Minutes – Executive Policy Committee – May 4, 2016

Report – Standing Policy Committee on Innovation – April 18, 2016

Item No. 1 Sale of Winnipeg Fleet Management Agency Sixteen Passenger Van and Grant Funding to North End Community Renewal Corporation

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Innovation and submitted the following to Council:

1. That the City sell a 16-passenger van to the North End Community Renewal Corporation (NECRC) for $1 and approve a grant resulting from the write-off of the remaining net book value of the vehicle in the amount of $14,954.

2. That the remaining balance of unspent sponsorship funds from the Hudson's Bay Company Foundation (HBC) Sponsorship be provided to NECRC as a one-time grant in an amount up to, but not exceeding, $28,000 to support operating costs of the van.

3. That the following conditions of transfer be approved:

    A. The City will remove all HBC branding on the van;
    B. NECRC must obtain appropriate insurance for the van;
    C. NECRC must use the operating funds solely in connection with operating the van;
    D. NECRC must use the van solely for community purposes; and,
    E. NECRC must obtain the appropriate Manitoba Vehicle Safety Inspection required.

4. That the City enter into, execute and deliver a grant and sale agreement with NECRC and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing.

5. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the agreements with NECRC, in accordance with the terms and conditions set forth herein and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

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

Minutes – Executive Policy Committee – May 4, 2016

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DECISION MAKING HISTORY:

Moved by Councillor Browaty,

That the recommendation of the Standing Policy Committee on Innovation be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On April 18, 2016, the Standing Policy Committee on Innovation concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council:

On March 21, 2016, the Standing Policy Committee on Innovation a further extension of time of 30 days for the Winnipeg Public Service to report back on the matter.

On February 22, 2016, the Standing Policy Committee on Innovation granted an extension of time of 30 days for the Winnipeg Public Service to report back on the matter.

On January 18, 2016, the Standing Policy Committee on Innovation laid over the matter for 30 days.

Further on January 18, 2016, Andrew Sannie, North End Community Renewal Corporation, submitted a presentation in support of the North Centennial Recreation Centre – Sale of Passenger Van.

COMMUNITY COMMITTEE RECOMMENDATION:

On September 15, 2015, the Lord Selkirk-West Kildonan Committee passed the following motion:

WHEREAS the North End has a large number of families who cannot afford transportation for themselves and their children to participate in leisure and recreational activities very far from their homes;

Report – Standing Policy Committee on Innovation – April 18, 2016

DECISION MAKING HISTORY (continued):

COMMUNITY COMMITTEE RECOMMENDATION (continued):

AND WHEREAS the North Centennial Recreation Centre (NCRC) provides healthy leisure and recreational opportunities to the North End;

AND WHEREAS in partnership with Hudson Bay/Zellers, Community Services provided transportation for families in the North End with a sixteen passenger van purchased by Fleet Management some time ago;

AND WHEREAS this sixteen passenger van now sits parked at the NCRC no longer transporting families to healthy leisure and recreational services;

AND WHEREAS the NCRC through their community consultations on recreational opportunities in the North End identified that transportation continues to be a problem for families wanting to utilize their regional city facilities;

AND WHEREAS the NCRC has decided that they would run a transportation service for families in the North End providing they could obtain the unused sixteen passenger van for $1.00;

THEREFORE BE IT RESOLVED that the Lord Selkirk-West Kildonan Community Committee recommend to the Alternate Service Delivery Committee that the Winnipeg Fleet Management SOA enter into an agreement to sell the sixteen passenger van to the North Centennial Recreation Centre (NCRC) for $1.00.

ADMINISTRATIVE REPORT

Title: Sale of Winnipeg Fleet Management Agency (WFMA) Sixteen Passenger Van and Grant Funding to North End Community Renewal Corporation (NECRC)

Critical Path: Committee on Innovation – Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
C. Cong Manager Fleet Procurement & Life Cycle Analysis	D. Konowich WFMA COO	M. Ruta	M. Jack COO

RECOMMENDATIONS

1. That the City sell a 16-passenger van to the North End Community Renewal Corporation (NECRC) for $1 and approve a grant resulting from the write-off of the remaining net book value of the vehicle in the amount of $14,954.

2. That the remaining balance of unspent sponsorship funds from the Hudson's Bay Company Foundation (HBC) Sponsorship be provided to NECRC as a one-time grant in an amount up to, but not exceeding, $28,000 to support operating costs of the van.

3. That Council approve the following conditions of transfer:
    i. The City will remove all HBC branding on the van;
    ii. NECRC must obtain appropriate insurance for the van;
    iii. NECRC must use the operating funds solely in connection with operating the van;
    iv. NECRC must use the van solely for community purposes; and,
    v. NECRC must obtain the appropriate Manitoba Vehicle Safety Inspection required.

4. That the City enter into, execute and deliver a grant and sale agreement with NECRC and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing.

5. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the agreements with NECRC, in accordance with the terms and conditions set forth herein and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

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

REASON FOR THE REPORT

On September 15, 2015, the Lord Selkirk-West Kildonan Committee passed the following motion:

> The Lord Selkirk – West Kildonan Community Committee recommended to the Alternate Service Delivery Committee; (now Committee on Innovation) that the Winnipeg Fleet Management Agency SOA (WFMA) enter in an agreement to sell a sixteen passenger van to the North End Community Renewal Corporation (NECRC) for $1.00.

Council approval is required for the City to enter into sale and grant agreements.

EXECUTIVE SUMMARY

Winnipeg Fleet Management Agency (WFMA) has the authority, through its Operating Charter, to dispose of assets, but only when such assets are declared surplus and the returns from sale are reasonable and most favorable for the City, meaning fair market value. NECRC has submitted a request for the sale of a 16-passenger van (the van) for $1.00, which is considered to be a Grant Request. Grant Requests can only be approved by Council. WFMA cannot action the sale to NECRC unless Council has provided approval to proceed.

In 2010, the Office of the Chief Administrative Officer approved a Sponsorship Agreement between the City and HBC. This agreement expired in 2013. In February 2016, the City and HBC signed an agreement that amends the 2010 Sponsorship Agreement and allows the City to gift the unspent sponsorship funds and the van to certain community groups as chosen by the City. The City has received back a fully signed copy of the amending agreement from HBC.

IMPLICATIONS OF THE RECOMMENDATIONS

The current net book value remaining on the van is $14,954.00 (net of proceeds of $1.00), which approximates the Canadian Blue Book value of approximately $15,000.

If the request to grant this van to NECRC is approved, WFMA would need to write off the remaining net book value. Community Services would no longer incur lease charges from WFMA. There is no mill rate support implication to Community Services as the lease charges are fully recovered from the HBC sponsorship funds.

If Council approves the gift of the van to NECRC for $1.00, NECRC would own the van and be responsible for all on-going running repairs, maintenance, fuel, driver(s) and insurance. At the time of transfer of sale to NECRC, they would also be responsible for any and all associated costs for a Manitoba Safety Inspection and Manitoba sales taxes which would be due at the time of insurance registration.

In the event that Council chooses not to approve the City gifting the van and unspent sponsorship funds to NECRC, the City must return the unspent funds to HBC pursuant to the Sponsorship Agreement between the City and HBC. The City must also sell the van for fair market value and return the sale proceeds to HBC.

HISTORY

As part of the Sponsorship Agreement between the City and HBC, dated September 1, 2010, HBC provided $100,000 for the City to secure the purchase and/or lease of one or more multi-passenger vans as part of a community project at the Magnus Eliason Recreation Centre. The van was to be used during the term of the Agreement to provide transportation to children and families in need as identified by the City. WFMA secured the van, and leased it to the Community Services Department to deliver the program as outlined in the Agreement. On a monthly basis, Community Services paid WFMA for lease and operating costs from the sponsorship funds. The Sponsorship Agreement ended August 31, 2013, at which time, since not all funds were spent, Community Services continued to lease the vehicle and provide transportation for the community.

Projections to December 31, 2015 support a projected unspent balance of sponsorship funds of approximately $28,000. At the Lord Selkirk-West Kildonan Community Committee, NECRC requested that WFMA sell to them the van. NECRC, through community consultations on recreational opportunities in the North End, identified that transportation continues to be an issue and they would like to run a transportation service for families in the North End, provided that they could purchase the van. WFMA, if approved by Council, would provide a Bill of Sale to transfer ownership, remove all City of Winnipeg and HBC decaling, cancel the current registration and provide a condition assessment report to NECRC. It is recommended that the unspent sponsorship funds would be provided to NECRC as a one-time grant to support operating costs related to the van.

Under the terms of the Sponsorship Agreement between the City and HBC, dated September 1, 2010, HBC has the right to demand the return of any unspent sponsorship funds and the van upon the termination of the agreement, which was August 31, 2013.

In February 2016, the City signed an agreement with HBC, which amends the 2010 Sponsorship Agreement and allows the City to gift the unspent sponsorship funds and the van to certain community groups, as chosen by the City and subject to the following conditions:

- The City receives the appropriate Committee, Council or any other required approval to gift the van and give a grant equal to the Unspent Funds to certain community groups as chosen by The City;
- The City removes all HBC branding on the van; and
- The City gifts the van under the condition that the partnership of community groups agrees to:

    (i) obtain appropriate insurance,

    (ii) use the Unspent Funds solely in connection with operating the van, and

    (iii) use the van solely for community purposes.

- Should the above conditions not be met, the City will (a) remove all HBC branding on the van; (b) sell the van for a commercially reasonable amount; and (c) pay to HBC an amount equal to the proceeds of the sale of the van plus the Unspent Funds.

The City has received back a fully signed copy of the amending agreement from HBC.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 14, 2016

Project Name:

First Year of Program **2016**

Sale of Winnipeg Fleet Management Agency (WFMA) Sixteen Passenger Van and Grant Funding to North End Community Renewal Corporation (NECRC)

	2016	2017	2018	2019	2020
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 - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 42,954	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	28,000	-	-	-	-
Net Cost/(Benefit)	$ 14,954	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ 14,954	$ -	$ -	$ -	$ -

Additional Comments: Subject to approval of Council to transfer by way of grant, the 16-passenger van to NECRC for $1.00, WFMA would be required to write off the net book value of the van of $14,954.00. In addition, the report recommends the City transfer the unspent sponsorship funds of approximately $28,000 to NECRC under the Sponsorship Agreement between the City and HBC.

"Original approved by Bubbley Sandhu, CMA"
Bubbley Sandhu, CMA
Manager of Finance

CONSULTATION

In preparing this report, there was consultation with:

Community Services
Risk Management
Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

A Sustainable Winnipeg
05 The Foundation: Leading By Example
Direction 2: Incorporate sustainable practices into internal civic operations, programs and services.

SUBMITTED BY

Department:	Winnipeg Fleet Management Agency
Prepared by:	Charlie Cong
Processed by:	Hali Stefanyshyn
Date:	April 5, 2016
File No.	Sale of Winnipeg Fleet Management Agency (WFMA) Sixteen Passenger Van and Grant Funding to North End Community Renewal Corporation (NECRC)