Agenda – Executive Policy Committee – November 28, 2019

BUDGET REVIEW

Item No. 5 Infrastructure Projects for Federal and Provincial Funding under the Investing in Canada Infrastructure Program

COUNCIL DECISION:

On September 26, 2019, Council concurred in the recommendation of the Executive Policy Committee which included the following recommendation:

5. That additional operating budget impacts be referred to the 2020 Operating Budget process.

Agenda – Executive Policy Committee – November 28, 2019

DECISION MAKING HISTORY:

COUNCIL DECISION:

On September 26, 2019, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the three projects outlined in the capital budget detail sheets included in Appendix A totaling $631,513,000 be approved subject to final written confirmation of federal and provincial funding satisfactory to the Chief Financial Officer, and that the 2019 Capital Budget be amended to reflect the same.

2. That the Public Service be directed to submit the four projects listed in Table 1 of this report for Federal and Provincial contribution funding under the Investing in Canada Infrastructure Program.

3. That additional borrowing authority in the amount of $24,297,000 be approved for the City's portion of the tax supported project costs and include the corresponding debt and finance charges in the 2020 and subsequent operating budgets as outlined in the Financial Impact Statement in this report.

4. That all debt and finance charges resulting from approvals of Recommendation 1 and 2 be included in the 2020 and subsequent operating budgets.

5. That additional operating budget impacts be referred to the 2020 Operating Budget process.

6. That subject to fulfillment of the conditions set forth in Recommendation 1 and 2, 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 and provincial funding for the projects detailed in this report, and that authority be delegated to the Chief Financial Officer to negotiate and approve 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, and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing.

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

7. Further to the December 2013 Council authorization of the operating funding grant to the YMCA-YWCA of Winnipeg, that items 1.N.i, 1.N.ii, and 1.N.iii in Minute No.141, Council Minutes of December 17, 2013, attached as Appendix C (2014 to 2016 Operating Budget), be rescinded subject to federal and provincial contribution funding.

8. That the Director of Legal Services and City Solicitor be requested to submit the necessary borrowing by-law directly to Council.

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

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 17, 2019, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

Steve Snyder submitted a communication dated September 15, 2019, with respect to the matter.

On July 9, 2019, the Executive Policy Committee passed the following motion:

WHEREAS the Province of Manitoba has recently announced that the Federal and Provincial Governments will invest a total of $3 billion in critical infrastructure across Manitoba over the next 10 years under the Investing in Canada Infrastructure Program (ICIP);

AND WHEREAS the ICIP will provide cost-shared funding for municipal infrastructure projects in the areas of Transit, Green Infrastructure as well as Community Culture and Recreation infrastructure;

AND WHEREAS municipal projects approved under ICIP can receive cost shared funding for eligible costs of up to 50 percent from Canada and 33.33 percent from Manitoba;

AND WHEREAS the initial intake for project applications under ICIP has been extended to the beginning of October 2019, with future intakes deadlines unknown at this time;

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

AND WHEREAS the public service has recently completed an unfunded capital projects report that includes 22 projects over the next decade, some of which may be eligible for cost shared funding under ICIP;

AND WHEREAS the City of Winnipeg does not have access to the necessary growth revenues to address its currently estimated $6.9 billion infrastructure deficit on its own, and therefore must consider projects that are affordable and leverage cost-shared funding support from other levels of government;

AND WHEREAS the Illicit Drug Task Force report released on June 28, 2019 called upon all governments to consider a wide range of possible actions to combat the impacts of illicit drug use, including prioritizing investments in recreation opportunities for youth in high need areas of the City;

AND WHEREAS the City's asset management analysis protocol considers infrastructure priorities to meet levels of service requirements as well as within four primary themes impacting the City which are: economic, social, environmental and regulatory.

THEREFORE BE IT RESOLVED that the Winnipeg Public Service report to Council in September 2019 on a prioritized list of infrastructure projects for consideration by Council for submission to the Investing in Canada Infrastructure Program (ICIP).

BE IT FURTHER RESOLVED that the Winnipeg Public Service consider the following criteria in identifying projects to be included in the aforementioned report to Council in September 2019;

A. Projects that have been identified in previous City Capital Budgets and/or the current five-year capital forecast;

B. Projects that align with ICIP requirements.

C. Projects that meet a combination of City of Winnipeg asset management criteria to meet levels of service requirements as well as within four primary themes: economic, social, environmental and regulatory.

D. Projects that can work within the financial constraints of the City of Winnipeg Capital Infrastructure budgets.

ADMINISTRATIVE REPORT

Title: Infrastructure Projects for Federal and Provincial Funding under the Investing in Canada Infrastructure Program

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	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

Four capital projects outlined below are considered in this report:

Project	Cost (in $ millions)	Project Approval Status
NEWPCC Upgrade: Headworks Facilities	$ 356	Approved February 2019
NEWPCC Upgrade: Biosolids Facilities	$ 553	Unapproved
South Winnipeg Recreation Campus: Phase One - Recreation Centre	$ 71	Unapproved
St. James Civic Centre - Facility Expansion	$ 14	Unapproved
Total	$ 994	

The Public Service followed asset management processes in the determination of the projects, as well as additional criteria included by Executive Policy Committee's motion of July 9.

This report recommends Council approval of the three unapproved capital projects subject to federal and provincial funding. The total cost for the three projects is approximately $638 million of which just over $6 million has been previously funded. Thus just under $632 million of additional funding is required of which the City's share is approximately $209 million and would be financed by the use of debt.

This report also recommends Council approval to submit four capital projects for federal

and provincial funding under the Investing in Canada Infrastructure Program. The NEWPCC Upgrade: Headworks Facilities project, previously approved by Council on February 28, 2019, will also be included in the funding submission. The total cost for the four projects is just under one billion dollars.

Council approval of projects is required by the Federal and Provincial governments in order to be considered for federal and provincial funding.

If successful in accessing the maximum federal and provincial funding for these four projects, with a combined cost just under $1 billion, the City's combined funding could be reduced by up to $643 million compared to the City fully funding the four projects on its own. Thus the City's share of the four projects would total approximately $350 million.

RECOMMENDATIONS

1. That the three projects outlined in the capital budget detail sheets included in Appendix A totaling $631,513,000 be approved subject to final written confirmation of federal and provincial funding satisfactory to the Chief Financial Officer, and that the 2019 Capital Budget be amended to reflect the same.

2. That the Public Service be directed to submit the four projects listed in Table 1 of this report for Federal and Provincial contribution funding under the Investing in Canada Infrastructure Program.

3. That additional borrowing authority in the amount of $24,297,000 be approved for the City's portion of the tax supported project costs and include the corresponding debt and finance charges in the 2020 and subsequent operating budgets as outlined in the Financial Impact Statement in this report.

4. That all debt and finance charges resulting from approvals of Recommendation 1 and 2 be included in the 2020 and subsequent operating budgets.

5. That additional operating budget impacts be referred to the 2020 Operating Budget process.

6. That subject to fulfillment of the conditions set forth in Recommendation 1 and 2, 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 and provincial funding for the projects detailed in this report, and that authority be delegated to the Chief Financial Officer to negotiate and approve 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, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing.

7. Further to the December 2013 Council authorization of the operating funding grant to the YMCA-YWCA of Winnipeg, that items 1.N.i, 1.N.ii, and 1.N.iii in Minute No.141, Council Minutes of December 17, 2013, attached as Appendix C (2014 to 2016 Operating Budget), be rescinded subject to federal and provincial contribution funding.

8. That the City Solicitor / Director of Legal Services be requested to submit the necessary borrowing by-law directly to Council.

9. 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

On July 9, 2019, the Executive Policy Committee directed the Public Service to prepare a report for September Council with a prioritized list of infrastructure projects for consideration by Council for submission to the Investing in Canada Infrastructure Program.

Council approval of the projects is required by the Federal and Provincial governments in order to be considered for federal and provincial funding

IMPLICATIONS OF THE RECOMMENDATIONS

Council to approve the following three capital projects along with their funding sources as outlined in Appendix A:

- NEWPCC Upgrade: Biosolids Facilities
- South Winnipeg Recreation Campus: Phase One – Recreation Centre
- St. James Civic Centre – Facility Expansion

Council to authorize the Public Service to submit the following four capital projects, listed in Table 1 of this report, for federal and provincial funding under the Investing in Canada Infrastructure Program:

- NEWPCC Upgrade: Headworks Facilities
- NEWPCC Upgrade: Biosolids Facilities
- South Winnipeg Recreation Campus: Phase One – Recreation Centre
- St. James Civic Centre – Facility Expansion

Subject to federal and provincial funding, Council to rescind the authorization for an operating funding grant to the YMCA-YWCA relating to new recreation facilities.
The 2020 capital budget and five-year forecast, and 2020 operating budget and 2021 to 2023 projections, will be adjusted to reflect the impact of amending the 2019 capital budget for the projects noted in this report.

HISTORY/DISCUSSION

Federal Infrastructure Funding Program

The Investing in Canada Infrastructure Program (ICIP) is the current major 10 year federal infrastructure funding program (2018 to 2027). The City of Winnipeg could access funding under three infrastructure streams:

- Green Infrastructure (environmental)
- Community, Culture & Recreation Infrastructure
- Public Transit Infrastructure

The Government of Canada and the Province of Manitoba signed the Investing in Canada Infrastructure Program (ICIP) Canada-Manitoba bilateral agreement on June 4, 2018. The Province of Manitoba is administering the ICIP funding program on behalf of the federal government as per the bilateral agreement.

The following entities can submit projects for ICIP funding:

- Province of Manitoba
- Municipal governments
- Indigenous governments
- Public or not-for-profit organization working in collaboration with above three entities

Based on the ICIP bilateral agreement, City projects could generally expect to have contributions for eligible costs from each level of government as follows:

40.00% Federal
33.33% Provincial
26.67% City

All ineligible costs are 100% City funded such as for costs related to land, City staff and interest.

In order for projects to be eligible for funding under ICIP, a project must meet:

- general program eligibility requirements and conditions
- funding stream specific eligibility requirements and conditions
- at least one outcome within the applicable ICIP funding stream
- be substantially completed by October 31, 2027.

Each stream of ICIP has specific outcomes that need to be met. Examples are:

- Increased capacity to treat wastewater
- Improved access to recreational infrastructure.
- Improved capacity of public transit

A requirement of projects submitted under ICIP is a Council resolution authorizing the project to proceed and committing the City's share of project funding. As well, the submission is to rank the projects based on the City's priorities.

Projects submitted for ICIP funding consideration with eligible expenditures of $10 million or more require a greenhouse gas emissions assessment, a climate change

resilience assessment, and a report on community employment benefits.

Expression of Interest

Following the signing of the bilateral agreement, the Province published an Expression of Interest document stating that the anticipated first formal application intake for project submission would take place in the Fall of 2018.

At the end of September 2018, in order to provide the Province information consistent with the Expression of Interest, the Public Service provided a list of possible projects to the Province for discussion purposes.

ICIP Submission Process Opens (1st round)

On June 3, 2019, the Province announced the start of the ICIP submission process but also included submission deadlines as follow:

- Green Infrastructure Stream – September 12, 2019
- Community, Culture and Recreation Infrastructure Stream – September 19, 2019
- Public Transit Infrastructure Stream – based on a public transit ridership model, the province to contact and work directly with the City.

In order to allow for City Council approval of projects for submission at its September Council meeting, the Public Service requested an extension. On June 25, 2019, the Province granted a deadline extension to October 2, 2019 for the Green Infrastructure Stream and the Community, Culture and Recreation Stream.

Green Infrastructure Stream

The objective of the Green Infrastructure Stream is to support greenhouse gas emission (GHG) reductions; enable greater adaptation and resilience to the impacts of climate change and climate-related disaster mitigation; and ensure that more communities can provide clean air and safe drinking water for their citizens.

The federal government has allocated $452 million of federal funding to Manitoba under this stream of ICIP.

Community, Culture and Recreation Infrastructure Stream

The objective of the Community, Culture and Recreation Infrastructure Stream is to build stronger communities and improve social inclusion.

The Federal government has allocated $61 million of federal funding to Manitoba under this stream of ICIP (of which $7.8 has already been committed to a project in the Town of Niverville).

Public Transit Infrastructure Stream

The objective of the Public Transit Infrastructure Stream is to primarily build new urban transit networks and service extensions that will transform the way that Canadians live,

move and work.

The federal government has allocated $546 million of federal funding to Manitoba under this stream of ICIP. The allocation of this federal Transit funding is 'based solely on ridership' of which Winnipeg represents approximately 97%.

On July 18, 2019, the Province provided information relating to the Public Transit Infrastructure Stream including there is no deadline for submissions for Transit projects – the submission process remains continuously open.
But under this stream, a Public Transit Infrastructure Stream Strategic Plan must be provided to the Province and is to identify the City's long-term objectives of its transit funding allocation along with how it will complement the future transit capital planning and goals. This strategic plan is required prior to the City submitting Transit projects.

Projects & Funding

Council approval of projects is required by the Federal and Provincial governments in order to be considered for federal and provincial funding. The following three projects require Council approval:

- NEWPCC Upgrade: Biosolids Facilities
- South Winnipeg Recreation Campus: Phase One – Recreation Centre
- St. James Civic Centre – Facility Expansion

Please refer to Appendix A which includes a capital budget detail sheet for each project as well as a one page summary of financing sources.

The NEWPCC is also known as the north end sewage treatment plant.

Approved projects would then be submitted under their applicable infrastructure stream as follows:

- Green
    - NEWPCC Upgrade: Headworks Facilities (Approved February 2019)
    - NEWPCC Upgrade: Biosolids Facilities
- Community, Culture and Recreation
    - South Winnipeg Recreation Campus: Phase One – Recreation Centre
    - St. James Civic Centre – Facility Expansion

The NEWPCC Upgrade: Headworks Facilities and NEWPCC Upgrade: Biosolids Facilities projects were identified in a February 2019 Council adopted report and provided approval of the NEWPCC Upgrade: Headworks Facilities project.

The 2019 Capital Budget included the St. James Civic Centre – Facility Renewal and Expansion project. With this report, the Expansion component will now be a separate project called the St. James Civic Centre – Facility Expansion

The South Winnipeg Recreation Campus: Phase One – Recreation Centre and the St.

James Civic Centre – Facility Expansion projects were previously forecasted in the 2019 Capital Budget.

Further project information on the four projects can be found in Appendix B.

Special note relating to the South Winnipeg Recreation Campus: recent discussions with the YM/YWCA have involved a potential alternative partnership approach similar to that undertaken in other western Canadian cities, whereby the City would own and construct the facility, and the YM/YWCA would be responsible for facility operations and facility life cycle renewal over the life of the agreement, rather than being an initial capital funding partner – thus a different funding model than the one-third each model (City-YM/YWCA-Manitoba) approved as part of the 2014 operating budget – the relevant excerpt of the budget recommendation is shown in Appendix C. The Winnipeg Public Service will continue to discuss the potential partnership parameters with the YM/YWCA and bring a recommendation on a preferred operating and governance model for future Council approval. Additional details are provided in the notes of the project's capital budget detail sheet included in Appendix A.

The Public Service followed asset management processes in the determination of the projects for ICIP consideration as well as additional criteria included by Executive Policy Committee's July 9 motion.

The projects are listed in order of priority for ICIP submission. Table 1 represents project costs with the maximum proposed federal & provincial funding:

Table 1 - Projects for Federal and Provincial ICIP Funding

Project Name	Class of Estimate	Proposed Funding ($000s)						
		Total Project Costs	**Total Eligible Project Costs**	**Federal (40.00%)**	**Provincial (33.33%)**	**City (Eligible)**	**City (Ineligible)**	**City Total**
NEWPCC Upgrade: Headworks Facilities *	3	$ 356,099	$ 300,932	$ 120,373	$ 100,300	$ 80,259	$ 55,167	$ 135,426
NEWPCC Upgrade: Biosolids Facilities	3	$ 552,712	$ 502,182	$ 200,873	$ 167,377	$ 133,932	$ 50,530	$ 184,462
Total Green Infrastructure		$ 908,811	$ 803,114	$ 321,246	$ 267,677	$ 214,191	$ 105,697	$ 319,888
Total Green Infrastructure Federal and Provincial Funding				$588,923				
South Winnipeg Recreation Campus: Phase One - Recreation Centre	5	$ 71,009	$ 61,108	$ 24,443	$ 20,367	$ 16,298	$ 9,901	$ 26,199
St James Civic Centre - Facility Expansion	4	$ 14,006	$ 13,220	$ 5,288	$ 4,406	$ 3,526	$ 786	$ 4,312
Total Community, Culture and Recreation Infrastructure		$ 85,015	$ 74,328	$ 29,731	$ 24,774	$ 19,823	$ 10,687	$ 30,510
Total Community, Culture and Recreation Infrastructure Federal and Provincial Funding				$54,505				
Total		$ 993,826	$ 877,442	$ 350,977	$ 292,451	$ 234,014	$ 116,384	$ 350,398
Total Federal and Provincial ICIP Funding				$643,428				

* Excludes the Power Supply component of the previously approved project as the Power Supply component is currently under construction.

If successful in accessing the maximum federal and provincial funding for these four projects, the City's combined funding could be reduced by up to approximately $643 million compared to the City fully funding the four projects on its own: approximately $589 million for the two NEWPCC projects and just over $54 million for the two recreation projects.

In addition, the following table 2 outlines the corresponding City funding required. The City funding is broken down into three components: previous approved budget; planned funding based on the forecasted/planned budgets; and the resulting additional non forecasted funding required. Full details are outlined in the capital budget detail sheets in Appendix A.

Table 2- City Funding Required

Project Name	Class of Estimate	Proposed Funding ($000s)			
		Total City Funding	**Previous Approved Budgets**	**Forecast/ Planned Funding (2019 Budget)**	**Incremental Additional Funding**
NEWPCC Upgrade: Headworks Facilities *	3	$ 135,426	$ 356,099	$ -	$ (220,673) **
NEWPCC Upgrade: Biosolids Facilities	3	$ 184,462	$ -	$ -	$ 184,462
Total Green Infrastructure		$ 319,888	$ 356,099	$ -	$ (36,211)
Total Green Infrastructure City Funding				($36,211)	
South Winnipeg Recreation Campus: Phase One - Recreation Centre	5	$ 26,199	$ 6,214	$ 21,704 ***	$ (1,719)
St James Civic Centre - Facility Expansion	4	$ 4,312	$ -	$ 3,900	$ 412
Total Community, Culture and Recreation Infrastructure		$ 30,511	$ 6,214	$ 25,604	$ (1,307)
Total Community, Culture and Recreation Infrastructure City Funding				$24,297	

* Excludes the Power Supply component of the previously approved project as the Power Supply component is currently under construction.

** Federal and Provincial funding would free up previously approved City funding of $220.673 million that could then be used for other NEWPCC projects

*** Includes $11,667 forecasted/planned operating budget and $10,037 from forecasted capital budget.

The two Community, Culture and Recreation Infrastructure Stream projects in Table 2 require $24.3 million of debt. If approved, there would be $25.6 million of forecasted/planned funding which could then be reallocated for other purposes through the 2020 budget process.

In addition to debt financing, an additional funding tool for growth-related projects is the use of
impact fee revenue. Use of the impact fee revenue would decrease the need for debt.

The project costs are categorized as Class 3, Class 4 or Class 5 cost estimates. The following outlines the accuracy range for the cost estimate class:

Class 5: -50% to +100%

Class 4: -30% to +60%
Class 3: -20% to +30%

Ideally, the Public Service's goal is to provide Council with Class 3 project cost estimates for budget authorization. A project with a Class 4 or 5 cost estimate is less defined/developed and thus has a wider range of cost accuracy and less certainty in the estimated project cost.

Audit Review

The Audit Department will submit a separate report to accompany this report. Audit's report, entitled "Estimate Classification Audits for Projects Included in "Infrastructure Projects for Federal and Provincial Funding under the Investing in Canada Infrastructure Program"", details its work regarding the projects in this report. The report affirms Audit's opinion that the NEWPCC Upgrade estimates in this report are fairly classified as Class 3 estimates. It also explains why audits on the remaining two projects were not completed. Please refer to Audit's report for further details.

Audit has indicated it will not review the South Winnipeg Recreation Campus: Phase One – Recreation Centre at the Class 5 cost estimate due to the Class 5 project definition stage and the cost range. In addition, Audit has indicated it will not review the St. James Civic Centre – Facility Expansion project as it does not meet the threshold for a major capital project.

Debt Financing

This report recommends that Council approve the three projects outlined in Appendix A and that the City's share be fully financed by debt totaling $208.759 million.

Borrowing Authority

For the NEWPCC Upgrade: Biosolids Facilities project, sufficient borrowing authority already exists. As such, the Public Service will include the corresponding debt and finance charges as part of the 2020 budget process if this report is approved.

For the tax supported projects, additional borrowing authority of $24.297 million is required.

Debt Strategy

On October 28, 2015, Council adopted a Debt Strategy for Tax Supported, Utilities and total City borrowing. This report requires an incremental $24,297,000 in long-term debt financing. $150 million of Tax Supported and $110 million of Utilities borrowing capacity will remain if Council approves this Borrowing Authority. The impact of this Debt Financing falls within the debt limits established in the Council policy as outlined in the table below.

Tax Supported net debt as a percentage of revenue not to exceed	80%
Forecasted peak rate including proposed debt from this report	63.3%
Utilities net debt as a percentage of revenue not to exceed	220%
Forecasted peak rate including proposed debt from this report	141.7%
Total City net debt as a percentage of revenue not to exceed	90%
Forecasted peak rate including proposed debt from this report	77.2%
Tax Supported debt servicing as a percent of revenue not to exceed	10%
Forecasted peak rate including proposed debt from this report	5.5%
Utilities debt servicing as a percent of revenue not to exceed	20%
Forecasted peak rate including proposed debt from this report	10.3%
Total City debt servicing as a percent of revenue not to exceed	11%
Forecasted peak rate including proposed debt from this report	7.0%
Tax Supported Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,124
Utilities Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,367
Total City Debt per Capita not to exceed	2,800
Forecasted peak rate including proposed debt from this report	2,292

FINANCIAL IMPACT

Financial Impact Statement **Date:** September 6, 2019

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

Infrastructure Projects for Federal and Provincial Funding under the Investing in Canada Infrastructure Program

	2019	2020	2021	2022	2023
Capital					
Capital Expenditures Required	$ 631,513,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	251,000	8,500,000	5,323,000	3,763,000
Additional Capital Budget Required	$ 631,513,000	$ (251,000)	$ (8,500,000)	$ (5,323,000)	$ (3,763,000)
Funding Sources:					
Cash to Capital		$ (251,000)	$ -	$ -	$ -
Debt - External	208,759,000		(3,900,000)	-	-
Federal Funding - ICIP	230,604,000	-	-	-	-
Provincial Funding - ICIP	192,150,000	-		-	-
Provincial Funding - Other			(3,900,000)		
Federal Funding - Gas Tax	-	-	(700,000)	(5,323,000)	(3,763,000)
Total Funding	$ 631,513,000	$ (251,000)	$ (8,500,000)	$ (5,323,000)	$ (3,763,000)
Total Additional Capital Budget Required	$ 613,676,000				
Total Additional Debt Required	$ 208,759,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ 25,000	$ 538,816	$ 2,566,472	$ 4,861,376
Less: Incremental Revenue/Recovery	-	82,000	282,000	299,000	23,000
Net Cost/(Benefit)	$ -	$ (57,000)	$ 256,816	$ 2,267,472	$ 4,838,376
Less: Existing Budget Amounts	-	1,750,000	4,840,000	5,534,000	284,000
Net Budget Adjustment Required	$ -	$ (1,807,000)	$ (4,583,184)	$ (3,266,528)	$ 4,554,376

Additional Comments:

1. Capital Expenditures Required represents the full budget authorization requested for the three projects included in Appendix A, and will require additional debt of $208,759,000. Borrowing Authority is already approved for the NEWPCC Upgrade Biosolids Facilities project a part of the NEWPCC Nutrient Removal/Upgrade project approved in 2016, and therefore additional borrowing authority is required in the amount of $24,297,000 for South Winnipeg Recreation Campus and St. James Civic Centre - Facility Expansion.
2. Existing budgeted costs for capital represent the adopted-in-principle by Council as part of the 2019 capital budget. Required adjustments to the 2020 capital budget and five year forecast will be considered as part of the 2020 budget process.
3. Direct Costs represent debt and finance charges on the incremental debt required for the three projects in Appendix A based on projected cash flows or estimated time of borrowing. Any additional incremental operating costs have not been included. The South Winnipeg Recreation Campus operating and governance model is still under discussion which includes discussion of a potential partnership with YM/YWCA. Until the operating and governance model is approved, facility operating costs cannot be determined. Of the total Direct Costs from 2020 - 2023 of $7.99 million, $3.5 million is attributed to tax-supported, and $4.49 million to utilities.
4. Incremental Revenue/Recovery represents the Interest and Administrative overheads to be applied on the City's tax-supported portion of project costs to be recovered into the General Revenue Fund.
5. Existing Budget Amounts reflect the forecasted grant to the YM/YWCA in 2020 and 2021 of $1.75 million and $4.667 million respectively that has been rescinded as part of the recommendations as well as debt and finance charges that were previously planned for the St. James Civic Centre - Facility Expansion project from 2020-2024 based on the previous capital forecast for debt funding in 2020 and 2021 within the Community Services Department, as well as the planned $5.25 million for 2022. The 2022 and 2023 amounts assume the planned debt servicing costs for this project continue to be included with budget forecasts for those years.

original signed by

Tanis Yanchishyn, CPA, CA
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This report has been prepared in consultation with:

- Water and Waste
- Community Services
- Property, Planning & Development
- Corporate Finance
- Legal Services
- Customer Service & Communications

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, 2019

Attachments:

Appendix A: Summary of Capital Budget Detail Sheets and Capital Budget Detail Sheets

Appendix B: Project Information Sheets

Appendix C: Excerpt from Council Minutes of December 17, 2013 (2014 Budget)