Agenda - Council - November 16, 2011

Report - Standing Policy Committee on Infrastructure Renewal and Public Works – November 4, 2011

Item No. 4 Government of Manitoba – City of Winnipeg Transit Funding Agreement

STANDING COMMITTEE RECOMMENDATION:

On November 9, 2011, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works submits the following to Council:

1. The 'Transit Funding Agreement' between the Government of Manitoba and the City of Winnipeg be approved for execution by all required parties.

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

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - November 4, 2011

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 9, 2011, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On November 4, 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: ***GOVERNMENT OF MANITOBA – CITY OF WINNIPEG TRANSIT FUNDING AGREEMENT***

Critical Path: **Standing Policy Committee on Infrastructure Renewal and Public Works – EPC - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
T. Yanchishyn	D. Wardrop	M Ruta Chief Financial Officer	D Joshi Chief Operating Officer

RECOMMENDATIONS

That Council approve the attached agreement entitled 'Transit Funding Agreement' between the Government of Manitoba and the City of Winnipeg for execution by all required parties.

REASON FOR THE REPORT

Clause 3(h) of the City Organization By-Law 7100/97 provides that City Council must make decisions concerning policies affecting inter-governmental relations, including requests for legislation.

As this agreement will form the basis of funding from the Province of Manitoba for Winnipeg Transit in perpetuity, Council approval is being sought.

IMPLICATIONS OF THE RECOMMENDATIONS

As the Transit Department's 2011 and future operating budgets reflect the terms of this agreement, no financial implications apply to the recommendations.

HISTORY

In 2008, the Province of Manitoba amended The Municipal Revenue (Grants and Taxation) Act to add subsection 9(1.1) which provided that the grants under the Building Manitoba Fund must include for each municipality that operates a regular or rapid public transit system a transit operating grant in an amount that is not less than 50% of the annual operating cost of the transit system in excess of its

annual operating revenue, as determined by the Minister of Local Government in consultation with the municipality.

The Province of Manitoba has been providing funding to the City of Winnipeg under this legislation since its adoption. This agreement formalizes the specific terms applicable to the City under which this legislation will apply.

A copy of the agreement in draft is included in the Appendix of this report.

OPERATING GRANT PROVISIONS

The Province of Manitoba will provide a grant in the amount of 50% of the net eligible operating costs incurred for the operation of the regular and handi-transit service, including costs related to rapid transit service. This is defined as:

Eligible Operating Costs
Less: System Generated Revenue

Net Eligible Operating Costs

Revenues excluded from System Generated Revenue:

- Transfers from reserves
- Transfers from the General Revenue Fund
- Manitoba's contribution under this agreement

Ineligible costs include:

- Property taxes and payments to the City of Winnipeg
- Transfers to reserves
- Amortization, interest and debenture issue costs related to bus purchases and other capital projects that receive funding from the Province of Manitoba or other third parties

CAPITAL GRANT PROVISIONS

- Specifies the terms of the Province of Manitoba's $17.5 million contribution towards the City's current $138 million rapid transit capital project.

- Specifies the terms of the Province of Manitoba's contribution equal to one half the purchase cost of 10 buses for rapid transit service in 2012 and every 18 years thereafter.

- Continues the Province of Manitoba's annual contribution to the purchase of buses, excluding those for rapid transit, presently in the amount of $3.84 million per year.

FINANCIAL IMPACT

GOVERNMENT OF MANITOBA - CITY OF WINNIPEG TRANSIT FUNDING AGREEMENT

COMMENTS:

As the 2011 and future operating budgets already reflect the terms of the agreement there is no financial impact to the recommendations.

Tanis Yanchishyn, CA

Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

Legal Services

SUBMITTED BY

Department Transit
Division Finance and Administration
Prepared by: Tanis Yanchishyn
Date: *September 20, 2011*
File No.


Transit Funding Agreement.doc