Agenda – Executive Policy Committee – March 8, 2017

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – February 27, 2017

Item No. 4 Establishment of Land Drainage Fund, Restructure Water and Waste Land Drainage, and Flood Control – Operating and Capital Accounts

STANDING COMMITTEE RECOMMENDATION:

On February 27, 2017, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the establishment of a new Land Drainage Fund effective January 1, 2018, be approved.

2. That, on a budget neutral basis, operating and capital accounts pertaining to the Water and Waste Department land drainage and flood control operating budget, recorded in Fund 001 and capital budget, recorded in Fund 003, be restructured to the new Land Drainage Fund.

3. That accounting in the new Land Drainage Fund begin for the 2018 budget year and incorporate the following:

    A. operating budget accounts;

    B. existing capital assets and accumulated amortization accounts be transferred upon completion of the 2017 year end;

    C. existing capital projects be transferred upon completion of the 2017 year end;

    D. any unspent capital funding as at December 31, 2017 remain within the Land Drainage Fund and used for future Water and Waste Department land drainage and flood control capital projects as approved by Council.

4. That the Sewage Disposal Fund continue to fund Water and Waste land drainage and flood control operating and capital costs through a transfer from Fund 444 to the new Land Drainage Fund.

5. 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 – March 8, 2017

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – February 27, 2017

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On February 27, 2017, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council:

ADMINISTRATIVE REPORT

Title: ESTABLISHMENT OF A LAND DRAINAGE FUND, AND RESTRUCTURE WATER AND WASTE LAND DRAINAGE AND FLOOD CONTROL OPERATING AND CAPITAL ACCOUNTS

Critical Path: Standing Policy Committee on Water and Waste, Riverbank Management, and the Environment – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
L. Szkwarek, CPA, CGA Acting Manager Finance and Administration	M. L. Geer, CPA, CA Acting Director, Water and Waste Department	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

This report seeks Council approval to establish a fund structure for Land Drainage and Flood Control services. There is no financial, budget, property tax or utility rate impacts as a result of the report's recommendations.

Land drainage and flood control (WWD-LD) operating and capital costs are included in the mill rate tax supported budget. However, these costs are actually offset by a Transfer from the Sewer Utility, so actual mill-rate support is nil.

A separate fund for Land Drainage and Flood Control operating and capital costs is more transparent and these costs will continue to be funded from a Transfer from the Sewer Utility.

These recommendations are cost neutral.

RECOMMENDATIONS

1. That Council approve the establishment of a new Land Drainage Fund effective January 1, 2018.

2. That, on a budget neutral basis, operating and capital accounts pertaining to the Water and Waste Department land drainage and flood control operating budget, recorded in Fund 001 and capital budget, recorded in Fund 003, be restructured to the new Land Drainage Fund.

3. That accounting in the new Land Drainage Fund begin for the 2018 budget year and incorporate the following:
    a. operating budget accounts;
    b. existing capital assets and accumulated amortization accounts be transferred upon completion of the 2017 year end;
    c. existing capital projects be transferred upon completion of the 2017 year end;

d. any unspent capital funding as at December 31, 2017 remain within the Land Drainage Fund and used for future Water and Waste Department land drainage and flood control capital projects as approved by Council.

4. That the Sewage Disposal Fund continue to fund Water and Waste land drainage and flood control operating and capital costs through a transfer from Fund 444 to the new Land Drainage Fund.

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

Establishment of a new financial Land Drainage Fund requires approval by Council.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no impacts to water and sewer rates or the tax supported budget resulting from the recommendations of this report. On a budget neutral basis, Water and Waste land drainage and flood control (WWD-LD) accounts recorded in the mill rate supported operating and capital budgets Funds 001 and 003 would be restructured to be recorded in the new Land Drainage Fund.

As a result, there will be no WWD-LD operating or capital budgets reported in mill rate supported accounts, and WWD-LD capital projects will be reflected in the new Land Drainage Fund. By utilizing a separate Fund, WWD-LD operating and capital accounting would remain distinct from mill rate supported operations.

Utilizing a portion of the sewer rate, the Sewage Disposal Fund 444 will continue to fully fund operating and capital costs through a transfer to the Land Drainage Fund.

Accounting for operating and capital transactions is expected to remain unchanged other than the use of a new Fund.

HISTORY / DISCUSSION

Land drainage work includes improvements to drainage in combined sewer, flood prevention, catch basin cleaning and meeting regulatory requirements. Land drainage is responsible for the storm sewer system that collects and disposes stormwater. Stormwater includes rain water, snowmelt or excess water from lawn watering that flows off streets and lots.

The 2013 Operating Budget approved by Council on January 29, 2013 directed the Public Service to review the feasibility of transferring the mill rate supported programs to the utility operating budget on a budget-neutral basis.

Historically, WWD-LD costs were funded through the mill rate. Since 2012, WWD-LD operating and capital programs are fully funded by a transfer from the Sewage Disposal Fund 444 utilizing a portion of the sewer rate. As a result, WWD-LD operating and capital costs are accounted for

in mill rate supported Funds 001 (operating) and 003 (capital) budgets but are funded by the Sewage Disposal System Fund 444 budget. By utilizing a separate Land Drainage Fund, WWD-LD budget would remain distinct from that of mill rate supported operations.

On a service-based budget view, the Public Works Department, a mill rate supported department, contributes approximately 8% (2016) towards the land drainage and flood control service and accounts for associated FTEs in the operating budget. The Public Works Department's portion of land drainage and flood control service budget will continue to be mill rate supported ($0.9 million 2016).

The restructuring of accounts can be accomplished during 2017 with planned implementation effective January 1, 2018.

FINANCIAL IMPACT

Financial Impact Statement **Date:** **January 25, 2017**

Project Name:

ESTABLISHMENT OF A LAND DRAINAGE FUND, AND RESTRUCTURE WATER AND WASTE LAND DRAINAGE AND FLOOD CONTROL OPERATING AND CAPITAL ACCOUNTS

COMMENTS:

There is no financial impact associated with this report. Establishment of a new Land Drainage Fund and restructuring of operating and capital accounts is an accounting exercise, will be budget neutral for mill rate supported accounting, and have no impact on water and sewer rates.

"Original signed by L. Szkwarek, CPA, CGA"
Lucy Szkwarek, CPA, CGA
Acting Manager of Finance and Administration

CONSULTATION

In preparing this Report there was consultation with:

Corporate Finance
Legal Services

OURWINNIPEG POLICY ALIGNMENT

This report is in accordance with the OurWinnipeg policies through:

- Section 02-1 Sustainability – incorporate sustainable practices into internal civic operations and programs and services.
- Section 4 Implementation 04-01 OurWinnipeg's Primary Implementation Path: The OurWinnipeg Action Plan subsection (3) Core Function Monitoring, Measuring and Continuous Improvement whereby Measurement tools will enable the City of Winnipeg report on results; and 04-4 Budget.

SUBMITTED BY

Department:	Water and Waste Department
Division:	Finance and Administration Division
Prepared by:	L. Szkwarek, CPA, CGA
File No.	010-07-20-01-00
	010-07-20-02-00
Date:	January 27, 2017