Minutes – Executive Policy Committee – July 15, 2020

REPORTS

Item No. 12 Update on Infrastructure Projects for Federal and Provincial Funding under the Investing in Canada Infrastructure Program and 2020 Provincial Capital Funding Allocation

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

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

1. That the previously approved South Winnipeg Recreation Campus: Phase One – Recreation Centre project be amended to include a daycare and vocational building.

2. That the amended capital budget detail sheet, outlined in Appendix A, be approved to reflect changes in federal and provincial contribution funding, subject to final written confirmation of federal and provincial contribution funding satisfactory to the Chief Financial Officer, and that the 2019 Capital Budget be amended to reflect the same.

3. That construction of the daycare and vocational building not commence until the Province has signed an agreement outlining their daycare and vocational building commitments as per Appendix B.

4. That the Public Service be directed to submit the amended South Winnipeg Recreation Campus: Phase One – Recreation Centre project including a daycare and vocational building for federal and provincial contribution funding under the Investing in Canada Infrastructure Program.

5. That subject to fulfillment of the conditions set forth in Recommendation 2 and 4, the City enter into, execute and deliver funding agreements with the Government of Canada and the Province of Manitoba that set out the terms and conditions of federal and provincial funding for the projects detailed in this report, and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing (the "Ancillary Agreements").

6. That authority be delegated to the Chief Financial Officer to negotiate and approve terms and conditions of the funding agreements with the Government of Canada and the Province of Manitoba and the Ancillary 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.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

7. That the allocation of $75.3 million of Provincial capital funding for 2020 to the projects listed in Appendix C be approved.

8. 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 Rollins,

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

Carried

Connie Newman, St. James 55Plus Centre, submitted a presentation in support of the matter.

ADMINISTRATIVE REPORT

Title: **Update on Infrastructure Projects for Federal and Provincial Funding under the Investing in Canada Infrastructure Program and 2020 Provincial Capital Funding Allocation**

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

On October 2nd, 2019 the Public Service submitted the following four Council approved projects under the Investing in Canada Infrastructure Program for federal and provincial contribution funding:

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

To date, the Council requested funding from the Federal and Provincial Governments has not been secured for these projects.

The Province has subsequently requested that a daycare and vocational building be added to the scope of the South Winnipeg Recreation Campus: Phase One – Recreation Centre project. This revised scope results in an increase in federal and provincial funding contributions, without increasing the City's previously approved funding contribution for this project. Council approval of the amended project is required by the Federal and Provincial governments in order to be considered for federal and provincial funding.

In a May 12, 2020 letter, the Provincial Municipal Relations Minister indicated the City will be receiving $75.3 million of Provincial capital funding for 2020. The Minister requested the City provide details of the allocation of this 2020 Provincial capital funding to the City. The 2020 Provincial capital funding is proposed to be allocated to the following projects:

- Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass
- South Winnipeg Recreation Campus: Phase 1 - Recreation Centre
- Local Street Renewal Program for 2020
- Public Transit Infrastructure Fund (PTIF)
- St. James Civic Centre - Facility Expansion

RECOMMENDATIONS

1. That the previously approved South Winnipeg Recreation Campus: Phase One – Recreation Centre project be amended to include a daycare and vocational building.

2. That the amended capital budget detail sheet, outlined in Appendix A, be approved to reflect changes in federal and provincial contribution funding, subject to final written confirmation of federal and provincial contribution funding satisfactory to the Chief Financial Officer, and that the 2019 Capital Budget be amended to reflect the same.

3. That construction of the daycare and vocational building not commence until the Province has signed an agreement outlining their daycare and vocational building commitments as per Appendix B.

4. That the Public Service be directed to submit the amended South Winnipeg Recreation Campus: Phase One – Recreation Centre project including a daycare and vocational building for federal and provincial contribution funding under the Investing in Canada Infrastructure Program.

5. That subject to fulfillment of the conditions set forth in Recommendation 2 and 4, the City enter into, execute and deliver funding agreements with the Government of Canada and the Province of Manitoba that set out the terms and conditions of federal and provincial funding for the projects detailed in this report, and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements”).

6. That authority be delegated to the Chief Financial Officer to negotiate and approve terms and conditions of the funding agreements with the Government of Canada and the Province of Manitoba and the Ancillary 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.

7. That Council approve the allocation of $75.3 million of Provincial capital funding for 2020 to the projects listed in Appendix C.

8. 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

To provide the status of the City of Winnipeg’s Infrastructure Projects submitted for federal and provincial contribution funding under the Investing in Canada Infrastructure Program (ICIP).

The Province requested a daycare and vocational building be added to the scope of the South Winnipeg Recreation Campus: Phase One – Recreation Centre project. Council approval of the amended project is required by the Federal and Provincial governments in order to be considered for federal and provincial contribution funding.

Council approval is required for all of the recommendations listed in this report.

IMPLICATIONS OF THE RECOMMENDATIONS

The previously approved South Winnipeg Recreation Campus: Phase One – Recreation Centre project will be amended to include a daycare and vocational building and corresponding project budget to reflect changes in federal and provincial contribution funding.

The Public Service will submit the amended South Winnipeg Recreation Campus: Phase One – Recreation Centre project including a daycare and vocational building for federal and provincial contribution funding under the Investing in Canada Infrastructure.

The Public Service will inform the Province of the Council approved allocation of the $75.3 million Provincial capital funding for 2020.

Economic Impact Analysis

The table below outlines the estimated direct and indirect economic impact of the expenditure relating to the South Winnipeg Recreation Campus: Phase One – Recreation Centre:

Economic Impact	Manitoba	Rest of Canada
Gross Domestic Product (GDP)	$40.1 million	$14.7 million
Person Years of Employment	481	138
Federal Government Tax Revenue	$5.0 million	$1.6 million
Provincial Government Tax Revenue	$5.4 million	N/A

Source: Statistics Canada. Table 36-10-0594-01 Input-output multipliers, detail level. Note that the 2016 simple GDP at basic prices multiplier for Non-residential Building Construction [BS23B000] was used to assess this investment. Federal and provincial government tax revenue estimates include GST, MRST, personal income taxes, corporate income taxes and other sources of taxes and fees. These are estimated using the multipliers noted above in conjunction with effective tax rates calculated from the economic accounts produced by Statistics Canada.

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

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.

On September 26, 2019, Council authorized the Public Service to submit four capital projects for federal and provincial funding under ICIP as shown in Table 1.

Table 1 - Projects for Federal and Provincial ICIP Funding - Council Approved Sept. 26/19

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	$ 13,221	$ 5,288	$ 4,406	$ 3,526	$ 786	$ 4,312
Total Community, Culture and Recreation Infrastructure		$ 85,015	$ 74,329	$ 29,731	$ 24,773	$ 19,824	$ 10,687	$ 30,511
Total Community, Culture and Recreation Infrastructure Federal and Provincial Funding				$54,505				
Total		$ 993,826	$ 877,443	$ 350,977	$ 292,451	$ 234,015	$ 116,384	$ 350,399
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.

On October 2, 2019, these four projects were submitted for federal and provincial contribution funding under ICIP.

Projects Submission Status

In October and November 2019, and April 2020, additional information such as preliminary design reports and financial information was provided to the Province regarding NEWPCC Upgrade: Headworks Facilities and NEWPCC Upgrade: Biosolids Facilities Projects. The Province also requested information regarding the NEWPCC Upgrades: Nutrient Removal Facilities which the Public Service has provided.

The Province has indicated the City will not be notified at each stage of the interim federal and provincial approval processes.

Project Status

There has been no funding commitment secured to date from the federal or provincial governments towards the following projects other than the amounts noted below.

NEWPCC Upgrade: Headworks Facilities

- In February 2019, Council approved this project. The project is currently in the procurement stage.
- On November 12, 2019, two proponents were shortlisted as the prequalified proponents for the design build of the Headworks Facility.
- On February 19, 2020 Minister Squires sent a letter to the Mayor indicating that additional funding of $21.8 million is an initial payment to be allocated to the NEWPCC project under any potential ICIP arrangements, along with the previous allocation of $34.4 million for a total of $56.2 million.
- On March 10, 2020, Request for Proposals were issued to the shortlisted proponents.

NEWPCC Upgrade: Biosolids Facilities

- On January 30, 2020, Council approved $15.334 million from the 2019 Capital Budget for the NEWPCC Upgrade: Biosolids Facilities Project to proceed with engineering services for the project
- The project is in the planning stage.

South Winnipeg Recreation Campus: Phase One – Recreation Centre

- To make full use of this site, the Waverley West Fire Paramedic Station is proposed to be co-located at this site. The 2020 Capital Budget included $1.192 million funding for land costs and this funding will now contribute to the overall land costs at this site.
- The Province has requested amending this project to include a daycare and vocational building.
- The Province will contribute the full funding for the daycare and vocational building.
- Discussions with the Province are ongoing related to coordination and planning of the recreation campus including the daycare and vocational building, with the adjacent high school and elementary school projects.
- Appendix A includes an amended capital budget detail sheet including the daycare and vocational building resulting in an increase in federal and provincial funding contributions, without increasing the City's previously approved contribution funding.
- The Province has confirmed in principle the City's understanding of the commitments the Province has made to date relating to the daycare and vocational building as per Appendix B. Construction of the daycare and vocational building will not commence until the Province has signed an agreement outlining their daycare and vocational building commitments as per Appendix B.

St. James Civic Centre – Facility Expansion

- On February 19, 2020 Minister Squires sent a letter to the Mayor indicating that the Government of Manitoba will provide the City with $3.9 million to support the renovation and expansion of the St. James Civic Centre.

Table 2 incorporates the amendment to the South Winnipeg Recreation Campus: Phase One – Recreation Centre project. The other three projects remain unchanged from the September 26, 2019 Council approval.

Table 2 - Revised Projects for Federal and Provincial ICIP Funding

Project Name	Class of Estimate	Proposed Funding ($000s)						
		Total Project Costs	Total Eligible Project Costs	Federal	Provincial	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	$ 89,039	$ 79,138	$ 31,650	$ 31,190	$ 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		$ 103,045	$ 92,358	$ 36,938	$ 35,596	$ 19,824	$ 10,687	$ 30,511
Total Community, Culture and Recreation Infrastructure Federal and Provincial Funding				$72,534				
Total		$ 1,011,856	$ 895,472	$ 358,183	$ 303,273	$ 234,015	$ 116,384	$ 350,399
Total Federal and Provincial ICIP Funding				$661,457				

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

Debt Strategy

The debt required for these projects was previously approved by Council in the September 26, 2019 report. As a result, there is no incremental debt financing.

Projects Approved under ICIP

To date, three projects in Manitoba have been approved for federal and provincial contribution funding under the Investing in Canada Infrastructure Program (ICIP):

- On April 12, 2019, Niverville Community Resource Centre project received approval for $7.8 million in federal funding and $3.5 million in provincial funding.
- On February 18, 2020, Portage la Prairie's Water Pollution Control Facility project received approval for $60 million in federal funding and $61 million in provincial funding.
- On March 2, 2020, Manitoba Hydro's Birtle Transmission Line project received approval for $18.7 million in federal funding and $42 million in provincial funding.

Allocation of Provincial Capital Funding for 2020

In a May 12, 2020 letter, the Provincial Municipal Relations Minister indicated the City will be receiving $75.3 million of Provincial capital funding for 2020. The Minister requested the City provide details of the allocation of this 2020 Provincial capital funding to the City. The $75.3 million is proposed to be allocated to previous provincial funding commitments as well as Council approved requests for provincial funding of ICIP projects. The remaining funding could replace previously approved City debt funding for the Local Street Renewal Program as outlined in the 2020 Capital Budget.

The 2020 Provincial capital funding will be allocated to the following projects:

- Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass

- South Winnipeg Recreation Campus: Phase One – Recreation Centre
- Local Street Renewal Program for 2020
- Public transit Infrastructure Fund (PTIF)
- St. James Civic Centre – Facility Expansion

Additional information can be found in Appendix C.

FINANCIAL IMPACT

Financial Impact Statement **Date:** June 11, 2020

Project Name: **First Year of Program** **2020**

Update on Infrastructure Projects for Federal and Provincial Funding under the Investing in Canada Infrastructure Program and 2020 Provincial Capital Funding Allocation

	2020	2021	2022	2023	2024
Capital					
Capital Expenditures Required	$ 82,825,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	64,795,000	-	-	-	-
Additional Capital Budget Required	$ 18,030,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants Federal Funding	7,207,000	-	-	-	-
Grants Provincial Funding	10,823,000	-	-	-	-
Total Funding	$ 18,030,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 18,030,000				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 326,000	$ 730,000	$ 1,457,000	$ 1,895,000	$ 1,928,000
Less: Incremental Revenue/Recovery	57,000	121,000	-	-	-
Net Cost/(Benefit)	$ 269,000	$ 609,000	$ 1,457,000	$ 1,895,000	$ 1,928,000
Less: Existing Budget Amounts	643,000	1,145,000	1,954,000	2,392,000	2,425,000
Net Budget Adjustment Required	$ (374,000)	$ (536,000)	$ (497,000)	$ (497,000)	$ (497,000)

Additional Comments:

1. Capital Expenditures required of $82.825 million represents the 2019 amended capital budget for the South Winnipeg Recreation Campus: Phase One – Recreation Centre project. Costs authorized in previous years of $6.214 million are not included in the above. When included, the total amended capital budget for the project totals $89.039 million.
2. Existing Budgeted Costs (Capital) reflects the Council adopted capital budget for the 2019 project before the daycare costs and vocational building was added to the project scope.
3. Funding Sources of $18.03 million reflect the additional funding sources for the daycare space and vocational building required from the Province of Manitoba and Government of Canada.
4. The City will not be required to contribute financially in any way to the daycare or vocational building and therefore will have no effect on the net operating budget.
5. The Direct Costs under Current Expenditures for 2020 to 2024 include: debt and finance charges as well as administrative overhead charges for South Winnipeg Recreation Campus capital project, debt and finance charges for the Local Street Renewal Program to reflect the reduction of external debt of $22.817 million by the allocation of $9.034 million of Provincial funding (Appendix C). External debt funding in 2020 Local Street Renewal Program totals $22.817 million, $20 million of which is budgeted to be paid from the reserve. Reducing the debt and finance charges will increase the available funding from the reserve for projects.
6. Existing Budget amounts for 2020 to 2023 reflect amounts included in the multi-year capital budget adopted by Council and in 2024 are subject to approval of the operating budget, including the debt and finance charges for both the South Winnipeg Recreation Campus and the Local Street Renewal Program based on $20 million of debt budgeted. 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 and will be submitted in future budget process. The operating savings (net budget adjustment) will be reflected in the Local Street Renewal Reserve.

electronically signed by T. Yanchishyn

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 (as to legal issues)
- 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.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Key Direction 1.3 Implement Low Carbon and Energy Efficient City Facilities and Buildings (p.29)

Key Direction 1.9 Work with Indigenous Communities, the Province and the Federal Government to Advance Climate Action (p.31)

Key Direction 3.4 Increase Active Transportation rates (p. 39)

Key Direction 6.3 Utilize biosolids in agricultural and landscaping industries (P.51)

Key Direction 6.4 Support Integrated Resource Recovery Opportunities (p. 51)

Key Direction 7.1 Implement Opportunities to Improve Winnipeg's Resiliency and Adaptability to the Effects of a Changing Climate (p. 53)

Implementation requires increased funding levels and close collaboration with partners and stakeholders (p. 56)

SUBMITTED BY

Department: Office of the CAO
Division: Infrastructure Planning Office
Prepared by: Rob Taylor, Manager, Major Capital Projects Oversight
Date: June 18, 2020
Attachments:

Appendix A: South Winnipeg recreation Campus: Phase One – Recreation Centre Capital Budget Detail Sheet

Appendix B: Daycare and Vocational Building Provincial Commitments

Appendix C: Allocation of Provincial Capital Funding for 2020

Appendix B

Daycare and Vocational Building Provincial Commitments

The Province has confirmed in principle the following City of Winnipeg's understanding of the commitments the Province has made to date with respect to their request to include a daycare and vocational building in the South Winnipeg recreation Campus: Phase One – Recreation Centre project.

1) The City will not be required to contribute financially in any way to the daycare or vocational building and provincial funding will not be deducted from the annual provincial capital funding to the City.
2) The Province has communicated the cost of the daycare is $8.0 million and the vocational building to be $10.03 million.
3) The Province will provide a capital contribution equitable to the full daycare and vocational building components at the cost of $18.03 million, of which 100% are eligible for cost-shared ICIP funding.
4) The Province commits to fund any ineligible costs the City incurs attributed to the daycare and vocational building.
5) The Province commits to fund any cost-overruns should they occur related to the construction of the daycare and vocational building.
6) The Province commits to providing funding to address lifecycle renewal and maintenance related to the daycare and vocational building.
7) The Province will provide technical and programming details in relation to the daycare and vocational building construction and provide technical support as needed.
8) The Province has indicated as per the Infrastructure Bilateral Agreement that the daycare is not eligible if it 'is a stand-alone daycare facility, for-profit daycare facility, daycare facility associated with a school board, or a daycare facility funded under Canada's Early Learning and Child Care initiative' and must be attached to South Winnipeg Recreation Campus to receive provincial funding and leverage federal contribution funding.
9) The Infrastructure Bilateral Agreement indicates educational facilities are not eligible for contribution funding under this agreement. The Province has indicated that the intent of the vocational space is to not only service students but also for the community at large. As such, the vocational building as an element of the larger community campus is considered community infrastructure as per the definition included in the Infrastructure Bilateral Agreement.
10) The Province will gift to the City of Winnipeg the equivalent land for the footprint of the daycare and vocational building, regardless of the location of these buildings.

Appendix C

Allocation of Provincial Capital Funding for 2020.

In a May 12, 2020 letter, the Provincial Municipal Relations Minister indicated the City will be receiving $75.3 million of Provincial capital funding for 2020. The Minister requested the City provide details of the allocation of this 2020 Provincial capital funding to the City. The $75.3 million is proposed to be allocated to previous provincial funding commitments as well as Council approved requests for provincial funding of ICIP projects. The remaining $9.034 million funding would replace previously approved City debt funding as outlined in the 2020 Capital Budget.

Allocation of Provincial Capital Funding for 2020

	$ millions
Remaining contribution for Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass*	49.700
South Winnipeg Recreation Campus: Phase 1 - Recreation Centre (ICIP)	13.160
Local Street Renewal Program for 2020**	9.034
Remaining contribution for Public Transit Infrastructure Fund (PTIF)	2.900
Remaining contribution for St. James Civic Centre - Facility Expansion (ICIP)***	0.506
	75.300

Notes:

* The revised total provincial contribution to Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass is estimated to be $163.8 million. To date $114.1 million of this contribution has been received leaving a remaining amount of $49.7 million.

** The provincial funding would replace $9.034 million of previously approved City debt funding as outlined in the 2020 Capital Budget.

*** This report outlines a total provincial contribution to the St. James Civic Centre – Facility Expansion of $4.406 million. To date $3.9 million of this contribution has been received leaving a remaining amount of $0.506 million.