Agenda – Executive Policy Committee – December 3, 2014

REPORTS

Item No. 7 First Charge against 2015 Capital Budget – P3 monthly payments

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

That authorization be granted for expenditures of up to $6,310,000 in 2015 prior to the adoption of the 2015 Capital Budget, as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to make scheduled monthly payments to the three P3 contracts outlined in this report.

ADMINISTRATIVE REPORT

Title: **Requests for first charge against 2015 capital budget for P3 monthly payments**

Critical Path: **Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
Jason Ruby	Betty Holsten-Boyer Acting	Betty Holsten-Boyer Acting/CFO	M. Jack A/COO

RECOMMENDATIONS

That authorization be granted for expenditures of up to $6,310,000 in 2015 prior to the adoption of the 2015 Capital Budget, as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to make scheduled monthly payments to the three P3 contracts outlined in this report.

REASON FOR THE REPORT

Council approval is required for a first charge for an expenditure of capital funds prior to the adoption of the 2015 capital budget.

IMPLICATIONS OF THE RECOMMENDATIONS

The authorization requires a first charge on the 2015 Annual Program Capital Budgets to allow the Public Service to make the scheduled monthly payments on existing P3 contracts (as outlined in this report) prior to the adoption of the 2015 Capital budget.

HISTORY

The City currently has three Public Private Partnership (P3) contracts in place which require a first charge:

- East District Police Station (2008)
- Chief Peguis Trail Extension (2011)
- Disraeli Bridge and Overpass Facility (2012)

Each project has a 30 year contract set up with the P3 company.

As required under these contracts, the City must make monthly payments to each of these companies for repayment of a portion of the capital value of the project and the maintenance of the facilities.

All three of these projects are budgeted annually in the Capital Budget. With the anticipated approval date of the Capital Budget being in March 2015, the budget authorizations will not be in place for the beginning of the year and the City will not be able to make the scheduled payments required under these contracts.

Therefore, authorization is being sought for a first call on capital for the first four months of scheduled P3 lease payments on these projects.

Table 1 - Summary of P3 Projects Requiring First Charge Funding on 2015 Capital Budget

Project	**Scope**	**2015 Forecast**	**First Charge on the 2015 Budget**
East District Police Station	P3 Payments	$990,000	$330,000
Disraeli Bridge and Overpass Facility	P3 Payments	$18,480,000	$3,938,000
Chief Peguis Trail – Henderson Highway to Lagimodiere Blvd.	P3 Payments	$7,105,000	$2,042,000
Total	.	**$26,575,000**	**$6,310,000**

Some of these projects were also partially funded by City issued debt that is being repaid over 40 years. However, debt servicing on City issued debt is not due until May 15, 2015; therefore no first call on capital is being sought for repayment of City issued debt.

Also, the Charleswood Bridge is not included as the contract requires once a year payment being made in October.

FINANCIAL IMPACT

Financial Impact Statement

Date: November 21, 2014

Project Name:

First Year of Program 2015

Requests for first charge against 2015 capital budget for P3 payments

	2015	2016	2017	2018	2019
Capital					
Capital Expenditures Required	$ 6,310,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ 6,310,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Federal Gas Tax	5,980,000	-	-	-	-
Cash to Capital	330,000	-	-	-	-
Total Funding	$ 6,310,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 6,310,000				
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:

1. A first charge of $6,310,000 on the 2015 Capital Budget, in accordance with Subsection 288(2) of the City of Winnipeg Charter, is requested in order to make scheduled monthly P3 payments in advance of the approval of the 2015 Capital Budget.

2. Subsection 288(2) of the City of Winnipeg Charter states:
Before the City's operating or capital budget for a fiscal year is adopted, Council may authorize expenditures to be made of amounts for operating or capital expenses, not exceeding in total 30% of the expenditures estimated in the City's operating and capital budgets for the previous fiscal year.

(Original signed by R. Hodges)
Ramona Hodges
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

In preparing this report there was consultation with:

- Public Works
- Planning, Property & Development
- Police
- Legal Service (as to legal issues)

SUBMITTED BY

Department: Corporate Finance
Division Infrastructure Planning
Prepared by: Jason Ruby

Date: November 21, 2014
File No.