street renewal program for Winnipeg for 2003 and establish a future cost-sharing agreement for beyond 2003.

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RECOMMENDATIONS (Continued)

4. That the City negotiate with the Province a new Urban Capital Projects Allocation cost-sharing agreement (UCPA IV), given that the existing (UCPA III) agreement expires March 31, 2003.

5. That the City continue to negotiate with the Province and Canada for infrastructure funding.

6. That the approval of the five-year capital forecast be referred to the next planning cycle to occur later in 2003, for adoption no later than December 31, 2003.

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

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BUDGET PROCESS – NEXT STEPS

- Standing Policy Committee review – March 6 to March 21, 2003
- Executive Policy Committee hears public delegations – March 24, 2003
- Executive Policy Committee tables final budget recommendations – March 26, 2003
- Council conducts final review and adoption – March 28, 2003

Winnipeg



PRELIMINARY
2003 CAPITAL BUDGET

March 5, 2003

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PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
SUMMARY OF CAPITAL PROGRAM	
TAX-SUPPORTED	
Local Improvements	**1,105**
Public Works	**60,016**
Land Drainage and Flood Control	**23,674**
Community Services	**8,775**
Community Incentive Grants	**1,393**
Fire Paramedic Service	**941**
Planning, Property and Development	**4,524**
Corporate Finance	**3,000**
City Clerks	**260**
Corporate Information Technology	**2,703**
Non-departmental	**2,600**
Tax-Supported General	**108,991**
Civic Accommodations	**5,867**
Transit	**19,434**
Total Tax-Supported Including Transit and Civic Accommodations	**134,292**
UTILITIES	
Waterworks System	**21,480**
Sewage Disposal System	**15,875**
Total Utilities	**37,355**
TOTAL CAPITAL PROGRAM	**171,647**

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
SUMMARY OF FINANCING REQUIREMENTS	
TAX-SUPPORTED	
Local Improvements	**1,105**
Public Works	**44,515**
Land Drainage and Flood Control	**2,394**
Community Services	**1,630**
Community Incentive Grants	**1,393**
Fire Paramedic Service	**941**
Planning, Property and Development	**2,749**
Corporate Finance	**3,000**
City Clerks	**260**
Corporate Information Technology	**2,703**
Unallocated Provincial UCPA IV	**(11,925)**
Tax-Supported General Financing (Net of Transit and Civic Accommodations)	**48,765**
Civic Accommodations	**5,332**
Transit	**5,408**
TOTAL TAX-SUPPORTED EXTERNAL & INTERNAL FINANCING	**59,505**
LESS: INTERNAL FINANCING (EQUITY IN CAPITAL ASSETS FUND)	**(56,400)**
LESS: INTERIM FINANCING	**(3,105)**
TOTAL TAX-SUPPORTED EXTERNAL FINANCING (none required)	
UTILITIES	
TOTAL UTILITY FINANCING	
TOTAL EXTERNAL FINANCING	

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
NON-DEBT & INTERNAL FINANCING:	
TAX-SUPPORTED	
Local Improvements:	
- Interim Financing	**1,105**
Public Works:	
- Leila Avenue Recovery from Developers	**412**
- Provencher Bridge Interim Financing	**2,000**
- General Purpose Reserve	**3,870**
- Provincial Contribution (Local Streets)	**5,000**
- Contribution from Glacial Sand and Gravel Special Operating Agency	**218**
- Transfer - 2003 Operating	**309**
- Canada/Manitoba Infrastructure Program	**5,692**
Community Services:	
- Transfer - 2003 Operating	**545**
- Library Technology Reserve	**600**
- Winnipeg Library Foundation	**3,000**
- Canada/Manitoba Infrastructure Program	**3,000**
Civic Accommodations:	
- Transfer - 2003 Operating	**535**
Planning, Property and Development:	
- Transfer - 2003 Operating	**700**
- Building Communities UCPA IV (Neighbourhood to be specified)	**1,075**
Non-Departmental:	
- Transfer - 2002 Operating	**150**
- Transfer - 2003 Operating	**1,047**
- Canada/Manitoba Infrastructure Program	**1,403**
Land Drainage and Flood Control:	
- Frontage Levy	**18,580**
- Developer Capacity Charges - Development Agreement Paybacks	**1,100**
- Provincial/Federal Contribution (Permanent Secondary Dikes)	**1,600**
Funding Presently Not Allocated to Specific Projects:	
- Internal Financing - Equity in Capital Assets Fund	**56,400**
- Unallocated Provincial UCPA IV (Agreement 2003 - 2008)	**11,925**

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
Transit:	
- General Purpose Reserve	**1,700**
- Transit Bus Replacement Reserve	**6,026**
- Transit Bus Replacement - UCPA IV	**3,000**
- Canada/Manitoba Infrastructure Program	**3,300**
Total UCPA IV (Agreement 2003-2008)	***16,000***
TOTAL TAX-SUPPORTED NON-DEBT & INTERNAL FINANCING	**134,292**
UTILITIES	
Waterworks System:	
- Aqueduct Rehabilitation Reserve	**3,900**
- Water Treatment Reserve	**6,000**
- Frontage Levy	**6,500**
- Waterworks Retained Earnings	**5,080**
Sewage Disposal System:	
- Sewage Disposal Retained Earnings	**11,255**
- Frontage Levy	**420**
- Environmental Reserve	**4,200**
TOTAL UTILITIES NON-DEBT FINANCING	**37,355**
TOTAL NON-DEBT & INTERNAL FINANCING	**171,647**

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
CAPITAL PROJECTS LISTING	
LOCAL IMPROVEMENTS - Ongoing Program.	
- Interim Financing	1,105
LOCAL IMPROVEMENTS	**1,105**
PUBLIC WORKS	
Regional Streets	
Street Improvements:	
Kenaston Blvd - Academy Rd to Taylor Ave	**100**
Leila Avenue - Altamont St to Agnes Arnold Place	**88**
- Developers	**412**
- Canada/Manitoba Infrastructure Program	**800**
Traffic Engineering Improvement - Various Locations	**700**
Pedestrian and Cycle Facilities - Various Locations	**100**
Total Street Improvements	**2,200**
Regional Street Renewals:	
Street Renewals - Annual Program	**8,131**
Bishop Grandin Blvd - St. Anne's Rd to the Fort Garry Bridge	**800**
Inkster Blvd - Main St to Lansdowne Ave	**200**
Sidewalk/Curb Renewal Program - Regional Streets	**72**
- Contribution from Glacial Sand and Gravel	**218**
Total Street Renewals	**9,421**

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
Waterway Crossing and Grade Separations:	
Waterway Crossing and Grade Separations - Annual Maintenance Program	**1,100**
Provencher Paired Bridges (Red River)	**10,000**
- Canada/Manitoba Infrastructure Program	**2,700**
- Interim Financing	**2,000**
Redwood Bridge	**3,000**
- Canada/Manitoba Infrastructure Program	**1,000**
Kenaston Underpass	
- General Purpose Reserve	**3,870**
- Canada/Manitoba Infrastructure Program	**330**
Total Waterway Crossings & Grade Separations	**24,000**
TOTAL REGIONAL STREETS	**35,621**
Local Streets	
Local Street Renewal Program - Various Locations	**8,800**
- Provincial Contribution	**5,000**
Curb Repair Program - Various Locations	**250**
Lane Renewals - Various Locations	**800**
Waterfront Drive	**145**
- Canada/Manitoba Infrastructure Program	**262**
TOTAL LOCAL STREETS	**15,257**
Asset Management System - Various Divisions	**350**
Land Drainage Sewers - Regional/Local Streets	**100**
TOTAL REGIONAL AND LOCAL STREETS	**51,328**
Parks and Open Space	
Streets - Aesthetic Improvements	**100**
Reforestation Program - Improvements	**800**
Athletic Fields - Phased Progression	**262**
Athletic Fields - Improvements	**100**
Parks - Phased Progression	**1,671**
Parks - Improvements	**260**
Total Parks and Open Spaces	**3,193**

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
Building Services	
Community Centres - Refurbishing and Improvements	**816**
Building Refurbishing/Improvements - Arenas	**750**
Red River Community Centre	
- Transfer - 2003 Operating	**309**
- Canada/Manitoba Infrastructure Program	**600**
Building Refurbishing/Improvements - Indoor Aquatic Facilities	**2,100**
Building Refurbishing/Improvements - Outdoor Aquatic Facilities	**520**
Building Refurbishment/Improvements - Community Facilities	**400**
Total Building Services	**5,495**
TOTAL PUBLIC WORKS	**60,016**
COMMUNITY INCENTIVE GRANT PROGRAM	**1,393**
COMMUNITY SERVICES	
Assiniboine Park Amenities Improvements/Development	
- Transfer - 2003 Operating	**295**
Leo Mol Sculpture Garden - proposed phase III expansion Council approved first charge of $103,262 against year 2003 on December 11 2002	
- Transfer - 2003 Operating	**250**
Computer Acquisition - Upgrade Reorganization and Customer Service	**100**
Millennium Library (Conditional Upon Other Funding Being in Place)	**1,000**
- Library Technology Reserve	**600**
- Winnipeg Library Foundation	**3,000**
- Canada/Manitoba Infrastructure Program	**3,000**
Community Computer Access Program	**280**
Integrated Property Based Information Systems	**250**
TOTAL COMMUNITY SERVICES	**8,775**
FIRE PARAMEDIC SERVICE	
Fire Protection Upgrade for 3 Storey Fire Stations	**263**
Heavy Fleet Services Repair Facility Improvements	**120**
Mobile Radio Data System Replacement	**279**
Land Acquisition	**279**
TOTAL FIRE PARAMEDIC SERVICE	**941**

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
PLANNING, PROPERTY AND DEVELOPMENT	
Civic Accommodations	
General Building Renovation and Refurbishing	**300**
Administration Building Alterations	**200**
Fire Safety Upgrading - Various Locations	**400**
Public Works/ Water & Waste Departments Facilities Consolidation (formerly Central Yard Relocation)	**882**
Public Safety Building - Exterior Cladding	**1,900**
Cooling Plant Refurbishing	**850**
Historic Building Stabilization	**500**
Winnipeg Police Service - Four District Model	
- Transfer - 2003 Operating	**535**
Council Building Renovation/Access Project	**300**
TOTAL CIVIC ACCOMMODATIONS	**5,867**
Planning, Property and Development	
Implementation and Expansion of BUILD	**100**
Weather Protected Pedestrian System	**250**
Riverbank Stabilization for City-Owned Riverbanks	**200**
Riverbank Greenway Programs	**358**
Land Acquisition - Riverbank	**200**
Cemeteries - Improvements	**166**
Riverbank Access Park and Dock Network	
- Transfer - 2003 Operating	**700**
Downtown Enhancement Program - Red River College Downtown Campus	**400**
Subtotal	**2,374**
Building Communities	
Neighbourhood to be specified	**1,075**
- Provincial UCPA IV	**1,075**
Total Building Communities	**2,150**
TOTAL PLANNING, PROPERTY AND DEVELOPMENT	**4,524**

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
CORPORATE FINANCE	
Connexus	**3,000**
CITY CLERKS	
Electronic Records Management	**260**
CORPORATE INFORMATION TECHNOLOGY	
Communications Network Infrastructure	**602**
Network Computing Initiatives	**251**
E-Government	**108**
Connexus	**1,742**
TOTAL CORPORATE INFORMATION TECHNOLOGY	**2,703**
NON-DEPARTMENTAL	
Winnipeg Enterprises Canad Inns Stadium Turf Replacement	
- Transfer - 2002 Operating	**150**
- Transfer - 2003 Operating	**547**
- Canada/Manitoba Infrastructure Program	**1,403**
Public Art Strategy	
- Transfer - 2003 Operating	**500**
TOTAL NON-DEPARTMENTAL	**2,600**
TRANSIT	
Bus Radio System Replacement with AVL Enhancement [(1)]	**2,301**
Regular Transit Buses [(1)]	**2,907**
- Transit Bus Replacement Reserve	**6,026**
- Province - UCPA IV	**3,000**
Innovative Transit Program [(1)]	**200**
Rapid Transit Corridor (Phase 1)	
- General Purpose Reserve	**1,700**
- Canada/Manitoba Infrastructure Program	**3,300**
TOTAL TRANSIT	**19,434**
[(1)] *Total Transit (Internal Financing - Equity In Capital Assets Fund)*	*5,408*

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
WATER & WASTE	
Land Drainage and Flood Control - Tax-Supported Portion	
LAND DRAINAGE AND FLOOD CONTROL - REGIONAL	
Combined Sewer Flood Relief - Frontage Levy	**7,200**
Flood Relief Sewers - Separate - Frontage Levy	**300**
Stormwater Retention Basin Rehabilitation (2)	**100**
Flood Pumping Station Rehabilitation (2)	**1,244**
Land Drainage and Combined Sewers Outfall Gate Structures (2)	**500**
Development Agreement Paybacks: - Developer Capacity Charges Financing	**1,100**
Permanent Secondary Dikes - Provincial/Federal Contribution	**1,600**
Seine River Waterway Acquisition (2)	**150**
Land Drainage Safety Upgrading Program (2)	**200**
TOTAL LAND DRAINAGE AND FLOOD CONTROL - REGIONAL	**12,394**
LAND DRAINAGE AND FLOOD CONTROL - RESIDENTIAL	
Combined Sewer Renewals - Frontage Levy	**11,080**
Outfall Rehabilitation (2)	**200**
TOTAL LAND DRAINAGE AND FLOOD CONTROL - RESIDENTIAL	**11,280**
TOTAL LAND DRAINAGE AND FLOOD CONTROL	**23,674**
(2) Total Land Drainage and Flood Control (Internal Financing - Equity In Capital Assets Fund)	*2,394*
WATER WORKS SYSTEM - Utility Funding	
Shoal Lake Aqueduct Condition Assessment & Rehabilitation - Aqueduct Renewal Reserve Funding	**3,900**
Water Treatment Plant - Functional & Detailed Design & Construction - Water Treatment Reserve Funding	**6,000**
Water SCADA Replacement (3)	**1,275**
Computerized Work Management System (3)	**650**
Branch II Aqueduct - Valves at Interconnection (3)	**300**
Watermain Renewals - Frontage Levy	**6,500**

PRELIMINARY 2003 CAPITAL BUDGET

CATEGORY/PROJECT	($000s)
River Crossing Investigations [3]	100
Water Pumping Station Power Reliability Study [3]	100
Customer Information and Billing System [3]	2,500
Inductively Coupled Plasma-Mass Spectrometer Acquisition [3]	155
TOTAL WATERWORKS (Utility Supported)	21,480
[3] *Financed from Waterworks Retained Earnings*	*5,080*
SEWAGE DISPOSAL SYSTEM - Utility Funding	
Primary Clarifier Covers - NEWPCC [4]	300
Lift Station Upgrading [4]	750
Combined Sewer Overflow (CSO) Management Strategy & Miscellaneous Mitigation - Environmental Reserve Funding	2,500
Warde Interceptor Sewer [4]	1,300
Inflow/Infiltration/Cross-Connection Study and Mitigation [4]	400
Computerized Work Management System [4]	650
Boiler Replacements - NEWPCC [4]	250
Centrate Treatment - NEWPCC - Environmental Reserve Funding	1,000
Dugald Interceptor Rehabilitation [4]	2,000
Assessment of Wastewater River Crossings, Forcemains & Pumping Stations [4]	400
Customer Information and Billing System [4]	2,500
Crane Wastewater Pumping Station Upgrade [4]	900
Surgewell Condition Assessment & Main Pump Hydraulic Rehabilitation - NEWPCC [4]	900
Biosolids - Alternative Disposal Delivery & Management System - Environmental Reserve Funding	200
Effluent Ammonia and Nutrient Related River Water Quality Studies - Environmental Reserve Funding	500
Risk and Criticality Assessment of Water Pollution Control Centres [4]	750
Inductively Coupled Plasma Mass Spectrometer Acquisition [4]	155
TOTAL SEWAGE DISPOSAL - REGIONAL	15,455
SEWAGE DISPOSAL - RESIDENTIAL	
Wastewater Sewer Renewal - Frontage Levy	420
TOTAL SEWAGE DISPOSAL	15,875
[4] *Financed from Sewage Disposal Retained Earnings*	*11,255*