**Agenda – Executive Policy Committee – September 18, 2013**

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.

## ADDENDUM REPORTS

**Item No. 9 Manitoba-Winnipeg Infrastructure Agreement (MWIA)**

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the City enter into the Manitoba-Winnipeg Infrastructure Agreement with the Province of Manitoba in accordance with the terms and conditions set forth in Schedule "A" hereto.

2. That authority be delegated to the Chief Administrative Officer to finalize and approve the terms and conditions of the Manitoba-Winnipeg Infrastructure Agreement, in accordance with Schedule "A" hereto and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

3. That Council amend the 2013 Capital Budget and approve the creation of a capital project for the Garden City Community Centre Arena Development, equivalent to the Provincially funded portion of up to $5.667 Million (1/3 of $17.0 Million), to facilitate the processing of the Provincial funding.

4. That Council amend the 2013 Capital Budget and approve the creation of a capital project for the East End Community Centre Arena Redevelopment, equivalent to the Provincially funded portion of up to $3.0 Million (1/3 of $9.0 Million), to facilitate the processing of the Provincial funding.

5. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

# ADMINISTRATIVE REPORT

**Title:** **Manitoba-Winnipeg Infrastructure Agreement (MWIA)**

**Critical Path:** **EPC- Council**

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| E. Stewart | D. Joshi | M. Ruta | D. Joshi<br>COO |

## RECOMMENDATIONS

1. That the City enter into the Manitoba-Winnipeg Infrastructure Agreement with the Province of Manitoba in accordance with the terms and conditions set forth in Schedule “A” hereto.

2. That authority be delegated to the Chief Administrative Officer to finalize and approve the terms and conditions of the Manitoba-Winnipeg Infrastructure Agreement**,** in accordance with Schedule “A” hereto and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

3. That Council amend the 2013 Capital Budget and approve the creation of a capital project for the Garden City Community Centre Arena Development, equivalent to the Provincially funded portion of up to $5.667 Million (1/3 of $17.0 Million), to facilitate the processing of the Provincial funding.

4. That Council amend the 2013 Capital Budget and approve the creation of a capital project for the East End Community Centre Arena Redevelopment, equivalent to the Provincially funded portion of up to $3.0 Million (1/3 of $9.0 Million), to facilitate the processing of the Provincial funding.

5. 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 Province and the City have agreed to enter into a new capital funding arrangement which constitutes a renewal or replacement of the Manitoba-Winnipeg Infrastructure Fund and the Road Improvements allocation. Council approval is required to enter into this arrangement and the Manitoba-Winnipeg Infrastructure Agreement (the "Agreement") documenting its terms.

This new combined capital funding arrangement is proposed at the same level as the previous Manitoba-Winnipeg Infrastructure Fund and the Road Improvements allocation, at $36.67 million per annum on average ($25 million plus $11.67 million).

The Agreement will cover a period of 6 fiscal years effective April 1, 2012 to March 31, 2018.

For 2012 and 2013, the City and Province will jointly select projects from the City's 2012 and 2013 capital budgets and 5 year forecast and any additional projects jointly selected on or prior to July 31, 2013. Included in Appendix B are the projects that have been selected for 2012 and 2013 The Province has agreed to advance $20.7 million after the date the agreement is signed towards the cost attributable to approved projects.

Starting in the 2013 City budget year (for projects to be funded in the 2014-2018 City budget years) projects are to be jointly selected by the Province and City and submitted to the Province for approval each year before September 30th, unless otherwise agreed.

## IMPLICATIONS OF THE RECOMMENDATIONS

The new agreement proposed by the Province has elements that will reduce flexibility for the City. It will require the City and Province to agree on selected capital projects in advance of final approval of the City's capital budget.

## HISTORY

### Previous Agreements

The Manitoba/Winnipeg Infrastructure Fund (MWIF) was a six-year capital funding arrangement in which the Province committed $70 million to the City of Winnipeg from April 1, 2005 to March 31, 2011. The average funding per annum was $11.67 million.

An amendment to the MWIF agreement was approved to assist in keeping the Disraeli Bridge open during construction. The total amount of funding committed was $53.3 million over a period of 10 years expiring March 31,2020.

The Province's previous 5-year commitment of $125 million for Provincial Road Improvements Funding expired March 31, 2012. The average funding per annum was $25 million.

## FINANCIAL IMPACT

**Financial Impact Statement** **Date:** August 28, 2013

**Project Name:** **First Year of Program** **2012**

Manitoba-Winnipeg Infrastucture Agreement

| (in thousands) | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ 8,667 | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ 8,667 | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants (Provincial) | - | 8,667 | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ - | $ 8,667 | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ 8,667 | | | | |
| 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 proposed project selection in the draft agreement may require financing of up to $16 million based on approved 2012 projects until funding is received from the Province which could be as late as 2018. The proposal for 2013 may result in an additional $23.5 million in external debt requirements.

(Original signed by R. Abeysekera)
Radhika Abeysekera
Manager of Finance (Campus)
Corporate Finance Department

## CONSULTATION

**In preparing this report there was consultation with:**

**Legal Services**

## SUBMITTED BY

Department: Office of the CAO
Division:
Prepared by: Etoile Stewart
Date: August 28, 2013
File No.

# APPENDIX A

## PROPOSED TERMS AND CONDITIONS FOR A MANITOBA – WINNIPEG INFRASTRUCTURE AGREEMENT BETWEEN THE CITY OF WINNIPEG AND THE GOVERNMENT OF MANITOBA

**PURPOSE:**

The purpose of this Agreement is to ensure a long-term, stable and predictable level of capital funding for the City.

Manitoba will contribute a total of $220.0 million (two hundred twenty million dollars) in support of major new Active Transportation Infrastructure, Community and Recreation Facilities, Road Infrastructure and Transit Infrastructure projects of strategic importance to Manitoba and the City over the term of the Agreement.

**TERM OF AGREEMENT:**

The Agreement will cover a period of six (6) Fiscal Years, effective April 1, 2012 to March 31, 2018. The term of the Agreement may be amended, with the mutual consent of both parties.

**CONTRIBUTIONS BY MANITOBA**

a. Manitoba will contribute a total of $220.0 million to the City for Approved Projects over a period of six (6) Fiscal Years, effective April 1, 2012 to March 31, 2018. Manitoba has agreed to advance $20.7 million following execution of the Agreement towards the cost attributable to Approved Projects.

b. Manitoba's annual contribution level may vary, based on the number and value of the Approved Projects, but, Manitoba's total contribution will equal $220.0 million by the end of the term of the Agreement.

c. Manitoba's cost share of an Approved Project will normally reflect 50% of the City’s budgeted project cost, to a maximum contribution level as determined by Manitoba.

d. Manitoba's contribution to any individual Approved Project may be greater or lesser than 50% of the project costs, at Manitoba's sole discretion.

**ALLOCATION OF FUNDS**

Funds under the Agreement will be allocated to the following project categories:

- 60% for Road Infrastructure, Transit Infrastructure and Active Transportation Infrastructure.

- 40% for Community and Recreation Facilities, including major upgrades to

existing facilities.

- Any changes to these allocations must be agreed to in writing by the Parties.

**PROJECT SELECTION**

For the 2012 and 2013 City Budget Years, Manitoba and the City will jointly select projects from the City's 2012 and 2013 Adopted Capital Budgets and 5-year Capital Forecast (2014-2018), and any additional projects to be jointly selected by Manitoba and the City, no later than July 31, 2013.

Starting in the 2013 City Budget Year (for projects to be funded in the 2014-2018 City Budget Years), projects will be jointly selected by Manitoba and the City and submitted to Manitoba for approval each year before September 30 of such year, unless otherwise agreed.

A Management Committee, consisting of two (2) permanent members, who will be the Deputy Minister of Local Government (Manitoba Co-Chair) and the Chief Administrative Officer of the City (City Co-Chair) or their respective delegates, will recommend jointly selected projects to Manitoba for final approval. Manitoba will have final approval of all projects to receive funding under this Agreement.

**PAYMENT PROCEDURES**

Funding will be provided by Manitoba as progress payments, based on supported claims from the City, for Manitoba's share of Eligible Costs for Approved Projects, with the first supported claim to occur in the 2014/2015 fiscal year.

**REALLOCATION OF FUNDING**

Should an Approved Project not proceed as anticipated or if it is completed at a cost less than originally budgeted, Manitoba may, at the City's request, reallocate funding to other Active Transportation Infrastructure, Community and Recreation Facilities, Road Infrastructure and Transit Infrastructure projects of strategic importance to Manitoba and the City

**CASHFLOW**

Payment by Manitoba of funds for Eligible Costs will be subject to there being an appropriation by the Legislative Assembly of Manitoba for the funds necessary for the fiscal year in which they are required.

The City shall provide cash flow projections to Manitoba annually, by August 31st each year, or more frequently at Manitoba's request, outlining the expected timing of anticipated costs and funding claims for all Approved Projects.

**GREEN BUILDING POLICY**

All Approved Projects shall meet or exceed the design, environmental and energy requirements set out in The Green Building Policy for Government of Manitoba Funded Projects.

## APPENDIX B

The following are the Approved Projects for the 2012 and 2013 City Budget Years:

| | **Maximum Provincial Contribution** |
|---|---|
| **2012 Projects:** | |
| Transit Garage Replacement (multi-year 2012 to 2018) | $20,000,000 |
| Recreation Facilities / Community Centre Upgrades (multi-year 2012 to 2017) | 11,700,000 |
| Building Communities Initiative II - Phase 2 (multi-year 2012 to 2016) | 5,000,000 |
| ***Sub-Total 2012 Projects*** | ***$36,700,000*** |
| | |
| **2013 Projects:** | |
| Polo Park Traffic Improvements | $20,000,000 |
| Molson Street Twinning | 5,000,000 |
| Garden City and East End Community Centres – Indoor Rinks (3) * | 8,500,000 |
| Dakota Community Centre Expansion | 5,000,000 |
| ***Sub-Total 2013 Projects*** | ***$38,500,000*** |
| | |
| **TOTAL** | **$75,200,000** |

*Project costs to be funded equally by the Community Centres, Manitoba, and the City ($8.5 million each).