Agenda - Executive Policy Committee – July 14, 2010

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

Report – Standing Policy Committee on Protection and Community Services – July 12, 2010

Item No. 2 Loan Agreement - Canada Mortgage and Housing Corporation Municipal Infrastructure Lending Program - Fire and Paramedic Stations
eFile S-7

STANDING COMMITTEE RECOMMENDATION:

On July 12, 2010, the Standing Policy Committee on Protection and Community Services concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That approval be provided to borrow $9,678,000 and enter into a 15 year loan principal and interest repayment agreement with the Canada Mortgage and Housing Corporation (CMHC) Municipal Infrastructure Lending Program and that the loan proceeds be directed to fund the Facilities Replacement and Relocation Program project, subject to CMHC extending the period by which the City accepts the provided commitment letter.

2. That the borrowing by-law for the project (Appendix A in the Public Service report dated June 30, 2010) be enacted.

3. That subject to Canada Mortgage and Housing Corporation advancing loan proceeds under the Municipal Infrastructure Lending Program for the Fire Paramedic Station projects detailed in the Public Service report dated June 30, 2010:

    A. That proceeds from the disposition of the properties to be vacated be applied against the capital cost of the project.

    B. That the 2010 Capital Budget be amended by $10,018,500.

    C. That funds in the yearly amount of approximately $870,450 from the tax-supported operating budget be dedicated to loan repayment commencing in 2011.

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

Agenda - Executive Policy Committee – July 14, 2010

Reports – Standing Policy Committee on Protection and Community Services – July 12, 2010

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On July 12, 2010, the Standing Policy Committee on Protection and Community Services concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

ISSUE: **Approval To Enter Into A Loan Agreement With The Canada Mortgage And Housing Corporation Municipal Infrastructure Lending Program – Fire And Paramedic Stations**

Critical Path: **THE STANDING POLICY COMMITTEE ON PROTECTION AND COMMUNITY SERVICES – EXECUTIVE POLICY COMMITTEE - COUNCIL**

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Douglas	J.R. (Jim) Brennan	J. Ferrier, Acting CFO	P. Sheegl, Deputy CAO

RECOMMENDATIONS

1. That approval is provided to borrow $9,678,000 and enter into a 15 year loan principal and interest repayment agreement with the Canada Mortgage and Housing Corporation (CMHC) Municipal Infrastructure Lending Program and that the loan proceeds be directed to fund the Facilities Replacement and Relocation Program project, subject to CMHC extending the period by which the City accepts the provided commitment letter.

2. That Council enact the attached Borrowing Bylaw for the project (Appendix A).

3. Subject to CMHC advancing loan proceeds under the Municipal Infrastructure Lending Program for the Fire Paramedic Station projects detailed in this report:

    a. That proceeds from the disposition of the properties to be vacated be applied against the capital cost of the project;

    b. That the 2010 Capital Budget be amended by $10,018,500; and

    c. That funds in the yearly amount of approximately $870,450.00 from the tax-supported operating budget be dedicated to loan repayment commencing in 2011.

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

REASON FOR THE REPORT

The Fire Paramedic Service has, through a 2005 facility audit, determined that it is much more cost effective to replace three fire paramedic stations that are beyond their useful life than to continue to repair them. It has also determined a response deficit in the south-east quadrant of the city that a new Fire Paramedic station in the vicinity of Bishop Grandin Boulevard and Lagimodiere Boulevard would resolve (see Appendix B for additional information).

CMHC has established a $2 billion direct low cost loan program for housing-related infrastructure projects in cities across the country. The objective of the program is to support residential communities through investments that create jobs, provide low cost funding to assist municipalities and contributes to healthier, safer and modern residential communities. Construction under the program must be completed by March 31, 2012. The interest rate is established at the time of the loan advance and is estimated to be 4%. The CMHC loan provides an opportunity to the City with rates approximately 1% lower than the City could otherwise access. Funds are available under this program on a "first come first served" basis. Commitment letters for these Fire Paramedic stations have been received and must be returned signed by the City, along with meeting other conditions, before the funds are locked in by CMHC for these projects. The City has requested CMHC extend the period by which it must sign-off on the commitment letters.

IMPLICATIONS OF THE RECOMMENDATIONS

Council approval to amend the 2010 Capital Budget is required.

Council approval to enter into a agreement and an approved Borrowing Bylaw are conditions of the CMHC Municipal Infrastructure Lending Program.

The cost of the project is estimated to be $15,340,500, to be funded as follows:

2006 Facilities Replacement and Relocation Program	$1,030,000
2008 Facilities Replacement and Relocation Program	1,792,000
2010 Facilities Replacement and Relocation Program	2,500,000
CMHC Municipal Infrastructure Lending Program loan	9,678,000
Estimated **net** proceeds of disposition of properties (based on 2008 assessed values)	340,500
TOTAL	$15,340,500

Constructing these new facilities will allow the City to dispose of properties at 200 Berry Street and 1710 Grosvenor Avenue.

HISTORY

A 2005 facilities audit of Fire Paramedic stations identified critical safety and stability issues with some of the existing stations. Some were deemed to be beyond their service life and others were built at a time prior to the amalgamation of the cities that formed the current City of Winnipeg. Many of these smaller municipalities had volunteer departments with facilities which are still in use today. These facilities are no longer capable of sustaining the current business and response model required. It is deemed prudent to try and escalate the replacement of some of this infrastructure prior to it becoming unserviceable and having the cost of maintenance far exceed the value of the building. The three replacement stations fall into this category.

Also, as the city continues to develop and expand into new areas, the ability of WFPS to provide a necessary response into these new areas becomes increasingly difficult. The southeast portion of the city comprised of Island Lakes, Southdale, Royalwood and the new Sage Creek developments has expanded beyond the department's ability to provide effective response into this portion of the city. It is necessary to locate a new station into this area to correct this deficiency.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 30, 2010

Project Name: APPROVAL TO ENTER INTO A LOAN AGREEMENT WITH THE CANADA MORTGAGE AND HOUSING CORPORATION MUNICIPAL INFRASTRUCTURE LENDING PROGRAM

First Year of Program 2010

	2010	2011	2012	2013	2014
Capital					
Capital Expenditures Required	$ 15,340,500	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	5,322,000	-	-	-	-
Additional Capital Budget Required	$ 10,018,500	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ 3,122,000	$ -	$ -	$ -	$ -
Debt - External (CMHC)	9,678,000	-	-	-	-
Grants - MWIP	2,200,000	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Property Disposition Proceeds	340,500	-	-	-	-
Total Funding	$ 15,340,500	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 10,018,500				
Total Additional Debt Required	$ 9,678,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ 1,142,640	$ 1,142,640	$ 1,142,640	$ 1,142,640
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ 1,142,640	$ 1,142,640	$ 1,142,640	$ 1,142,640
Less: Existing Budget Amounts	-	272,190	272,190	272,190	272,190
Net Budget Adjustment Required	$ -	$ 870,450	$ 870,450	$ 870,450	$ 870,450

Additional Comments: Funding sources will be provided through existing capital budgets, the CMHC Municpal Infrastructure Lending Program and net proceeds to be realized on related property dispositions. The debt charges associated with the CMHC loan are not presently budgeted for. Existing budget for current expenditures are for debt charges on internal borrowing, assuming a 20 year amortization.

Bodo G.W. Roloff, CMA
Manager of Finance and Administration

CONSULTATION

In preparing this Report there was consultation with:

Corporate Finance Department

Legal Services Department

SUBMITTED BY

Winnipeg Fire Paramedic Service
Prepared by: Reid Douglas
Date: June 30, 2010
File No.

THE CITY OF WINNIPEG

BY-LAW NO. _____

A borrowing by-law of THE CITY OF WINNIPEG to authorize the borrowing of money in an amount up to $9,678,000.00.

WHEREAS Section 294 of *The City of Winnipeg Charter* provides, in part, as follows:

"294(1) Subject to subsection (2), council may pass by-laws enabling the city to borrow money in such manner, in such amounts, and on such security as council may consider necessary for any purpose for which the city is authorized to make provision, including, without limiting the generality of the foregoing, borrowing money required for local improvements.

294(2) Before council gives second reading to a by-law under subsection (1), the city must apply for and obtain the approval of the Minister of Finance for the borrowing under the proposed by-law.

294(3) An application for approval under subsection (2) must specify the principal amount to be borrowed and give a general description of the objects for which the amount will be used, but it is not necessary to specify in the application

(a) the manner of borrowing;

(b) the particulars of any proposed securities to be issued in respect of the borrowing; or

(c) the rate of interest payable on the amount or the term within which it is repayable.

294(4) In dealing with an application made under this section, the Minister of Finance must consider only the financial position of the city and must

(a) approve the application in whole or in part or subject to terms and conditions, including specifying the time within which the amount to be borrowed is to be repayable; or

(b) refuse to approve the application."

AND WHEREAS THE CITY OF WINNIPEG (hereinafter referred to as "the City") considers it necessary to borrow money from Canada Mortgage and Housing Corporation ("CMHC") in an amount of $9,678,000.00 repayable over a period of fifteen (15) years for the purpose of the City's Fire Paramedic Services Facilities Replacement and Relocation Program.

AND WHEREAS after the first reading and before the second reading of this borrowing by-law, its enactment received the authorization of the Minister of Finance;

NOW THEREFORE THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

1 For the purposes and objects of the City specified in this by-law, money in the principal amount of $9,678,000.00 may be borrowed pursuant to the terms of the CMHC Municipal Infrastructure Lending Program.

RECEIVED FIRST READING on the day of , 2010;

AUTHORIZATION OF THE MINISTER OF FINANCE RECEIVED on the day of , 200 ;

RECEIVED SECOND READING on the day of , 2010;

RECEIVED THIRD READING AND PASSED on the day of , 2010.

DONE AND PASSED, in Council assembled, this day of , 2010.

_____
Mayor

_____
City Clerk

Approved as to financial details:

_____
City Treasurer

Approved as to form:

_____
Director of Legal Services and
City Solicitor

Appendix B
Fire Paramedic Stations
to be Reconstructed/Constructed
Utilizing CMHC Loan Proceeds

Fire Station #11

This project is to replace existing No.11 fire station located at 200 Berry Street in the City of Winnipeg. The current structure is nearing 100 years old and was built during the time of horse drawn fire apparatus. The structure is beyond the end of its life cycle and no longer able to meet the needs of the Winnipeg Fire Paramedic Service. The Facility Condition Assessment completed by VFA, Inc. in 2005 identified Station 11 as being at the end of its life cycle for a fire station. The new structure will be built in the general vicinity and serves a large commercial area, a large industrial area, a large residential area and responds to the James Richardson International Airport as well as CFB Winnipeg. This station is designated as a core function station for the city and houses firefighting apparatus and personnel, technical/confined space rescue personnel and EMS paramedics. The new station is to be built to LEED Silver standards for energy efficiency and allow the department to meets its mandate in the west end of the city for the future on a go forward basis. The existing station would not need to be demolished and the property at 200 Berry Street would become surplus. It should be noted that the City also owns the property (lot) on the north side of 200 Berry Street adjacent to the fire station.

Fire Station #12

The current Station 12 is located at 1710 Grosvenor Street in North River Heights amidst a residential area in the south central portion of the city. This station is beyond is useful service life and is starting to deteriorate rapidly. It is too small to accommodate modern fire and EMS apparatus and to facilitate health and safety concerns for the station. The new station will be relocated farther south in the vicinity of Grant Avenue between Waverley Street and Kenaston Boulevard. Being on a main thoroughfare allows the fire and EMS units to retain response into their current area as well as facilitate response further south into the new and developing areas of the city. This station will be designated a "suburban type" station and will be build to LEED Silver Standard for energy efficiency and sustainability. The property at 1710 Grosvenor Street would become surplus.

Fire Station #18

Station 18 is located at 5000 Roblin Boulevard, in the western end of the city on the south side of the Assiniboine River. This station covers large residential, commercial and agricultural areas. Urban forests also form part of this stations response district. The station was constructed using light duty construction techniques and built pre-1972 amalgamation of the municipalities to form the now City of Winnipeg. Expansion of service into this area leaves this one bay hall obsolete and incapable of meeting the requirements for fire and EMS response to this large area. The station is in very poor condition with shifting substructure causing cracks in the foundation, floors and interior partition walls. The new station will be built to LEED Silver Standards for energy efficiency and sustainability. This includes re-cycling the products of demolition from the old station. WFPS owns the property the current station is located on as well as the

adjoining lot to the east. The consequence of this development would be closing of the stand-alone ambulance station at 2325 Grant Avenue and the relocation of the ambulance to the new facility.

Fire Station #27

New residential construction and commercial development in the south east quadrant of the City of Winnipeg has extended beyond acceptable or even reasonable response capabilities of the Winnipeg Fire Paramedic Service. A new joint fire and paramedic station is critical for this region to enable the department to meet its mandate and provide timely fire, rescue and emergency medical response to the citizens of these communities. This station will be designated as a Suburban Station, smaller in size than the Core Function Stations servicing the downtown core areas. This station will be built to LEED Silver standards for energy efficiency and sustainability for the future.

