Agenda – Executive Policy Committee – September 12, 2018

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than four business days preceding the committee meeting, be considered by Committee.

ADDENDUM REPORTS

Item No. 16 Revised Accelerated Regional Street Renewal for Federal Funding

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the 2019-2023 Accelerated Regional Street Renewal projects as outlined in the capital budget detail sheet included in Appendix A, (which projects replace the accelerated street renewal funding plan approved by Council on July 19, 2017 in the report entitled "Federal Funding Request for Accelerated Regional Street Renewals) be approved in principle, subject to final confirmation of federal and provincial funding satisfactory to the Chief Financial Officer and adoption of the 2019 Capital Budget.

2. That subject to fulfillment of the conditions set forth in Recommendation 1, 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 Street Renewal projects, 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.

3. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: Revised Accelerated Regional Street Renewal for Federal Funding

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 approval in principle of the revised Accelerated Regional Street Renewal projects over 5 years with anticipated incremental federal funding of $100 million under the New Building Canada Fund. The funding outlined in this report is subject to approval by the Federal and Provincial Governments.

Council approval in principle of the 2019-2023 Accelerated Regional Street Renewal projects, as outlined in the attached capital budget detail sheet, is required by the Federal Government to proceed with accessing the federal funding.

This increased $100 million funding will enhance the City's ability to improve the condition of the City's regional streets. The total combined "Accelerated" and "Non-Accelerated" regional street renewal projects funding over five years (2019 to 2023) would result in over $400 million dollars for regional street renewals – increasing funding by about a third (32%) compared to the forecasted funding outlined in the 2018 capital budget for regional street renewals.

RECOMMENDATIONS

1. That the 2019-2023 Accelerated Regional Street Renewal projects as outlined in the capital budget detail sheet included in Appendix A, (which projects replace the accelerated street renewal funding plan approved by Council on July 19, 2017 in the report entitled "Federal Funding Request for Accelerated Regional Street Renewals) be approved in principle, subject to final confirmation of federal and provincial funding satisfactory to the Chief Financial Officer and adoption of the 2019 Capital Budget.

2. That subject to fulfillment of the conditions set forth in Recommendation 1, 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 Street Renewal projects, 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.

3. 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 in principle of the 2019-2023 Accelerated Regional Street Renewal projects, as outlined in the attached capital budget detail sheet, is required by the Federal Government to proceed with accessing the federal funding.

IMPLICATIONS OF THE RECOMMENDATIONS

The Public Service will commence pre-construction activities (engineering design) on the 2019 Accelerated Regional Street Renewal capital projects as outlined in the capital budget detail sheet included in Appendix A.

Council approval in principle of the 2019-2023 Accelerated Regional Street Renewal projects, as outlined in the attached capital budget detail sheet, is required by the Federal Government in order to proceed with accessing the federal funding and to enter into an agreement with the Federal and Provincial governments.

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. 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 were required to be allocated by March 31, 2018.

Original Application: Accelerated Regional Street Renewal for Federal Funding

Regional street renewals with traffic volumes in excess of 1,000 vehicles per day are an eligible project category under the NBCF. 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.

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 increase funding for regional streets renewals in the City.

On July 19, 2017, City Council adopted a report titled: "Federal Funding Request for Accelerated Regional Street Renewals".

In September 2017, the City submitted the Accelerated Regional Street Renewal application to the province for consideration under the New Building Canada Fund to access $170 million Manitoba's NBCF allocation to fund an incremental portion of the City's regional streets renewals.

Revised Accelerated Regional Street Renewal Application for Federal Funding

In March 2018, the City received information indicating the federal and provincial contribution towards the Accelerated Regional Street Renewals Application would likely be in the order of $100 million from each government over 5 years (2019 to 2023).

In June 2018, the City submitted a revised Accelerated Regional Street Renewal application to access $100 million of Federal funding under the NBCF to increase funding of regional streets renewals in the City.

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 NBCF funding. The addition of the NBCF funding for the Accelerated Regional Street Renewals along with the Waverley Project would result in $145.875 million, or approximately 22% of Manitoba's total NBCF funding.

The Public Service used established asset management processes in the determination of regional streets renewal projects. The combined Provincial and City funding along with the Federal funding contribution under the NBCF would result in over $400 million in total being spent on "Accelerated" and "Non-Accelerated" regional street renewals over the next 5 years (2019 to 2023) – increasing funding by about a third (32%) compared to the forecasted funding outlined in the 2018 capital budget for regional street renewals.

Please see Appendix A for the capital budget detail sheet which provides regional project listing and funding plan. Appendix B contains maps identifying the locations of the "Accelerated" and "Non-Accelerated" regional street renewals over the next 5 years (2019 to 2023).

The attached appendices are provided for approval in principle only. The 2019 regional and local renewal program budget will be approved as part of the 2019 Capital Budget process.

This report's appendices (Appendix A and Appendix B) are based on the forecasted Provincial funding contribution based on the adopted 2018 Capital Budget forecast over the next 5 years. The City has not received any commitment from the Provincial government regarding future capital funding for the "Non-Accelerated" regional street renewal and local street renewal works. As a result there is uncertainty regarding Provincial capital funding.

The following tables outline the funding sources along with anticipated dollar amounts for the regional street renewal works of the "Accelerated" and the "Non-Accelerated" components.

Accelerated Regional Street Renewals
(costs in millions of dollars)

Funding Sources	2019	2020	2021	2022	2023	5 year Total
Federal (NBCF)	12.000	25.000	26.000	24.000	13.000	100.000
Province of Manitoba	12.000	25.000	26.000	24.000	13.000	100.000
City (Eligible)	12.000	25.000	26.000	24.000	13.000	100.000
City (Ineligible)	3.800	3.800	3.400	3.300	1.600	15.900
Total	39.800	78.800	81.400	75.300	40.600	315.900

Non-Accelerated Regional Street Renewals
(costs in millions of dollars)

Funding Sources	2019	2020	2021	2022	2023	5 year Total
Federal	-	-	-	-	-	-
Province of Manitoba	8.000	-	-	-	3.000	11.000
City	13.738	6.538	11.938	20.238	34.938	87.390
Total	21.738	6.538	11.938	20.238	37.938	98.390

Total Accelerated and Non-Accelerated Regional Street Renewals
(costs in millions of dollars)

Funding Sources	2019	2020	2021	2022	2023	5 year Total
Federal (NBCF)	12.000	25.000	26.000	24.000	13.000	100.000
Province of Manitoba	20.000	25.000	26.000	24.000	16.000	111.000
City	29.538	35.338	41.338	47.538	49.538	203.290
Total	61.538	85.338	93.338	95.538	78.538	414.290

This report recommends approval in principle of the revised Accelerated Regional Street Renewal projects over 5 years with anticipated incremental federal funding of $100 million under the New Building Canada Fund. The funding outlined in this report is subject to approval by the Federal and Provincial Governments.

Council approval in principle of the 2019-2023 Accelerated Regional Street Renewal projects, as outlined in the attached capital budget detail sheet, is required by the Federal Government to proceed with accessing the federal funding.

FINANCIAL IMPACT

Financial Impact Statement **Date: August 21, 2018**

Project Name: **First Year of Program** **2019**

Federal Funding for Accelerated Regional Streets Renewals

	2019	2020	2021	2022	2023
Capital					
Capital Expenditures Required	$ 39,800,000	$ 78,800,000	$ 81,400,000	$ 75,300,000	$ 40,600,000
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ 39,800,000	$ 78,800,000	$ 81,400,000	$ 75,300,000	$ 40,600,000
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Province of Manitoba Regional Roads	$ 12,000,000	$ 25,000,000	$ 26,000,000	$ 24,000,000	$ 13,000,000
Regional Street Renewal Reserve	$ 15,800,000	$ 28,800,000	$ 29,400,000	$ 27,300,000	$ 14,600,000
Other - Federal Government of Canada - New Building Canada Fund	$ 12,000,000	$ 25,000,000	$ 26,000,000	$ 24,000,000	$ 13,000,000
Total Funding	$ 39,800,000	$ 78,800,000	$ 81,400,000	$ 75,300,000	$ 40,600,000
Total Additional Capital Budget Required	$ 315,900,000				
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: Capital expenditures required represent the forecasted 2019-2023 Accelerated Regional Street Renewal Program, as outlined in Appendix A. It is anticipated that the Federal Government will provide funding of $100,000,000 through the New Building Canada Fund toward the Accelerated Regional Street Renewal Program from 2019-2023.

Funding from the New Building Canada Fund and Province of Manitoba Regional Roads is contingent on approval from the Federal and Provincial Governments.

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

CONSULTATION

This Report has been prepared in consultation with:

- Public Works
- Corporate Finance
- 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: Office of the CAO
Division: Infrastructure Planning Office
Prepared by: Rob Taylor, Manager, Major Capital Projects Oversight
Date: September 6, 2018

Attachments:

Appendix A: Regional and Local Street Renewal Capital Detail Sheet

Appendix B: Maps showing location of regional street renewal 2019 to 2023