Minutes – Executive Policy Committee – July 12, 2017

REPORTS

Item No. 2 Federal Funding Request for Accelerated Regional Street Renewals

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the Public Service be authorized to proceed with the application for the Accelerated Regional Street Renewals under the New Building Canada Fund.

2. That the accelerated regional street renewal funding plan, outlined in this report, be approved subject to written confirmation of federal funding satisfactory to the Chief Financial Officer.

3. That the federal and provincial funding be referred to the capital budget process and any such budgeted amount be subject to confirmation of federal and provincial funding.

4. That the City enter into, execute and deliver funding agreements with the Government of Canada and the Province of Manitoba that sets out the terms and conditions of federal funding for the Accelerated Regional Streets Renewal plan, and that the Chief Financial Officer be authorized to negotiate and approve the terms and conditions of such funding agreements in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interest 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.

DECISION MAKING HISTORY:

Moved by Councillor Morantz,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

Councillor Sharma, Old Kildonan, submitted a presentation titled Preliminary Design of the Chief Peguis Trail Extension West, Public Information Session, June 6, 2017, with respect to the matter.

ADMINISTRATIVE REPORT

Title: Federal Funding Request for Accelerated Regional Street Renewals

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
Rob Taylor, Manager, Major Capital Projects Oversight	Georges Chartier, Chief Asset and Project Management Officer	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

This report recommends an Accelerated Regional Street Renewals request be submitted to the Federal and Provincial Governments for consideration of incremental federal funding under the New Building Canada Fund. Council approval is required to proceed with accessing federal funding to increase external funding of the City's Regional Streets Renewals. Approval is contingent upon Federal approval of funding.

This increased funding will greatly enhance the City's ability to improve the condition of the City's regional streets. If approved, the combined funding over 6 years would total just over half a billion dollars for regional street renewals.

RECOMMENDATIONS

1. That Council authorize the Public Service to proceed with the application for the Accelerated Regional Street Renewals under the New Building Canada Fund.

2. That Council approve the accelerated regional street renewal funding plan outlined in this report, subject to written confirmation of federal funding satisfactory to the Chief Financial Officer.

3. That the federal and provincial funding be referred to the capital budget process and any such budgeted amount be subject to confirmation of federal and provincial funding.

4. That the City enter into, execute and deliver funding agreements with the Government of Canada and the Province of Manitoba that sets out the terms and conditions of federal

funding for the Accelerated Regional Streets Renewal plan, and that the Chief Financial Officer be authorized to negotiate and approve the terms and conditions of such funding agreements in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interest 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

Council approval is required for funding agreements with other levels of government and approval of the accelerated regional street renewals funding.

IMPLICATIONS OF THE RECOMMENDATIONS

If approved, the Public Service will proceed with obtaining incremental federal funding of $182.0 million over six years for the Regional Streets Renewals under the New Building Canada Fund. This funding would augment forecasted funding allocated to the Regional Street Renewals by 50% for the years 2018 to 2023.

HISTORY/DISCUSSION

In 2014, the Federal Government created the New Building Canada Fund (NBCF). This fund was created to encourage investments in infrastructure projects that contribute to economic growth, job creation and productivity. The federal government works with provinces, territories, municipalities and the private sector to provide funds to economically-focused projects. Regional Street renewals with traffic volumes in excess of 1,000 vehicles per day are an eligible project category under the NBCF. This fund requires all projects to be chosen prior to March 31, 2018 and be completed by March 2024.

On March 24, 2015, Council concurred in the recommendation of the Executive Policy Committee to adopt the following priorities for the New Building Canada Fund:

1. Waverley Street Underpass
2. Marion Street Widening/Grade Separation and Improvements
3. Chief Peguis Trail – Main to Route 90
4. Kenaston Boulevard Widening

On January 20, 2016, the Government of Canada advised that the Waverley Street Underpass at CN Mainline Project received approval under the NBCF and contributed $45.875 million.

In April 2017, it came to the City's attention that $527.5 million dollars allocated for Manitoba under the NBCF of a total $667.9 million was unallocated to date. In addition, all funds are required to be allocated by March 31, 2018.

On May 29, 2017, the Chief Administrative Officer submitted a letter to the Federal and Provincial Governments outlining a plan, subject to Council approval, to access $182 million of Manitoba's NBCF allocation to fund an incremental portion of the City's Regional Streets Renewals.

To date, the City of Winnipeg has accessed only $45.875 million of NBCF funding for the Waverley Street Grade Separation Project, which results in approximately 7% of the Province's allocated funding. The addition of the NBCF funding for the Regional Street Renewals along with the Waverley Project would result in $227.875 million, or 34% of Manitoba's total NBCF funding.

Along with the Waverly Underpass Project, Council approved pursuing NBCF funding on the Marion St Widening, Chief Peguis Trail Extension and Kenaston Boulevard Widening projects. These three projects will be unable to meet the submission deadlines due to their current study stages and, in some cases, scope changes. These three major projects may be eligible under other federal funding programs.

Since 2013, quarterly polling has consistently shown the number one issue or concern of Winnipeggers is the poor condition of City streets. Within the City of Winnipeg there are over 10 million daily vehicle-kilometres driven by residents, commercial and commuters. Approximately 80% of the traffic volume travel is on regional streets.

Applying to this federal funding program augments directly on top of forecasted council funding allocated to the Regional Streets Renewals from 2018 to 2023. The current proposal, if approved, will result in a maximum federal contribution of 50 per cent of the combined Provincial and City contributions toward regional street renewals. This would result in an incremental $182.0 million of federal funding under the NBCF over this six year span. No additional funding over current projected funding levels from the Province and/or City are required.

The result of the Province and the City's contribution along with the federal funding contribution under the NBCF would result in a total $546 million to be spent on Regional Roads over the next 6 years.

Accelerated Regional Street Renewals Forecasted Work

Funding Sources	2018	2019	2020	2021	2022	2023	6 year Total
City*	35.4	29.4	35.1	41.0	47.1	49.0	237.0
Province**	19.0	25.0	23.0	20.0	20.0	20.0	127.0
Incremental Funding from Canada	27.2	27.2	29.1	30.5	33.6	34.5	182.0
Total Regional Street Renewal	81.6	81.6	87.2	91.5	100.7	103.5	546.0

* City funding from the annual 1% property tax increase for regional street renewal.
** Provincial funding from annual grant funding program

The Public Service will be using the established asset management processes in the determination of regional streets projects. A list of selected regional streets will be included in the annual budget process and available to Council and to the public.

There are a significant amount of regional street renewal projects that may be undertaken with this enhanced federal funding. The list below highlights some of the Regional Street Renewals that could be advanced with this incremental NBCF funding for the years 2018-2023. Projects listed show intent, but forecasted work is contingent on weather, bid prices, operating budget, construction inflation, etc.

- Portage Avenue (Woodlawn to Garden)
- Pembina Hwy (Ducharme to Des Trappistes)
- Main Street (McAdam to Partridge)
- Roblin Blvd. (Shaftesbury to Assiniboine Park Dr)
- Selkirk Avenue (Arlington to Sinclair)
- Salter Street (Selkirk to Jefferson)
- University Crescent (Pembina to Chancellor Matheson)
- Broadway (Osborne to Main)
- Keewatin Street (Inkster to Adsum)
- Maryland Street (Westminster to Maryland Bridge)

These regional street renewal projects can be designed and delivered with minimal lead time and are quasi shovel ready unlike the major capital projects such as the aforementioned Marion St Widening, Chief Peguis Trail Extension and Kenaston Boulevard Widening projects.

Recent experiences with federal funding programs have consisted of a lengthy approval process. It is important to act immediately to incorporate this funding into the budget process and prepare projects for the 2018 construction season.

FINANCIAL IMPACT

Financial Impact Statement **Date:** June 27, 2017

Project Name: **First Year of Program** **2018**

Federal Funding for Accelerated Regional Streets Renewals

	2018	2019	2020	2021	2022	2023 and Beyond
Capital						
Capital Expenditures Required	$ 27,200,000	$ 27,200,000	$ 29,050,000	$ 30,500,000	$ 33,550,000	$ 34,500,000
Less: Existing Budgeted Costs	-	-	-	-	-	-
Additional Capital Budget Required	$ 27,200,000	$ 27,200,000	$ 29,050,000	$ 30,500,000	$ 33,550,000	$ 34,500,000
Funding Sources:						
Debt - Internal	$ -	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-	
Grants	-	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-	-
Other - Federal Government of Canada - New Building Canada Fund	$ 27,200,000	$ 27,200,000	$ 29,050,000	$ 30,500,000	$ 33,550,000	$ 34,500,000
Total Funding	$ 27,200,000	$ 27,200,000	$ 29,050,000	$ 30,500,000	$ 33,550,000	$ 34,500,000
Total Additional Capital Budget Required	$ 182,000,000					
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: It is anticipated that the Federal Government will provide funding of $182,000,000 through the New Building Canada Fund (NBCF) toward the Regional Street Renewal Program from 2018 to 2023. This funding amount is based on 50% of the combined total of the Province and City's contribution to the program. The expected funding amounts are $27,200,000, $27,200,000, $29,050,000, $30,500,000, $33,550,000, and $34,500,000 in 2018, 2019, 2020, 2021, 2022, and 2023 respectively.

Funding from the New Building Canada Fund is contingent on approval from the Federal Government.

The City's budgeted funding assumes the continuation of the annual 1% property tax increase for Regional Street Renewal Program.

Original signed by
J. Ruby, CPA, CA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

- Public Works
- Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

Provide efficient and focused civic administration and governance. (p.49)

- Continue to implement life-cycle costing for capital projects and consider all relevant financing and delivery options.

Maintain strong intergovernmental cooperation. (p.50)

- Pursue cost-effective sharing agreements with other governments and with the private sector for priority infrastructure projects.

SUBMITTED BY

Department: Corporate Finance
Division: Infrastructure Office
Prepared by: Rob Taylor, Manager, Major Capital Projects Oversight
Date: June 29, 2017
File No: na

Attachments: none