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June 18, 2014

Chair and Members
Executive Policy Committee
The City of Winnipeg
510 Main Street
Winnipeg MB

Re: Executive Policy Committee – 9:00 a.m. Wednesday, June 18, 2014

Reports:

3. Consultant Assignments for January 1 to December 31, 2013
6. Memorandum of Agreement - Winnipeg Police Senior Officers' Association

Committee Reports:

Standing Policy Committee on Infrastructure Renewal and Public Works – June 3, 2014
4. 2013 Annual Report - Winnipeg Sewage Treatment Program Agreement between The City of Winnipeg and Veolia (VWNA Winnipeg Inc.)
5. Implementation Plan for the Operational Review of the Public Works Department

Standing Policy Committee on Protection and Community Services – June 13, 2014
1. Winnipeg regarding Sharing of Personal Information
2. Service Agreement between the Manitoba Public Insurance Corporation and the City of Winnipeg for the Winnipeg Police Service April 2014 Distracted Driving Enforcement Campaign
3. Professional Services Contract between the Winnipeg Airport Authority Inc. and the City of Winnipeg

I am appearing as a private citizen to raise certain questions about the above listed agenda items.

Reports:
3. Consultant Assignments for January 1 to December 31, 2013

I have some questions about the 2013 Consultant Assignments Report:

a) Administrative Standard FM-002 states that: "The Annual Report on Consultant Assignments is required to be submitted to the office of the Chief Financial Officer within forty-five (45) calendar days of the end of each year." If the departmental reports were submitted by February 14, why has the Chief Administrative Officer taken another four months to forward this consolidated City report to EPC and Council?

b) Does KPMG, the City's current external auditor, audit this Annual Report to ensure that the consulting contracts have been properly authorized pursuant to Council policies?

c) Appendix C, p. 10. Ernst & Young had been paid $211,325.00 by December 31, 2013, for the Real Estate Management Audit ordered by Council in September, 2012 and awarded to E&Y on December 20, 2012, a year and a half ago.

   On April 17, 2014, I requested that the City Clerk place that matter on the agenda for EPC and Council, but apparently the Mayor's Office decides what goes on the agenda, and his Office has so far failed to respond to my request.

   When will that Audit Report be published?

d) Appendix C, p. 10. Ernst & Young had been paid $246,099.99 by December 31, 2013, for the Fire Paramedic Stations Construction Project Audit. On October 22, 2013, Council directed that E&Y conduct and report on interviews with all present Councillors and all former Councillors involved with that project, but no further report has been published as yet, eight months later.

   On April 17, 2014, I requested that the City Clerk place that matter on the agenda for EPC and Council, but apparently the Mayor's Office decides what goes on the agenda, and his Office has so far failed to respond to my request.

   When will the results of E&Y's additional Council interviews be published?

e) Appendix C, p. 10. Management consultant MNP LLP was paid $199,757.09 by December 31, 2013, for "Development and establishment of consultation process," for the Chief Administrative Officer.

   What consultation process was that?

f) Appendix C, p.11. Management consultant KPMG was paid $287,835.31 by December 31, 2013 for an Operational Review of Public Works. Later in this meeting EPC will be asked to consider a recommendation that the Public Service be given a whole additional year to consider whether any of KPMG's recommendations, submitted June, 2013, should be implemented two years from now, in 2016-18.

   Why did the City decide against using KPMG to assist with Phase 2 - Implementation? Did the Operational Review not produce any useful recommendations?

g) Appendix C, p.11. Management consultant Matrix Consulting Group of California was paid $172,910.00 by December 31, 2013, for an Operational Review of Police Services. Why have we heard nothing about the possible implementation of the recommendations from the Review?

h) Appendix D, p. 16 Management consultant Barbara Biggar was paid $34,000.00 by the CAO by December 31, 2013, on a sole source contract for "services regarding long-term planning, communication, media training and strategic issues."

   What strategic issues did Biggar Ideas work on?

i) Appendix D, p. 16 Why did the CAO pay $24,593.96 to Stoel Rives LLP, a U.S. law firm?

6. Memorandum of Agreement - Winnipeg Police Senior Officers' Association

Once again we have a recommendation that City Council ratify a Memorandum of Agreement, without providing Council with a copy of the agreement. Furthermore, this Memorandum is not the text of the actual collective agreement, which has not yet been concluded. I do not believe such conceptual "ratification" complies with the requirement of section 53(1)(d) of *The City of Winnipeg Charter Act*. Council should authorize the drafting of a full Collective Agreement, which should then be submitted in full for ratification by Council.

And once again, there is no indication that there has been any consultation with the new Winnipeg Police Board, which is responsible for the allocation of the funds assigned to the Winnipeg Police Service.

The Memorandum of Agreement was dated May 13, 2014, and the estimated total increases in senior police officer compensation is $141,433 for 2013, $334,527 for 2014, $526,701 for 2015 and $748,694 in 2016 and thereafter.

In my opinion, it is completely misleading to suggest in this Financial Impact Statement that "Existing budget amounts" are **sufficient to cover the costs over the term of the agreement**. Supposedly the 2013 books were closed long ago, and therefore the 2013 increase will be paid in 2014. More importantly, the Police Service reported that as of March 31, 2014, before this Memorandum was signed, that the Police were already looking at a **projected 2014 budget shortfall of $7,181,000**.

And as this Financial Impact Statement actually admits, existing budget amounts for the Police Service for 2015 and 2016 are not budgeted at all when the overall City projections would result in illegal operating deficits of $79 million in 2015 and $109 million in 2016.

Please understand that I am not opposing the recommended increases in the pay scales for the Winnipeg Police Senior Officers by some 13% in total over four years.

What I am concerned about is the pretence that the City has no operating budget problem going forward. We do have a problem.

Committee Reports:

Standing Policy Committee on Infrastructure Renewal and Public Works – June 3, 2014

4. 2013 Annual Report - Winnipeg Sewage Treatment Program Agreement between The City of Winnipeg and Veolia (VWNA Winnipeg Inc.)

I still have a few questions at this time:

Has the City received an extension of time from the Province for the completion of the South End Water Pollution Control Centre Project? The present Environment Act Licence No. 2716 RR for the SEWPCC, effective May 1, 2012, expires on December 31, 2015, but the Department advises that completion is of the project is not achievable until almost a year later, by October 31, 2016.

The current approved and projected capital budget for the SEWPCC is $272,750,000, but the current Financial Status Report states that regulatory changes have likely increased the cost of the project by between $30,000,000 and $45,000,000. How will that be financed?

What is the $300,000 in "pain" being shared by Veolia? How was it calculated?

5. Implementation Plan for the Operational Review of the Public Works Department

As mentioned earlier in relation to the Consultant Assignments Report, the successful bid to undertake the Operational Review of the Public Works Department was submitted by KPMG LLP, for $287,500 in December of 2012.

After five months' intensive review, the consultant reported in June, 2013, that "in general, the Public Works Department appears to be effective in delivering maintenance and core services within its fiscal and human resources."

The consultants made a number of recommendations for improvements. The "priority" recommendations included the contracting out of some services, a reduction in snow removal service levels, some increased service charges, and improved information technology.

The consultants provided an Implementation Plan Framework, with proposed activities and schedules for following the priority recommendations.

In September, the City Auditor recommended to Executive Policy Committee that Council endorse all of the recommendations, and engage KPMG LLP for Phase 2 of the project, to assist in the implementation of the recommendations.

However, in October, EPC recommended that the proposal to levy a "Winter Control Surcharge" on property taxpayers, whenever the City experiences higher than normal snowfall and ice conditions, be rejected; that instead of retaining KPMG for Phase 2, the balance of their recommendations be reviewed by the Public Works Department; and that the Department bring forward recommended plans for implementation, initially by March, and then rescheduled for the Committee's meeting in May.

Under Item #7 we now have a proposed "Implementation Plan," but the Department deals with only five of the remaining 22 recommendations.

The Department does not recommend reducing the snow removal service levels at this Time. (7.3.3)

Otherwise, the Department advises that it is proceeding to implement improved overtime management this summer (6.4.7), "talking" to the Winnipeg Fleet Management Agency about reducing expenses (6.4.3), implementing a new permitting computer system (5.5.6), and "thinking" of reviewing potential improvements in pavement cut repairs. (6.4.2)

Without the assistance of KPMG LLP, the Department says it will take at least 18 months to begin implementation of the rest of the recommendations.

In the end, the only recommendation being advanced for EPC approval is that the Department be "directed to report back in a year (by May, 2015) regarding outcomes achieved and potential budget recommendations that could be included in budget discussions in 2015 for the 2016-2018 Operating Budget."

Somehow, I think EPC was expecting more, when it asked that the Department prepare recommended plans for implementation of the 22 KPMG recommendations, presumably for the consideration, and approval or rejection by this Committee.

Instead, the Department simply asks that it be given another year to come up with recommendations. It looks to me as if the Department just wants the Committee to leave it alone to implement whatever it wants, within existing budgets and Council authority.

I think the Department should be directed to comply with EPC's instructions, and deliver a full set of recommended plans for Implementation for the next Standing Policy Committee meeting on July 4, 2014. If the Department thinks most of the recommendations should be rejected, it should say so, with reasons.

SPC on Protection and Community Services – June 13, 2014
1. Winnipeg regarding Sharing of Personal Information
2. Service Agreement between the Manitoba Public Insurance Corporation and the City of Winnipeg for the Winnipeg Police Service April 2014 Distracted Driving Enforcement Campaign
3. Professional Services Contract between the Winnipeg Airport Authority Inc. and the City of Winnipeg

These are three more cases where the City Administration seeks authority to proceed with intergovernmental agreements involving the Winnipeg Police Service, without first informing the Winnipeg Police Board and **obtaining its approval**.

Item #1 involves a very sensitive public policy issue. Item #2 is now retroactive for an enforcement campaign concluded on May 31, 2014, apparently without prior consultation and approval by the Winnipeg Police Board. Item #3 is a largely retroactive agreement for an estimated $6,645,239.39 payment for police service at the Winnipeg Airport Authority from December 2, 2012 to October 15, 2014.

I hope we won't see any more such matters brought to Council without a recommendation from the Winnipeg Police Board.

Thank you.

David M. Sanders MA LLB
River Heights-Fort Garry
DMS/bm