Agenda - Executive Policy Committee - September 17, 2003

Report - Standing Policy Committee on Public Works - September 9, 2003

Item No. 4 Additional Funding Requirement as a Result of Outstanding Lighting Issues with the Sale of Winnipeg Hydro to Manitoba Hydro
File HG

STANDING COMMITTEE RECOMMENDATION:

On September 9, 2003, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submits the following to Council:

1. That the Public Works Department organization structure be increased by one WAPSO position, two CUPE positions and 0.5 FTE seasonal CUPE positions.

2. That an over-expenditure in the amount of $500,000.00 to the Public Works Department 2003 Preliminary Operating Budget be approved to cover the new costs of street lighting.

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

Agenda - Executive Policy Committee - September 17, 2003

Report - Standing Policy Committee on Public Works - September 9, 2003

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On September 9, 2003, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submitted the matter to Executive Policy Committee and Council.

Re:	ADDITIONAL FUNDING REQUIREMENT AS A RESULT OF OUTSTANDING LIGHTING ISSUES WITH THE SALE OF WINNIPEG HYDRO TO MANITOBA HYDRO
For Submission To:	THE STANDING POLICY COMMITTEE ON PUBLIC WORKS
Original Report Signed By:	DIRECTOR OF PUBLIC WORKS
Report Date:	AUGUST 27, 2003

Recommendations:

(1) That the Public Works Department organization structure be increased by 1 WAPSO position, 2 CUPE positions and 0.5 FTE seasonal CUPE positions, and

(2) That an over-expenditure in the amount of $500,000 to the Public Works Department 2003 Current Estimates be approved to cover the new costs of street lighting.

REPORT SUMMARY:

Key Issues:

- Request for over-expenditure authorization to the Public Works 2003 Current Estimates to address lighting issues arising out of the sale of Winnipeg Hydro to Manitoba Hydro.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications:

	None
X	For the organization overall and/or other departments
	For the community and/or organizations external to the City
X	Involves a multi-year phase in process

Comments: The Public works Department has undertaken some of the responsibilities of the former Winnipeg Hydro. These responsibilities need to be formally assigned to either existing or new positions within the department resulting in inadequate funding.

Policy Implications:

[X] No
[ ] Yes

Comments:

Environmental Implications:

[X] No
[ ] Yes

Comments:

Human Resource Implications:

[ ] No
[X] Yes

Comments: In assuming the responsibilities for lighting assets, the Public Works Department will need to provide 1 new WAPSO position and 2.5 FTE CUPE positions.

Financial Implications:

[ ] Within approved current and/or capital budget
[X] Current and/or capital budget adjustment needed

Comments: Additional funds in the amount of $500,000 are required for 2003. This report also advises of budget implications for future years.

REPORT

REASON FOR THE REPORT:

Council approval is required for the addition of staff where budget implications are involved.

HISTORY:

In 2002 Winnipeg Hydro was sold to Manitoba Hydro by the City of Winnipeg. With this sale, Manitoba Hydro assumed all of Winnipeg Hydro's assets and responsibilities, some of which included street lighting in the former Winnipeg Hydro area.

There were other responsibilities that Winnipeg Hydro assumed for the City that were not transferred to Manitoba Hydro and not addressed in any sales agreement. The City undertakes these responsibilities for lighting within the Public Works Department, including:

- Street lighting
  - verification of billings, Local Improvement process, standards, approvals, requests for upgrades, lighting assessment, inspections, Electrical Service Agreements for additions, improvements and upgrades
  - design, supply, install, maintain and repair non-standard street lighting (eg. Provencher Vehicular Bridge lighting)
- Decorative lighting
  - supply of replacement poles and fixtures to Manitoba Hydro for decorative lights that are included in their asset inventory (eg. Stittsville lighting in the Exchange District)
  - responsible for all new installations (inventory management, supply, standards, approvals, design, install, inspection, maintenance and repair) (eg. New decorative lighting on Provencher, Tache, Pioneer/Water and Waterfront Drive)
- Lane lighting
  - verification of billings, LI process, standards, approvals, requests for upgrades, Electrical Service Agreements for additions, improvements, upgrades, inspections
- Park/path lighting (pre-existing responsibility of Public Works)
  - supply, design, standards, install, maintain and repair
- Christmas lighting (on Portage Avenue and Main street)
  - supply, install and takedown, repairs, maintenance and repair, stores, planning for new installations
- Festoon lighting (on Main Street)
  - supply, maintenance and repair
- Tree lighting (on Broadway)
  - supply, install and takedown, maintenance and repair

Funding for the Christmas lighting was partly addressed in a separate Christmas Light Agreement between the City and Manitoba Hydro, in which the City receives a $200,000 credit from Manitoba Hydro.

With the sale of Winnipeg Hydro, these tasks have to be formally incorporated into the administrative structure of the Public Works Department.

DISCUSSION:

With some responsibilities of the former Winnipeg Hydro now being undertaken by the Public Works Department, these have to be formally assigned to either existing or new positions within the Department. In addition, even though some funding has been provided for some of these tasks, such as through the Downtown Light Agreement, it is inadequate.

One example of under-funding is the Christmas Light Agreement that provides for a credit of $200,000 from Manitoba Hydro. For the 2002/2003 winter season the actual cost of this program was $242,981 (setup, energy costs and takedown costs only), which left a shortfall of $42,981. The funding for this shortfall has to be provided to the Public Works Department as an addition to its 2003 Current Estimates.

In regard to the Christmas Light program, which includes the festoon and tree lights, this program is an on-going program throughout the year. The existing lights have to be cleaned, repaired and replacements ordered in preparation for the next season. In addition, all the tree lights on Broadway have to be replaced because of age. These lights require dedicated personnel, similar to the level provided by the former Winnipeg Hydro. Winnipeg Hydro had qualified personnel to address any electrical connections to their plant. Currently, any connection issues requiring maintenance have to be contracted with Manitoba Hydro, as they will not allow anyone else to maintain their plant. To reduce this reliance on Manitoba Hydro, changes to the electrical connection points have to be made at the City's cost.

The Public Works Department is also responsible for new decorative lighting installations including the decorative lighting on Tache, Provencher, Water/Pioneer and Waterfront Drive, as well as the new non-standard street lighting on the Provencher Bridge. These areas will also require an addition to the Department's Current Estimates.

All these lighting issues require dedicated personnel to oversee these responsibilities. It is proposed to create the following organizational structure (new positions in existing classifications):

- 1 Supervisor of Lighting position (WAPSO Level III)
- 2 Technologist II positions to be responsible for the management of the assets and maintenance of the plant,
- 0.5 FTE Technical Assistant (seasonal)

It is imperative that the budget over-expenditure be approved and that these positions be filled as soon as possible in order to carry out needed repairs on the Christmas lights in time for Manitoba Hydro to erect same for the Festival of Lights event scheduled for November 22, 2003.

The estimated overall additional budget required by the Department is $500,000 in 2003 (pro-rated) and includes salaries and benefits totaling approximately $75,000. These costs also include the $200,000 credit from Manitoba Hydro through the Christmas Light Agreement. The budget requirement for 2003 also includes $42,981 in funding for Manitoba Hydro, required immediately to pay for the 2002/2003 shortfall in funding for the Christmas Light program. All costs are summarized on the attached Appendix A.

Future budget requirements include $858,393 for 2004, including salaries and benefits totaling approximately $220,000, and increasing at the rate of inflation thereafter and are addressed in an RFA in the Public Works Department's 2004 budget submission.

In preparing this report, there was consultation with and concurrence by: N/A

This Report Submitted by:

Department:	Public Works Department	
Division:	Director's Office	
Prepared by:	W.M. Woroby, P. Eng., Staff Engineer	(986-5326)
	L.S.W. Larkin, P. Eng.	(986-5008)
Processed by:	G. Kebalo	
File No.	Additional Approp. Lighting Issues Report	

Project Name: **First Year of Program** **2003**

ADDITIONAL FUNDING REQUIREMENT AS A RESULT OF OUTSTANDING LIGHTING ISSUES WITH THE SALE OF WINNIPEG HYDRO TO MANITOBA HYDRO

	2003	2004	2005	2006	2007
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - To Be Determined					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 700,000	$ 1,058,393	$ 1,084,181	$ 1,114,323	$ 1,136,609
Less: Incremental Revenue/Recovery	200,000	200,000	200,000	200,000	200,000
Net Cost/(Benefit)	$ 500,000	$ 858,393	$ 884,181	$ 914,323	$ 936,609
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ 500,000	$ 858,393	$ 884,181	$ 914,323	$ 936,609

Additional Comments:

"Original signed by Darcy Stewart, CA"
Manager of Finance & Administration

Approved by Divisional Accountant Trainee:

Appendix A

PUBLIC WORKS DEPARTMENT – 2003 LIGHTING BUDGET

Asset Type	Public Works
Supervisor/support Costs	$95,419
Non-standard Street Lighting	$21,725
New Decorative Lighting and provision of poles to MB Hydro Decorative Lighting assets	$62,875
O/H Sign Lighting	Included in Signals Budget
Park/Path Lighting	Included in P&OS Budget
Christmas Lighting	$440,000
Festoon Lighting	$5,000
Tree Lighting	$32,000
Sub-Total of Costs	$657,019
Less:	
- MB Hydro contribution to Christmas Lights	$200,000
Plus:	
- MB Hydro outstanding billing from winter 2002/2003	$42,981
Budget Requirement	$500,000

21-Jul-03