CONSIDERATION OF REPORT OF THE

COMMITTEE ON FINANCE AND ADMINISTRATION

The Executive Policy Committee has had before it the Report of the Committee on Finance and Administration, dated September 29th, 1992, has concurred in the recommendations contained therein, and submits same to Council for approval and adoption.

On motion of Councillor Selinger, the Report of the Committee on Finance and Administration, dated September 29th, 1992, was considered clause by clause.

West Committee Room,
Council Building, Winnipeg.
September 29th, 1992.

His Worship the Mayor and Councillors:

Your Committee on Finance and Administration submits the following Report and recommends:

Extension of Time - Guidelines and
Delegated Authority. File GC-11

1516 - 1. Council at its meeting held on May 27th, 1992, ruled automatic referral of the following motion to your Committee, under Section 16.1 of the Procedure By-law No. 5400/90:-

Moved by Councillor Reese,
Seconded by Councillor Thomas,
"WHEREAS there are no guidelines for the delegated authority of the Committee on Finance and Administration as it relates to leasing arrangements for private properties;

THEREFORE BE IT RESOLVED that the July 18th, 1979, authority delegated to the Committee on Finance and Administration as it relates to leasing of private properties by the City for City purposes be amended by providing for guidelines and further guidelines for the $1 million ceiling, or for less than $1 million."

On June 2nd, 1992, your Committee on Finance and Administration referred the above motion to the Administration for report, which report has yet to be received.

Your Committee on Finance and Administration requests Council grant your Committee an extension of time of 90 days in which to consider this matter and report to Council.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

Offer to Purchase Industrial Site - South side
of Dufferin Avenue between
McGregor and McKenzie Streets-
File FI-2.4.5

1517 - 2. Your Committee on Finance and Administration has considered the attached Item 1 of Report No. 1A of the Technical Advisory Committee on City Properties, dated September 15th, 1992 (File No. 4309/47), relative to an offer to purchase a City-owned lot located on the south side of Dufferin Avenue between McGregor and McKenzie Streets, in the Lord Selkirk-West Kildonan Community shown on Misc. Plan No. LSWK 6937/1.

**Report of the Committee on Finance and Administration, dated September 29th, 1992.**

The lot, among others, was acquired by the City in 1971 for the Sherbrook-McGregor Overpass Project, which project has since been abandoned.

On September 14th, 1984, the (then) Committee on Environment concurred in a number of recommendations contained in a report submitted by the (then) Commissioner of Environment dated January 26th, 1983, one in particular, recommending that the lands fronting on Dufferin be held for consolidation with adjoining holdings for development of larger sites.

The Land Surveys and Real Estate Department, however, has not been able to dispose of the referenced lot to the owners of lands on either side of the lot.

The Department now is in receipt of an Offer to Purchase from Protech Scale Ltd. which proposes to construct a building containing approximately 2,600 square feet for the sale and servicing of industrial and commercial scales.

Proceeds from the sale of the referenced lot are to be credited to Streets and Transportation Department's Future Right-of-Way Account.

Your Committee on Finance and Administration recommends:-

1. That Lot 9 shown on Misc. Plan No. LSWK 6937/1 be declared surplus and that the City accept the Offer to Purchase in accordance with the terms and conditions outlined in the attached report;

2. That the proper officers of the City do all things necessary to implement the foregoing including the execution of any documents related thereto.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 1519 for attachment.)

Exchange/Sale - Corner
Rounding - South-west Corner Inkster Blvd.
and King Edward Street - Winnipeg School
Division No. 1/The City of Winnipeg.
File FI-2.4.4(School)

1518 - 3. Your Committee on Finance and Administration has considered the attached Item 2 of Report No. 1A of the Technical Advisory Committee on City Properties, dated September 15th, 1992 (File 7224), relative to an exchange/sale - corner rounding - southwest corner Inkster Blvd. and King Edward Street - Winnipeg School Division No. 1/The City of Winnipeg.

At its meeting held on August 18th, 1988, The Board of Commissioners considered a report from the Director of Streets and Transportation, dated July 29th, 1988 and, instructed the Director of Land Surveys and Real Estate to negotiate for the property required for the proposed widening of Inkster Boulevard.

The property as described herein is required in part for the proposed widening of Inkster Boulevard to a 36.6 m (120') right-of-way and to provide a right-turn cut-off at King Edward Street. The Inkster widening (Keewatin Street to Route 90) is included on List 1, (within 5 years), of the Property Acquisition Program for Future Regional Transportation Purposes, which was adopted by Council on October 6th, 1982.

Your Committee on November 1st, 1988, approved the acquisition of the property now shown as City lands on drawing LSWK 7254/3 from The United Church of Canada. The City on March 30th, 1989, received title to the property. The report to the Committee indicated that the South-west part of the Church's land was surplus to the City's right-of-way requirements and that discussions were underway with the adjacent owner, the Winnipeg School Division No. 1, relative to the exchange of this surplus land for additional land the City required from the School Division to complete this right-of-way project.

**Report of the Committee on Finance and Administration, dated September 29th, 1992.**

Council on December 20th, 1989, authorized the opening of the proposed right-of-way in accordance with drawing No. LSWK 7254/2. This drawing is identical to the attached drawing No. LSWK 7254/3 insofar as the right-of-way definition is concerned and insofar as the identification of the City's surplus land at this location is concerned.

The School Division has agreed with the exchange/purchase of the required lands in accordance with the terms and conditions as set out on Schedule "A" attached.

The Land Surveys and Real Estate Department is of the opinion that the proposed Exchange/Sale and terms and conditions as indicated herein, are reasonable.

The Streets and Transportation Department has requested that the funds from this proposed sale/exchange be credited to the Future Right-of-Way of Regional Transportation Purposes Account. Council's October 6th, 1982 policy allows monies to be returned to that account only if the project is cancelled by Council. As Council has not cancelled this project, it will be necessary to seek Council's approval in this instance.

Your Committee on Finance and Administration recommends:-

1. That the exchange/sale of the properties for the sum of $9,571.00 and in accordance with the terms and conditions as indicated on the attached Schedule "A" be approved;

2. That the proper officers of the City be authorized to credit the net sale proceeds to the Future Right-of-Way of Regional Transportation Purposes Account and to do all things necessary to effect the foregoing.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 1520 for attachment.)

1519 - Attachment referred to in Clause 2 of the Report of the Committee on Finance and Administration, dated September 29th, 1992.

(SEE PAGE 2288 FOR OFFICIAL SET OF MINUTES ATTACHMENT)

1520 Attachment referred to in Clause 3 of the Report of the Committee on Finance and Administration, dated September 29th, 1992.

(SEE PAGE 2289 FOR OFFICIAL SET OF MINUTES FOR ATTACHMENT)

CONSIDERATION OF REPORT OF THE

COMMITTEE ON FINANCE AND ADMINISTRATION

The Executive Policy Committee has had before it the Report of the Committee on Finance and Administration, dated September 29th, 1992, has concurred in the recommendations contained therein, and submits same to Council for approval and adoption.

On motion of Councillor Selinger, Report "A" of the Committee on Finance and Administration, dated September 29th, 1992, was considered.

West Committee Room,
Council Building, Winnipeg.
September 29th, 1992.

His Worship the Mayor and Councillors:

Your Committee on Finance and Administration submits the following Report "A" and recommends:

Award of Contract for Natural Gas Brokerage Services for City Residents - Request for Proposals No. 773-92. File FT-2

1521 - 1. Your Committee on Finance and Administration has been advised that on September 3rd, 1991, the Public Utilities Board (PUB) ruled that Manitoba consumers may purchase natural gas under direct purchase arrangements.

On September 9th, 1991, the City received the first of several unsolicited proposals suggesting that the City endorse a natural gas broker to serve the residents of the City.

On November 27th, 1991, in an article published in the Winnipeg Free Press, Mr. Costas Nicolau proposed that the City act as a broker on behalf of its residents.

The Chief Commissioner and the Chairman of the Committee on Finance and Administration, on February 10th, 1992, requested that the Purchasing Department comment on the feasibility of City involvement in the direct purchase of natural gas for residents of the City.

Your Committee on Finance and Administration, on March 31st, 1992, instructed the administration to prepare a report on whether the City should be involved in endorsing the supply of natural gas to the residents of the City through brokers.

On May 12th, 1992, your Committee considered the report (see Appendix A) submitted by the administration in response to the two requests and instructed the administration to develop a process for Committee's consideration which would enable the City to participate in screening/endorsing natural gas brokers.

Your Committee on Finance and Administration at its July 14th, 1992 meeting, considered the report submitted by the administration and instructed the administration to implement a process whereby the City would evaluate natural gas brokers on behalf of the residents of the City.

The Committee also approved funds to retain a consultant for the project.

On August 7th, 1992, Request for Proposals No. 773-92 was issued by the Purchasing Department.

On August 20th, 1992, final receipt of offers took place with submissions being received from the following:

a) Canadian Hydrocarbons Marketing Incorporated;

b) Eastern Natural Gas Management Limited;

**Report "A" of the Committee on Finance and Administration, dated September 29th, 1992.**

c) Energy Marketing Incorporated;

d) Munigas Corporation/Direct Energy Marketing Limited;

e) West Can Gas Incorporated.

The offers submitted by Canadian Hydrocarbons Marketing Inc. (CHMI), Eastern Natural Gas Management Ltd. (ENGML) and Energy Marketing Inc. (EMI) were deemed to be non-responsive in that each took exception to mandatory requirements of the Request for Proposals. CHMI did not provide the required pricing information. ENGML conditioned payment of the endorsement fees on participation level; this was explicitly disallowed by the Request for Proposal. EMI proposed a registration fee which was explicitly disallowed by the RFP.

The offers submitted by Munigas Corporation/Direct Energy Marketing Limited (MC/DEML) and West Can Gas Incorporated (WCGI) were evaluated independently by Maerz & Associates Limited (Maerz), acting as consultants to the City, and the Purchasing Department.

Maerz & Associates Limited has submitted its evaluation which, in summary, is as follows:

QUALIFICATIONS OF OFFERERS

MC/DEML, having submitted a joint proposal, offer their combined qualifications. MC/DEML is not currently acting as a broker in Manitoba. MC is a market aggregator/broker in Ontario and currently has hospitals, educational facilities and a municipal government as customers. DEML is the supplier for brokers such as WCGI and as a result, currently supplies approximately 70,000 customers including industrial, commercial and residential users. Residential users number approximately 59,000.

WCGI is currently acting as a broker for residential users of natural gas in Manitoba. WCGI has approximately 10,000 customers including industrial, commercial and residential users. Residential customers number approximately 5,000 of which approximately 3,000 are in Winnipeg.

While both offerers are deemed to be qualified, the qualifications of WCGI were deemed superior.

SECURITY OF NATURAL GAS SUPPLY

Both MC/DEML and WCGI propose to obtain natural gas supply through Direct Energy Marketing Limited. Both MC/DEML and WCGI offer to supply performance securities. As a result, both offer excellent security of supply, but by proposing a direct contractual relationship with a supplier through a joint agreement, the MC/DEML offer was deemed superior.

SIMPLICITY OF CONTRACT

Both MC/DEML and WCGI propose fairly simple one-page contracts to be signed by residents and offer to provide English and French versions. Although neither is in final form, the WCGI contract is expressed in simpler terms and was deemed superior.

PAYMENTS TO RESIDENTS

MC/DEML submitted an offer based on a fixed fee per gigajoule (GJ) of natural gas, specified for each year of the Contract, which would be deducted from the difference between the purchase price and the sale price of the gas. The average residential user of natural gas will receive approximately $49 in the first year.

WCGI submitted an offer based on retaining 27.86% of the difference between purchase price and sale price of natural gas. The average residential user of natural gas will receive approximately $41 in the first year. An enhancement program offers to increase this amount if participation exceeds specified levels. In order for WCGI to exceed the level of payments offered by MC/DEML, over 100,000 residents would have to participate and WCGI's own submission implies that this is highly unlikely in the immediate future.

**Report "A" of the Committee on Finance and Administration, dated September 29th, 1992.**

While the purchase price of natural gas is expected to be reasonably stable in the near future, the sale price is expected to decrease significantly. Although, the Weighted Average Cost of Gas (WACOG) is currently $1.95 per GJ, offers were evaluated using a WACOG of $1.70 as more probable in the coming year; this has the effect of decreasing the apparent difference between the two offers. If the difference between purchase price and sale price, currently $0.69 per GJ, falls below $0.18 per GJ, the MC/DEML offer will result in less return to the resident than the WCGI offer; this is highly unlikely in the immediate future.

The MC/DEML offer was deemed significantly superior.

ADMINISTRATIVE METHODOLOGY

Both MC/DEML and WCGI propose good administrative methodology and were deemed to be equal.

COST OF ADMINISTRATION BY THE CITY

Under the Endorsement Contract, the Contractor will pay to the City $100,000.00 in the first year and $10,000.00 in each subsequent year. These amounts were intended to recover the cost of soliciting and evaluating proposals, and monitoring the performance of the broker.

MC/DEML propose very little City involvement in administration beyond the endorsement and monitoring functions. MC/DEML proposes to utilize City systems, where acceptable to the City and on a pay-for-use basis for any additional services provided by the City.

WCGI proposes a rate base filing method which directly involves the City in regulating the activities of WCGI and requires the City to approve a rate of return for WCGI. The method is equivalent to the review and approval of a departmental budget and would require similar effort by the City administration. The method effectively allows for additional services to be provided by the City, but the method itself incurs a cost to the City which, if recovered, may reduce the potential for any payments to residents beyond the guaranteed minimum.

The MC/DEML offer was deemed significantly superior.

Based on a weighted evaluation of all criteria outlined in Appendix B, Maerz & Associates Ltd., recommends that the City accept the joint offer submitted by Munigas Corporation/Direct Energy Marketing Limited as the offer cost advantageous to the City. The Purchasing Department concurs with this recommendation.

As the total amount to be paid by the Contractor to the City pursuant to the Endorsement Contract exceeds $100,000.00, the award of contract must be approved by your Committee.

As the Endorsement Contract requires the official endorsement of the Contractor by the City, the award must be approved by City Council.

Your Committee on Finance and Administration recommends:-

1. That the Endorsement Contract for natural gas brokerage services for city residents be approved and awarded to Munigas Corporation/Direct Energy Marketing Limited, the joint offerers who submitted the most advantageous offer based upon the evaluation criteria set out in the Request for Proposals.

2. That the City's endorsement of the above joint offerers, be conditional upon, Munigas Corporation/Direct Energy Marketing Limited, establishing in the City of Winnipeg an office, fully- operational, staffed and open to the public.

3. That the Director of Purchasing and the City Solicitor be authorized to negotiate and prepare the final form of the Contract and the Endorsement Contract.

**Report "A" of the Committee on Finance and Administration, dated September 29th, 1992.**

4. That the proper officers do all things necessary to implement the foregoing including the execution of any documents related thereto.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

COMMITTEE ON FINANCE AND ADMINISTRATION

CONSIDERATION OF BY-LAWS

1522 - On motion of Councillor Selinger, By-law No. 6045/92, a By-law of the City of Winnipeg to amend By-law No. 4007/85, being the City of Winnipeg License By-law, was read a first, second and third time, the rule being suspended for the third reading, and was passed and ordered to be signed and sealed. File No. EL-1.

On motion of Councillor Selinger, the rule was suspended and By-law No. 6048/92, a By-law of the City of Winnipeg to provide for the payment of realty and business taxes by instalments, was read a first, second and third time, the rule being suspended for the third reading, and was passed and ordered to be signed and sealed. Files FL-1 and FL-2.