Minutes – Executive Policy Committee – July 4, 2018

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 26, 2018

Item No. 2 Transit Infrastructure Projects for Federal Funding Programs

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

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 2019 capital projects and funding as outlined in the Capital Budget Detail Sheets included in Appendix C.1 - C.4, with total project costs of $5,305,000 be approved, subject to written confirmation satisfactory to the Chief Financial Officer of federal funding.

2. Subject to the approval of Recommendation 1, that expenditures on the following projects in 2018, or prior to the adoption of the 2019 Capital Budget, be approved, as a first charge against the Transit System Fund and/or other authorized funding sources as determined by the Chief Financial Officer, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to facilitate timely work on the projects:

    A. Up to $1,805,000 for Heavy Shop Equipment Replacement Program (PTIF 1070);

    B. Up to $600,000 for Rapid Overhead Doors at Washrack (PTIF 1048);

    C. Up to $1,400,000 for Hoist Replacement at Fort Rouge Garage (PTIF 1053);

    D. Up to $1,500,000 for Garage Improvements – Phase 2 (PTIF 1084).

3. That the 2019 capital project and funding as outlined in the Capital Budget Detail Sheet in Appendix C.5 be approved, and that the expenditure of up to $1,750,000 for the Garage Improvements – Phase 1 (PTIF 0004) project (part of the Transit Building Roof Replacement and Ventilation Upgrade program) be authorized in 2018, or prior to the adoption of the 2019 Capital Budget, as a first charge against the Transit System Fund and/or other authorized funding sources as determined by the Chief Financial Officer, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to facilitate timely work on the project.

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – June 26, 2018

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

4. That the City enter into, execute and deliver the necessary funding agreements with the Government of Canada and/or the Province of Manitoba (as program administrator) with respect to the federal funding, 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 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 – June 26, 2018

DECISION MAKING HISTORY:

Moved by Councillor Allard,

That the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On June 26, 2018, 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: Transit Infrastructure Projects for Federal Funding Programs

Critical Path: Standing Policy Committee on Infrastructure Renewal and Public Works – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
S. Payne	G. Ewankiw	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

On April 12, 2018, the City of Winnipeg received notice from Manitoba Strategic Infrastructure Secretariat that an additional four Transit projects had been approved under the Public Transit Infrastructure Fund program (PTIF).

These four projects as outlined in Appendix A will address priority items within Transit's Buildings and Equipment Programs. As well, additional capital budget in the amount of $1,750,000 is required for the previously approved Garage Improvements – Phase 1 project (PTIF 0004), amending the capital budget from $3.85 million to $5.6 million.

Council approval is required to fund Transit's 2019 adopted in principle capital forecast to accommodate these projects, in order that a first call on the 2019 adopted in principle capital forecast be made.

With the 1-year extension of the program, Transit has identified an opportunity to re-prioritize projects in order to receive an additional funding in the amounts of $3,402,500 from the Federal Government and $437,500 from the Provincial Government.

These projects, if approved by Council, would have otherwise been solely funded by the City of Winnipeg.

RECOMMENDATIONS

1. That Council approve the 2019 capital projects and funding as outlined in the Capital Budget Detail Sheets included in Appendix C.1 - C.4, with total project costs of $5,305,000, subject to written confirmation satisfactory to the Chief Financial Officer of federal funding.

2. Subject to the approval of recommendation 1, that Council approve expenditures on the following projects in 2018, or prior to the adoption of the 2019 Capital Budget, as a first charge against the Transit System Fund and/or other authorized funding sources as determined by the Chief Financial Officer, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to facilitate timely work on the projects:

    a. Up to $1,805,000 for Heavy Shop Equipment Replacement Program (PTIF 1070);

    b. Up to $600,000 for Rapid Overhead Doors at Washrack (PTIF 1048);

    c. Up to $1,400,000 for Hoist Replacement at Fort Rouge Garage (PTIF 1053);

    d. Up to $1,500,000 for Garage Improvements – Phase 2 (PTIF 1084).

3. That Council approve the 2019 capital project and funding as outlined in the Capital Budget Detail Sheet in Appendix C.5, and that Council authorize the expenditure of up to $1,750,000 for the Garage Improvements – Phase 1 (PTIF 0004) project (part of the Transit Building Roof Replacement and Ventilation Upgrade program) in 2018 or prior to the adoption of the 2019 Capital Budget as a first charge against the Transit System Fund and/or other authorized funding sources as determined by the Chief Financial Officer, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to facilitate timely work on the project.

4. That the City enter into, execute and deliver the necessary funding agreements with the Government of Canada and/or the Province of Manitoba (as program administrator) with respect to the federal funding, 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 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 above recommendations require Council approval.

IMPLICATIONS OF THE RECOMMENDATIONS

Applying to the Federal PTIF program allows the City to leverage available funding to reduce the City's capital investment on selected projects.

Funding was not included in the 2018 capital budget submission because the previous timeframe associated with the PTIF program did not allow for adequate time to complete these projects.

On January 9, 2018, the Federal Government extended the project completion deadline to March 31, 2020 for the PTIF program and the opportunity for the City of Winnipeg to reapply for cost sharing under this program.

With the 1-year extension of the program, Transit has identified an opportunity to re-prioritize projects in order to receive an additional funding in the amounts of $3,402,500 million from the Federal Government and $437,500 from the Provincial.

The funding commitments from the Federal and Provincial governments for the Garage Improvements - Phase 1 project were previously confirmed as part of the A list of PTIF projects approved in July, 2016.

These projects, if approved by Council, would have otherwise been solely funded by the City of Winnipeg.

Appendix C contains the detailed capital sheets for the proposed projects.

The 2019 capital budget submission will include the balance of Transit's 2019 capital program and will maintain the cash to capital targets that were in the 2019 forecast.

Upon federal funding confirmation, the Public Service will commence these projects.

HISTORY/DISCUSSION

Federal Funding Programs

Two Federal funding programs are available: the Public Transit Infrastructure Fund (PTIF) and the Clean Water and Wastewater Fund (CWWF). The federal government will fund up to 50% of eligible project costs, while the provincial government has indicated it will fund 25% of eligible project costs, leaving the City to cover the remaining 25% of eligible costs, in addition to all ineligible costs. Ineligible costs are typically for land, city staff, project financing and any other internal City costs.

Although all federal infrastructure programs are helpful and welcomed, these two programs have restrictive program criteria. Initially the terms required that capital projects needed to be:

- incremental to the capital budget for years 2016 and 2017;
- substantially completed by March 31st, 2019 (has been revised to March 2020).

Chronology of Events

February 2016 – Mayor Bowman writes letter to Federal Minister Sohi requesting increased federal funding.

April 2016 – Federal Minister Sohi writes letter to Premier Pallister outlining the funding distribution by Province and the funding criteria for the new infrastructure funds: Public Transit

Infrastructure Fund (PTIF) and Clean Water Wastewater Fund (CWWF) but also provides information on the modified New Building Canada Fund (NBCF).

June 2016 – Province meets with City to review federal funding programs.

July 2016 – In order to meet federal funding program requirements, CAO submits the first list of projects (A list) to the federal and provincial governments for consideration. The A list represents projects which were included in the 2017-2021 capital forecast from the 2016 budget process.

July 2016 – CAO informs Council via email with particulars of the federal funding programs and the projects on the A list.

July 2016 – Federal and Provincial governments announce projects from the A list: 4 transit projects and 1 water project. Included in approved projects is Phase 1 of the Garage Improvements project at a total value of $5.6 million. Due to time constraints, the City reduced the scope of this project to $3.85 million to meet the March 31, 2019 deadline.

September 2016 – In order to meet federal funding program requirements, CAO submits a second list of projects (the B list) to the federal and provincial governments for consideration. The B list represents projects which were not in the 2017-2021 capital forecast from the 2016 budget process.

September 2016 – CAO informs Council via email with update on the federal funding programs and the additional projects submitted on the B list.

September through November – several meetings occurred between Provincial and City staff to review suggested projects and work through providing requested information.

December 14, 2016, Council approved a report titled “Infrastructure Projects for Federal Funding Programs”. The report outlined the City’s approval to proceed with, and fund, projects under the Federal PTIF program.

On January 8, 2018, the Federal government extended the PTIF deadline from March 31, 2019 to March 31, 2020.

On January 29, 2018, the City re-submitted to the PTIF program an application for projects previously on the September 2016, B-list.

On April 12, 2018, the Federal government approved the City of Winnipeg’s re-application for the following projects;

- Transit Shop Equipment Upgrade / Replacement
- Rapid Overhead Doors at Washrack
- Hoist Repair / Replacement
- Garage Improvements - Phase 2

FINANCIAL IMPACT

Financial Impact Statement

Date: May 31, 2018

Project Name:

Transit Infrastructure Projects for Federal Funding Programs

First Year of Program **2019**

	2019	2020	2021	2022	2023
Capital					
Capital Expenditures Required	$ 7,055,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	3,215,000	-	-	-	-
Additional Capital Budget Required	$ 3,840,000	$ -	$ -	$ -	$ -
Funding Sources:					
Cash to capital	$ -	$ -	$ -	$ -	$ -
Provincial Public Transit Infrastructure Fund	437,500	-	-	-	-
Federal Public Transit Infrastructure Fund	3,402,500	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other	-	-	-	-	-
Total Funding	$ 3,840,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 3,840,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	149,000	-	-	-	-
Net Cost/(Benefit)	$ (149,000)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (149,000)	$ -	$ -	$ -	$ -

Additional Comments: Capital Expenditures Required above represent the total capital budget authorization (including interest and administrative overheads and applicable taxes) for the projects detailed in Appendix B to this report.

Projects are subject to confirmation satisfactory to the Chief Financial Officer of government funding for each respective project.

The Federal and Provincial funding for the Garage Improvements - Phase 1 project has been previously confirmed.

original signed by

Laurie Fisher, CPA, CA

Manager of Finance & Administration

CONSULTATION

This Report has been prepared in consultation with:

- Corporate Finance
- Communications
- Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

Provide efficient and focused civic administration and governance. (p49)

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

Maintain strong intergovernmental cooperation. (p50)

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

SUBMITTED BY

Department: Transit
Division: Asset Management Office
Prepared by: Scott Payne
Date: May 31, 2018

Attachments:
Appendix A – PTIF Project List
Appendix B – Change to 2019 Capital Forecast and Funding Summary
Appendix C – Capital Budget Detail Sheets