Minutes – Executive Policy Committee – October 12, 2011

Minute No. 491
Report – Standing Policy Committee on Infrastructure Renewal and Public Works – October 3, 2011

Item No. 2 Greater Winnipeg Gas Franchise Agreement Renewal – Agreement for the Cost Sharing of Relocated Gas Services in the Right-of-way

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 the Cost Sharing Agreement set out between The City of Winnipeg and Centra Gas, which details the cost sharing arrangements between both parties when The City of Winnipeg initiates the relocation of existing gas services in the right-of-way, be approved.

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

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – October 3, 2011

DECISION MAKING HISTORY:

Moved by Councillor Vandal,

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 October 3, 2011, 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.

ADMINISTRATIVE REPORT

Title: Greater Winnipeg Gas Franchise Agreement Renewal – Agreement for the Cost Sharing of Relocated Gas Services in the Right-of-way

Critical Path: Standing Policy Committee on Infrastructure Renewal & Public Works – Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
L. P. Deane, P. Eng. Manager of Engineering	B.W. Sacher, P.Eng. Director of Public Works	M Ruta Chief Financial Officer	D Joshi Chief Operating Officer

RECOMMENDATIONS

That Council approve the cost sharing agreement set out between the City of Winnipeg (City) and Centra Gas that details the cost sharing arrangements between both parties when the City initiates the relocation of existing gas services in the right-of-way.

REASON FOR THE REPORT

To request the concurrence and approval from Council for formalization of the cost sharing agreement set out by the Public Utilities Board (PUB) Order 58/63 for the relocation of gas services in the Right-of-way.

IMPLICATIONS OF THE RECOMMENDATIONS

- The agreement between the City and Centra Gas will help formalize an existing and often forgotten cost sharing arrangement set out by the Public Utilities Board (PUB) Order 58/63 (appendix “A”).
- The formal agreement will be included as part of the franchise renewal with Centra Gas and the Greater Winnipeg Region that is to be tabled for approval at the PUB in the fall of 2011 (appendix “B”).
- The cost sharing arrangement provides that the City does not pay for relocation of gas services that have been previously depreciated by Centra Gas.
- This agreement is the same cost sharing arrangement that governed prior to the franchise renewal negotiations; therefore, there should be no new cost implications to the City. The cost associated with relocations is dependant on the projects undertaken by the City in a given year that may require gas relocations. Without the agreement the City would share 50% of all potential relocation costs.

HISTORY

- In 2008, pursuant to the *Greater Winnipeg Gas Distribution Act*, and by means of Order in Council No. 00416/2007, the Greater Winnipeg Gas Distribution Negotiating Committee was appointed. Its purpose is to negotiate the franchise agreement for the provision of natural gas to the municipalities comprising Greater Winnipeg, as defined by the Act.
- Centra Gas’s franchise agreement with the Greater Winnipeg Region, including the City, expired on January 1, 2009
- Representatives from the City and the affected Municipalities along with Centra Gas re-negotiated the schedule for the franchise agreement renewal.
- In addition to a revised schedule, a separate agreement was developed to formally capture the existing cost sharing formula set out in the Public Utilities Board Order 58/63 for the relocation of gas services.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 24, 2011

Project Name:

First Year of Program **2011**

Greater Winnipeg Gas Franchise Agreement Renewal - Letter of Understanding for the Cost Sharing of Relocated Gas Infrastructure in the Right-of-way

	2011	2012	2013	2014	2015
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	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Cost implications to the City cannot be determined at this time as this is dependent on the projects undertaken by the City in a given year.

"Original Signed by D. Stewart, CA"
Department Controller

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department

SUBMITTED BY

Department	Public Works
Division	Engineering
Prepared by:	Scott Payne
Processed by:	Kathy Ross
Date:	August 19, 2011
File No.	L:\Admin\Reports 2011\S Payne\August\Gas Agreement RIS Report Aug 19 11.doc

Attachments:



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