Agenda - Executive Policy Committee - April 23, 2003

Report - Standing Policy Committee on Public Works - April 15, 2003

Item No. 7. City of Winnipeg Policy for Infrastructure Reinvestment Part III of III: Commitment to Strategic Municipal Infrastructure Research File S-7 (Vol. 4)

STANDING COMMITTEE RECOMMENDATION:

On April 15, 2003, the Standing Policy Committee on Public Works concurred in the administrative recommendation, and recommended:

1. That Council adopt the following as City of Winnipeg Policy:

   "That 0.5% of all Capital Budgets for projects is identified for strategic municipal infrastructure research and innovative partnership projects."

2. And that this Policy be effective for 2003.

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

Agenda - Executive Policy Committee - April 23, 2003

Report - Standing Policy Committee on Public Works - April 15, 2003

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 15, 2003, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submitted the matter to Executive Policy Committee and Council.

On February 11, 2003, the Standing Policy Committee on Public Works concurred in the administrative recommendation and laid consideration of the matter over to the meeting of the Committee scheduled for April 15, 2003.

On December 10, 2002, the Standing Policy Committee on Public Works directed that the Administration provide an update, including time lines, to the meeting of the Standing Policy Committee on Public Works scheduled for February 11, 2003.

On October 2, 2001, the Standing Policy Committee on Public Works considered Clause 1 of the Report of the Executive Policy Committee dated September 19, 2001, which included the following recommendations:

I. That the Standing Policy Committee on Public Works be requested to prepare a policy on Infrastructure Reinvestment for Council's consideration.

II. That the Standing Policy Committee on Public Works be requested to prepare a policy factoring maintenance costs into initial costs for Council's consideration.

III. That the Standing Policy Committee on Public Works consider as part of the policy review, the reinvestment of a portion of all tender awards being directed to strategic research and innovative partnership projects.

IV. That since its mandate is now complete, SIRPIC and its subcommittees be dissolved, with ongoing work regarding reinvestment policy implementation being referred to the Administration.

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

The Standing Policy Committee on Public Works referred recommendations I., II., and III. to the Administration for review, including input from and consultation with the Manitoba Heavy Construction Association, and report back to the Standing Policy Committee on Public Works, and further received as information recommendations IV. and V.

ADMINISTRATIVE REPORT

RE: CITY OF WINNIPEG POLICY FOR INFRASTRUCTURE REINVESTMENT
Part III of III: Commitment to Strategic Municipal Infrastructure Research

FOR SUBMISSION TO: Standing Policy Committee on Public Works

ORIGINAL REPORT SIGNED BY: J.A. Thomson, P. Eng., Director of Public Works

REPORT DATE: 13 March 2003

RECOMMENDATION:

That Council adopts the following as City of Winnipeg Policy:

It is the policy of the City of Winnipeg that 0.5% of all Capital Budgets for projects is identified for strategic municipal infrastructure research and innovative partnership projects.

And that this policy be effective for 2003.

Details:

This policy applies only to tax-supported infrastructure preservation.

All tax-supported capital budget items related to infrastructure shall include 0.5% for strategic municipal infrastructure research and innovative partnership projects.

The strategic municipal infrastructure research amounts included in the capital project budgets shall be used for infrastructure research and innovative partnership projects as approved by the Department Head.

Each department shall submit in their annual report information on the strategic research and innovative partnership projects conducted using these funds.

REPORT SUMMARY:

Key Issues:

- Commitment of Capital resources to strategic municipal infrastructure research and innovative partnership projects.

Implications of the Recommendation(s):

General Implications:

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

Comments: Once adopted, the recommended policy will provide a dedicated revenue stream for strategic municipal infrastructure research and innovative partnership projects.

Policy Implications:

	No
X	Yes

Comments: This report has been prepared in response to the direction of Council to recommend a policy for strategic research and innovative partnership projects for Council to consider.

Environmental Implications:

X	No
	Yes

Comments:

Human Resource Implications:

X	No
	Yes

Comments:

Financial Implications:

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

Comment: The assigned funding is to be used only for strategic municipal infrastructure research and innovative partnership projects.

REASON FOR THE REPORT:

On 26 September 2001, Council reviewed the 19 September 2001 report of the Executive Policy Committee (EPC), which presented the recommendations of the Strategic Infrastructure Reinvestment Policy Implementation Committee and the City's strategy and framework for implementation. The 30 recommendations were presented under two sections: Those that require Council adoption, and those that can be implemented through the issuance of administrative guidelines or specifications.

In summary, the Executive Policy Committee recommended the following:

I. "That the Standing Policy Committee on Public Works be requested to prepare a policy on Infrastructure Reinvestment for Council's consideration.
II. "That the Standing Policy Committee on Public Works be requested to prepare a policy factoring maintenance costs into initial costs for Council's consideration.
III. "That the Standing Policy Committee on Public Works consider as part of the policy review, the reinvestment of a portion of all tender awards being directed to strategic research and Innovative partnership projects."

The Department has prepared a report in three parts - one part for each policy recommendation - so that Council may consider each individually:

CITY OF WINNIPEG POLICY FOR INFRASTRUCTURE REINVESTMENT:

Part I – Redirection of Capital Debt Payments Toward Infrastructure Preservation
Part II – Adjustment of Infrastructure Maintenance Budgets for Inflation and Growth in Physical Inventory
Part III – Commitment to Strategic Municipal Infrastructure Research

HISTORY:

The Strategic Infrastructure Reinvestment Policy (SIRP) report was released on 15 May 1998. The Report was considered by the Standing Policy Committee on Public Works on 29 June 1998, by the Executive Policy Committee (EPC) on 7 July 1998, and ultimately approved by Winnipeg City Council on 22 July 1998.

In accordance with the report's final recommendation, the SIRP Implementation Committee (SIRPIC) was struck with a mandate to "implement the adopted policy options". The SIRPIC's recommendations were presented to the EPC on 20 July 2000, and the EPC, in turn, requested a report outlining the City's strategy and framework with respect to priorities and the fiscal impact to the City.

DISCUSSION:

Infrastructure is defined as the basic permanent physical systems of a community, including roadways, utilities, water, sewage, buildings and parks. These systems are considered essential for enabling productivity in the economy.

SIRP and SIRPIC both recommended $500,000 start-up funding for strategic municipal infrastructure research, beginning in 2001, and for 0.5% of the capital construction budget thereafter. The purpose of the $500,000 was to allow research work to begin immediately. With no start-up amount, less work can occur initially.

Based on 0.5% of the proposed 2003 capital construction budget in the Public Works Department, approximately $135,000 could be realized for strategic research in 2003. Such funding would in part fund a faculty position in urban infrastructure renewal and establish a database on urban infrastructure technology at the University of Manitoba Faculty of Engineering, and lead to strategic partnerships with the University and other partners in the construction industry in municipal research.

This policy is supported by Council's adoption of the Strategic Infrastructure Reinvestment Policy (SIRP – 15 May 1998), the SIRP Implementation Committee Report (SIRPIC – 20 July 2000) and most recently by Plan Winnipeg under Indicator 3D-01: Commit Foremost to the Maintenance and Renewal of Existing Infrastructure. Specifically part (iii) "(by) applying advanced techniques, new technology, best practices, better materials, and innovative products in all infrastructure renewal, rehabilitation, construction, and preventive maintenance programs to maximize return on infrastructure investment"

Project Name: **First Year of Program** **2003**

City of Winnipeg Policy for Infrastructure Reinvestment - Part III of III - Commitment to Strategic Municipal Infrastructure Research.

	2003	2004	2005	2006	2007
Capital					
Capital Expenditures Required	$ 183,000	$ 183,000	$ 183,000	$ 183,000	$ 183,000
Less: Existing Budgeted Costs	183,000	$ 183,000	$ 183,000	$ 183,000	$ 183,000
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - To Be Determined					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs					
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts					
Net Budget Adjustment Required		$ -	$ -	$ -	$ -

Additional Comments:

The following assumptions were used in estimating the annual amount of capital funding provided for Strategic Municipal Infrastructure Research:

1) Annual Tax-Supported Capital program of $61,000,000
2) An average construction cost equalling 60% of the total cost of the capital program.
3) Strategic Municipal Infrastructure Research calculated at a rate of 0.5% of capital construction costs.
4) The Strategic Municipal Infrastructure Research estimate is calculated as $61,000,000 x 0.60 x 0.005 = $183,000

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

Approved by Divisional Accountant Trainee: ☑

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH:
N/A

THIS REPORT SUBMITTED BY:

Department:	Public Works Department
Division:	Engineering Division
Prepared by:	L.S.W. Larkin, P. Eng.....986-5008
Processed by:	G. Foster.....986-4011
File Name:	Part III - Commitment to Strategic Municipal Infrastructure