Agenda – Council – February 22, 2017

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – January 31, 2017

Item No. 1 Compensation to U-Pass Partners for Implementation Costs

STANDING COMMITTEE RECOMMENDATION:

On February 8, 2017, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and submitted the following to Council:

1. That the City provide the University of Manitoba Students Union (UMSU) and the University of Winnipeg Students Association (UWSA) a commission of 0.5% of the total annual U-Pass fees that each has collected, and will collect in the future, and that the City provide the same commission rate to any other future U-Pass distribution partners.

2. That the City reimburse UMSU and UWSA as well as any other U-Pass distribution partners in the future for up to 50% of the implementation costs that have been or will be experienced by those organizations as determined by the Chief Administrative Officer.

3. That the City
   A. enter into, execute and deliver amendments to existing U-Pass Agreements or new agreements, with UMSU and University of Manitoba, and UWSA and University of Winnipeg, and
   B. enter into, execute and deliver agreements with future U-Pass distribution partners as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing.

4. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the amendment and agreements identified in Recommendation No. 3, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

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

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – January 31, 2017

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 8, 2017, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On January 31, 2017, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **Compensation to U-Pass Partners for Implementation Costs**

Critical Path: **Standing Policy Committee on Infrastructure Renewal and Public Works – EPC - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
T. Yanchishyn	D. Wardrop	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

University of Manitoba Students Union (UMSU) and University of Winnipeg Students Association (UWSA) incur regular costs related to the administration and distribution of the U-Pass to eligible students. The U-Pass replaced thousands of post-secondary passes they previously distributed to eligible students. For the distribution of post-secondary passes, UMSU and UWSA were paid a 1% commission by the City; however, no commission or compensation agreement currently applies for the U-Pass program.

Both UWSA and UMSU have requested a compensation arrangement be considered by the City to replace the 1% commission they are losing on the sale of post-secondary fare products. The Public Service is recommending that the City provide compensation to these organizations and future U-Pass distribution partners in two forms – a commission of 0.5% annually on all U-Pass fees collected and a reimbursement of up to 50% of the implementation costs experienced by UMSU and UWSA.

RECOMMENDATIONS

1. That the City provide the University of Manitoba Students Union (UMSU) and the University of Winnipeg Students Association (UWSA) a commission of 0.5% of the total annual U-Pass fees that each has collected, and will collect in the future, and that the City provide the same commission rate to any other future U-Pass distribution partners.

2. That the City reimburse UMSU and UWSA as well as any other U-Pass distribution partners in the future for up to 50% of the implementation costs that have been or will be experienced by those organizations as determined by the Chief Administrative Officer.

3. That the City
    - enter into, execute and deliver amendments to existing U-Pass Agreements or new agreements, with UMSU and University of Manitoba, and UWSA and University of Winnipeg, and
    - enter into, execute and deliver agreements with future U-Pass distribution partners

as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing.

4. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the amendment and agreements identified in Recommendation #3, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

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 payments proposed in this report must be approved by Council.

IMPLICATIONS OF THE RECOMMENDATIONS

The above recommendations would apply to UMSU, UWSA and any other U-Pass distribution partner in the future.

A 0.5% commission rate to the two current partners would translate into approximately $26,000 annually for UMSU and $7,500 annually for UWSA based on 2016 eligible students for the U-Pass program.

Based on preliminary estimates of their implementation costs and before the definition of an implementation cost is determined, it is forecasted that the reimbursement to UMSU would be approximately $13,000, and to UWSA would be $10,000.

The estimated total payments to current U-Pass partners totals $56,500 and can be accommodated by the Transit department in its 2016 and 2017 operating budget within its budget for Agency Fees and Commissions.

Future partners to a U-Pass program could include institutions such as Red River Community College.

HISTORY/DISCUSSION

On March 25, 2015, Council authorized Winnipeg Transit to proceed with the implementation of the U-Pass program for full time students represented by UMSU and UWSA beginning September 1, 2016.

In 2016, agreements with both student associations and the two universities (University of Manitoba and University of Winnipeg) were signed with terms and conditions agreed upon by all parties.

Both UMSU and UWSA incur regular costs related to the administration and distribution of the U-Pass to eligible students. The U-Pass replaced thousands of post-secondary passes they previously distributed to eligible students. For the distribution of post-secondary passes, UMSU and UWSA were paid a 1% commission; however, no commission or compensation agreement currently applies for the U-Pass program.

In the course of negotiations of the U-Pass agreements, both UWSA and UMSU requested a compensation arrangement be considered by the City to replace the 1% commission they are losing on the sale of post-secondary fare products. Compensation was not included in the agreements as it would have required approval by City Council before it could be included.

FINANCIAL IMPACT

Financial Impact Statement

Date: January 25, 2017

Project Name:

Compensation to U-Pass Partners for Implementation Costs

First Year of Program **2017**

	2017	2018	2019	2020	2021
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	$ 56,500	$ 33,500	$ 33,500	$ 33,500	
Less: Incremental Revenue/Recovery	28,250	16,750	16,750	16,750	-
Net Cost/(Benefit)	$ 28,250	$ 16,750	$ 16,750	$ 16,750	$ -
Less: Existing Budget Amounts	28,250	16,750	16,750	16,750	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs estimated above include the 0.5% commission to apply each year of the current four year U-Pass agreements. The amount of the commission is directly related to the number of eligible students enrolled at the Post-Secondary institutions and thus will vary from year to year. The above analysis assumes variations in enrollment and the annual increase in U-Pass fees offset each other for purpose of calculating the commission. 2017 also includes a provision for reimbursement of implementation costs to UWSA and UMSU in a combined amount of $23,000.

Incremental Revenue reflects cost sharing with the Province of Manitoba at 50%.

Sufficient funding for the above costs is available in the department's budget for Agency Fees and Commissions.

original signed by

Tanis Yanchishyn, CPA, CA
Manager of Finance and Administration

CONSULTATION

Legal Services Department (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

01-01b Key Directions for Connecting and Expanding Our Sustainable Transportation and Infrastructure Network.

SUBMITTED BY

Department :	Transit
Division:	Finance and Administration
Prepared by:	Tanis Yanchishyn, Manager of Finance & Administration
Date:	January 25, 2017