ADMINISTRATIVE REPORT

Title: New and Modified 2023 Capital Projects Funded by the 2023 Provincial Strategic Infrastructure Basket

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
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EXECUTIVE SUMMARY

The Strategic Infrastructure Basket is an annual capital contribution provided by the Province of Manitoba to the City of Winnipeg that supports investments in projects that are jointly selected by the Province and the City.

The City's Strategic Infrastructure Basket has been fixed at $75.3 million annually since 2020. However, the Province has recently confirmed an increase of $14.5 million, which brings the City's total Strategic Infrastructure Basket to $89.8 million in 2023. After subtracting $49.1 million from this total that is required to cashflow projects funded from the Strategic Infrastructure Basket that have already been approved by Council in the 2023 Budget and prior years, it leaves an unallocated amount of $40.7 million available to support other projects.

The Public Service is requesting that Council approve the addition of $40.7 million to the 2023

Adopted Capital Budget from the Strategic Infrastructure Basket to fund the following capital projects/programs:

Project	New Projects	Modified Projects/Programs	Funding Source / Timing Change
Public Safety Communication System	$19,982,000	-	-
Community Incentive Grant Program for 2023	$1,000,000	-	-
Old Exhibition Arena and Site Development	-	$8,200,000	-
Parks and Recreation Enhancement Program (PREP)	-	$1,500,000	-
Trade Route Corridors – Planning & Design	-	-	$1,400,000
Southwest Sewer Interceptor	-	-	8,000,000
Assiniboine Park Conservancy	-	-	618,000
Total	$20,982,000	$9,700,000	$10,018,000

The Public Safety Communication System ensures critical communication services are maintained. This system is required by the City's first responders and transit supervisors and this project will allow the system to continue to function without interruption.

Establishing a budget for the Community Incentive Grant Program for 2023 of $1.0 million will enable projects to be undertaken to support renewal and enhancements to align with the Winnipeg Recreation Strategy and the Strategic Priorities Action Plan.

The original placeholder budget of $5,900,000 is not sufficient to complete the original scope of the Old Exhibition Arena and Site Redevelopment project. This will increase the total budget from $5,900,000 to $14,100,000.

Increasing the funding for PREP by $100,000 per ward will support renewal and enhancement of existing capital projects/programs that closely align with existing Council approved programs and strategies such as the Winnipeg Recreation Strategy and the Strategic Priorities Action Plan.

In early June 2023, the Province announced the allocation of $1.4 million towards the Trade Route Corridors capital project, split evenly between Kenaston Boulevard (Route 90) and Chief Peguis Trail (Route 17).

The Southwest Sewer Interceptor is a six-year capital project currently funded through Retained Earnings of the Sewage Disposal System Fund. Replacing $8.0 million of Retained Earnings with an equivalent amount from the Strategic Infrastructure Basket will reduce the amount required from the Sewage Disposal System Fund and make these funds available as a potential transfer to the General Revenue Fund, if needed and authorized by Council, to address financial pressures in 2023.

To fully allocate the remaining Strategic Infrastructure Basket amount of $618,000 in 2023, external debt funding in Assiniboine Park Conservancy – Infrastructure and Sustainability will be replaced by the Strategic Infrastructure Basket.

The Public Service is also recommending that Council refer the operating impacts of the projects noted in this report and future years' capital projections to the 2024 multi-year budget process. Subject to Provincial approval, the annual allocation for the Strategic Infrastructure Basket starting in 2024 will be maintained at $89.8 million, with the potential for a formula for escalation, yet to be determined.

RECOMMENDATIONS

1. That Council authorize the following new 2023 capital projects as described in this report, to be funded from unallocated funds in the 2023 Provincial Strategic Infrastructure Basket:

    A. Public Safety Communication System for $19.982 million.

    B. Reinstate the Community Incentive Grant Program for 2023 for $1.0 million.

2. That the reinstatement of one full-time equivalent position in Community Services for the coordination, administration and support of new and existing projects in the Community Incentive Grant Program be approved, to be funded from the $1.0 million referred to in Recommendation 1.

3. That Council authorize the following modified capital projects/programs as described in this report, to be funded from unallocated funds in the 2023 Provincial Strategic Infrastructure Basket:

    A. Old Exhibition Arena and Site Redevelopment increase of $8.2 million to bring the total project budget to $14.1 million.

    B. Increase funding within the Parks and Recreation Enhancement Program in 2023 by $100,000 per ward for a total of $1.5 million.

4. That Council authorize the funding for the Trade Route Corridors – Planning and Design capital project to be modified for the removal of $1.4 million in frontage levies and the addition of $1.4 million of 2023 Strategic Infrastructure Basket.

5. That Council authorize advancement of the Southwest Sewer Interceptor by increasing the budget for this project from $1 million in 2023 to $8 million, offset by a reduction in the budget for this project of $4 million in 2024 to nil, and from $35 million to $32 million in 2025.

6. That Council authorize the funding for the $ 8.0 million Southwest Sewer Interceptor project in 2023 from the 2023 Strategic Infrastructure Basket.

7. That Council authorize a replacement of external debt funding of $618,000 for Assiniboine Park Conservancy – Infrastructure and Sustainability with $618,000 from the 2023 Strategic Infrastructure Basket.

8. That the operating and capital impacts of the projects noted above be referred to the 2024 to 2027 Multi-Year Budget process.

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

REASON FOR THE REPORT

Council approval is required to authorize new capital projects, increase funding for existing capital projects and transfers between funds.

IMPLICATIONS OF THE RECOMMENDATIONS

If the Recommendations of the Public Service are concurred in, the Public Service will request the Province of Manitoba confirm its support for the projects identified in this report in order for the City to initiate these projects.

HISTORY / DISCUSSION

The Strategic Infrastructure Basket is an annual capital contribution from the Province of Manitoba to the City of Winnipeg that supports investments in projects that are jointly selected by the Province and the City.

The Strategic Infrastructure Basket is the Province of Manitoba's main source of funding support for capital projects undertaken by the City of Winnipeg. The Province and City are currently supporting several initiatives through the Strategic Infrastructure Basket including the Accelerated Regional Roads Program, The Recreation and Library Facility Investment Strategy, improvements to Assiniboine Park, Transit Master Plan project, North End Sewage Treatment Plant (NEWPCC) improvements and enhancements to Winnipeg's tree canopy.

The City's Strategic Infrastructure Basket has been fixed at $75.3 million annually since 2020. However, the Province has recently confirmed an increase of $14.5 million, bringing the City's 2023 Strategic Infrastructure Basket to $89.8 million. After subtracting $49.1 million from this total, required to cashflow projects funded from the Strategic Infrastructure Basket already approved by Council in the 2023 Budget and prior budgets (see Appendix A for more details), it leaves an unallocated balance of $40.7 million available to support new projects.

The unallocated balance of $40.7 million in 2023 is largely due to the $14.5 million increase in the Strategic Infrastructure Basket and a recent decision by the Province of Manitoba to fund its share of the water and sewer servicing for Centreport South outside of the Strategic Infrastructure Basket, which allows the City to reallocate $20.0 million of Provincial Strategic Infrastructure Basket funding previously earmarked for this project to other projects. Subject to Provincial approval, the annual allocation for the Strategic Infrastructure Basket starting in 2024 will be maintained at $89.8 million, with the potential for a formula for escalation, yet to be determined.

The Public Service is requesting that Council approve an increase of $40.7 million to the 2023 Adopted Capital Budget for the following new and modified capital projects, funded from the unallocated funds in the 2023 Provincial Strategic Infrastructure Basket:

1. New Public Safety Communication System (Appendix B)

An internal City steering committee has evaluated two options for the required renewal of the City's aging public safety communication system:

1. Continue providing the City-managed communication service with in-house staff resources and external support.
2. Join the Province of Manitoba's managed public communication system.

The committee's recommended option is for the City to join with the Province of Manitoba's managed public safety communication system based on its superior interoperability and reliability. This is also the lower cost of the two options considered.

These radio communication systems are an essential tool not only for public safety services, but also for transportation, bylaw, utility and other community services.

From 1998 through to 2017, the City subscribed to a radio network service managed by MTS, known as Fleetnet, for public safety services.

In 2017, with the goals of improving service, increasing stability, and lowering costs, the City elected to bring management of the radio network in-house in conjunction with an upgrade to the latest P25 digital radio communications standard. This City-managed network performance has met most of the objectives of the original implementation during the first five years of operation. However, there are now issues with the system including; coverage issues in the downtown (notably in-building coverage), interoperability limitations, and the need to enhance security. These issues necessitate a renewal of the current system.

The Province of Manitoba's public communication system is used by all major police and public safety agencies outside of Winnipeg. The Province has extended an offer for the City to migrate to the province-managed network in 2023. Migration to the Provincial network requires the installation of radio-related infrastructure within the City.

The benefits to joining the Provincial system include:

- Supplier reliability with BellMobility and Motorola.
- Interoperability – communication with other public safety agencies (including the recently-announced Manitoba Integrated Violent Offender Apprehension Unit).
- Lower cost than upgrading and continuing to use the city-managed system. Costs of joining the Provincial system are estimated at up to $375,000 less per year than the costs of upgrading the City-managed system to comparable standards. This cost was identified during the 2023 Budget process as an unfunded risk.

The risks of joining the Provincial system include:

- The only available procurement vehicle for this option is to sole source services directly from BellMobility as the current service provider to the Province.
- BellMobility is seeking a 13-year commitment.
- Migration risk including infrastructure implementation.

The Public Service will bring forward a procurement recommendation later this year with respect to this capital budget project of $19.982 million.

2. <u>Community Incentive Grant Program (Appendix C)</u>

The Community Incentive Grant Program (CIGP) was discontinued effective March 22, 2023, with adoption of the 2023 Budget. The current proposal is to renew it for 2023 under the previous criteria for this program, at a funding level of $1.0 million, equal to that of 2022. CIGP was available to non-profit community organizations offering sport or recreation services or to a non-profit community organization that contributed to the health and well-being of the community. Criteria also included that it be for a capital project, accessible to the entire community, and make a contribution to the long-term benefit of the community.

If renewed by Council, CIGP investments would align with the Council-adopted Winnipeg Recreation Strategy by supporting recreational activities provided through effective partnerships

with third party providers, and allow the Public Service to accept new applications to this program. Funding in 2023 allows for the CIGP to be reinstated under the same program, process and criteria as prior to March 22, 2023. The total funding would be allocated evenly to each Community Committee/Ward, net of operating expenses for one full-time equivalent position that is required to coordinate, administer, and support new and existing projects in the program. This re-start of the CIGP aligns with the Strategic Priorities Action Plan recently adopted by Council.

3. Old Exhibition Arena and Site Development (Appendix D)

In November 2020, Council approved construction of the new North District Police Station (NDPS) at the Old Exhibition Grounds. At that time, Council also approved $5.9 million funded through the Recreation and Library Facility Investment Strategy for upgrades to the recreation facilities at the adjacent Tommy Prince Place as well as upgrades to the Old Exhibition Arena to accommodate the administrative offices of the Winnipeg Aboriginal Sport Achievement Centre (WASAC) as well as provide program activity and storage space. WASAC's current office will be demolished to accommodate the new NDPS.

This $5.9 million that was approved for the Old Exhibition Arena and Site Development in the 2021 Capital Budget was determined based on the City's estimated savings of building the NDPS on City-owned land versus purchasing land for this project from the private sector. As a result, this was a placeholder to track those savings as a preliminary budget until a more accurate project estimate could be determined. Those costs have now been determined.

The original scope of the Old Exhibition Arena and Site Redevelopment project involves:

- Construction of new administrative offices for WASAC.
- Insulation and reconfiguration of the programming space within the Old Exhibition Arena so it is suitable for WASAC's programs and more effectively serves the community.
- Investigation of City use of the northern part of the area to support Recreation Services operations.

This project also includes investment in the end of service life tennis courts located behind the adjacent Sargent Tommy Price Place to redevelop these courts into new basketball courts, a tennis/pickle ball court and a neighbourhood skateboard spot.

The current placeholder budget of $5.9 million for the Old Exhibition Arena and Site Development is insufficient to deliver the original scope of this project as described above. The Public Service estimates that in order to deliver the original scope of this project, a budget of $14.1 million is required, which is an increase of $8.2 million from the current Council approved level of $5.9 million for this project. This redevelopment of the recreation space is an integral component of the relocation of the NDPS, which is currently under construction.

4. Parks and Recreation Enhancement Program (Appendix E)

Parks and Recreation Enhancement Program (PREP) has an approved funding level of $3 million in 2023, which includes an allocation of $180,000 per ward. The current proposal from the Public Service is to increase this per ward allocation by $100,000 to $280,000. PREP funds are invested in improvements to play structures and other park amenities. An increase to PREP would build on recent Council-approved investments in parks through mechanisms such as the *Economic Response and Recovery Program* and would provide for needed investment in Winnipeg's parks. This enhancement to PREP aligns with the Strategic Priorities Action Plan recently adopted by Council.

5. Trade Route Corridors – Planning and Design (Appendix F)

The 2023 Adopted Budget includes the Trade Route Corridors capital budget of $2.8 million funded through frontage levies. The Province of Manitoba announced in June 2023 an allocation of the Strategic Infrastructure Basket of $1.4 million to this project to replace previously-allocated frontage levies. The total project value remains at $2.8 million, with funding now being $1.4 million from frontage levies and $1.4 million of Strategic Infrastructure Basket Funding. The freed-up frontage levy revenue from the Trade Route Corridors project will be considered as part of the in-year 2023 financial projections or 2024 Multi-year Budget process.

6. Southwest Sewer Interceptor (Appendix G)

Currently, all sewage from the land in Winnipeg south of Abinojii Mikanah (currently known as Bishop Grandin Boulevard) and west of the Red River, plus the communities of Lindenwoods and Whyte Ridge, flow to the South End Sewage Treatment Plant. This flow crosses the Red River between the Fort Garry bridges where the D'Arcy lift Station raises the sewage to a sufficient height to allow it to flow by gravity under the Red River.

As this crossing presents a single point of failure, there is a substantial risk of basement flooding and/or overflows to the Red River. Redundancy is required as well as additional system capacity to reduce the risks. The total project cost is estimated to be $96.3 million, funded from Retained Earnings of the Sewage Disposal System Fund. The Public Service is recommending partially replacing this retained earnings funding with $8.0 million of Strategic Infrastructure Basket Funding. This $8.0 million allocation will reduce the amount required from the Sewage Disposal System Fund and, therefore, may be considered as a potential transfer to the General Revenue Fund, if needed, to address future financial pressures in 2023.

7. Assiniboine Park Conservancy – Infrastructure and Sustainability (Appendix H)

The capital dollars for this project represent Assiniboine Park's building repairs, upgrades and park improvements. To fully allocate the 2023 Strategic Infrastructure Basket funding, $618,000 (currently funded by external debt) will be funded by the Strategic Infrastructure Basket instead.

8. Operating Impacts and Future Capital Projections

The Public Service is also recommending that Council refer the operating impacts of all noted projects in this report, and future years' capital projections, to the 2024 multi-year budget process.

The Province also requested that the City put forward its long-term strategic infrastructure funding plan (2024 and future years). The Public Service continues to collaborate with the Province in this regard. Refer to Appendix A for future years' allocation.

9. Economic Impact

Economic Impact	Manitoba	Rest of Canada
Gross Domestic Product (GDP)	$21.9 million	$2.9 million
Person Years of Employment	92	22
Federal Government Tax Revenue	$1.8 million	$0.3 million
Provincial Government Tax Revenue	$1.6 million	N/A

Source: Statistics Canada. Table 36-10-0595-01 Input-output multipliers, detail level.

The evaluated expenditures are $29.5 million, which includes the Public Safety Communication System and the Old Exhibition Arena and Site Development. The expenditure and estimated impacts are in 2023 dollars. Contingency and internal staff costs are excluded from the analysis. Some additional elements of the expenditure may be excluded to align with macroeconomic accounting principles.

The 2019 GDP at basic prices simple multipliers for Non-residential building construction [BS23B000] and Telecommunications [BS517000] were 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.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 13, 2023

Project Name:

First Year of Program **2023**

New and modified 2023 Capital projects Funded by the 2023 Provincial Strategic Infrastructure Basket

	2023	2024	2025	2026	2027
Capital					
Capital Expenditures Required	$ 40,700,000	$ (4,000,000)	$ (3,000,000)	$ -	$ -
Less: Existing Budgeted Costs	3,018,000	(4,000,000)	(3,000,000)	-	-
Additional Capital Budget Required	$ 37,682,000	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	(618,000)	-	-	-	-
Unallocated SIB from the Province	40,700,000	-	-	-	-
Sewage Disposal - Retained Earnings	(1,000,000)	(4,000,000)	(3,000,000)	-	-
Other - Frontage Levy	(1,400,000)	-	-	-	-
Total Funding	$ 37,682,000	$ (4,000,000)	$ (3,000,000)	$ -	$ -
Total Additional Capital Budget Required	$ 37,682,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery		-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1. Capital Expenditures Required represents the total of all projects listed under Executive Summary as well as referred to in recommendations #1 through #6. Existing budgeted costs represent three projects, Trade Route Corridors – Planning & Design in the amount of $1.4 million, South West Interceptor in the amount of $1 million and Assiniboine Park Conservancy – Infrastructure and Sustainability in the amount of $0.7 million (portion) that were previously approved by Council however had different funding source. Additional Capital Budget required amount is increase to capital budgets to be approved by Council through this report.
2. Funding source is unallocated funding in the Strategic Infrastructure Basket (SIB) that includes recent increase of $14.5 million, confirmed by the Province.
3. Potential savings of $1.4 million in frontage levies as noted in recommendation #4 as well as savings in retained earnings in the Sewage Disposal System Fund of $8 million to be considered to address future financial pressures, as noted in executive summary and recommendation #5.
4. Any other operating and capital impacts of the projects noted above, including reduction in debt and finance charges due to reduction in external debt are not considered in this Financial Impact Statement and to be referred to the 2024 to 2027 Multi-Year Budget process.

Lioubov Gavrilova-Crozier, June 13, 2023

Lioubov Gavrilova-Crozier, CPA, CA
Manager of Finance & Administration (Campus)

CONSULTATION

This Report has been prepared in consultation with the departments listed below, and they concur with its content.

- Community Services
- Innovation and Technology
- Corporate Finance
- Assets and Project Management
- Water and Waste

OURWINNIPEG POLICY ALIGNMENT

Leadership and Good Governance – 1.7 – Equitable Service Access – Identify and provide a base level of municipal services to everyone directly or facilitated through partnerships.

Leadership and Good Governance -1.15 – Community Capacity Development – Partner with community organizations and indigenous governments to enable community development, leadership and empowerment opportunities by leveraging municipal programming and service resources including recreation.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Goal 6 – All City services are Equitable, Inclusive and Accessible. Community development models and collaborative approaches are enhanced or initiated for service planning and delivery in areas of higher poverty.

Some of the funding described in this report would go towards projects that are located in areas of higher poverty, or to non-profit community organizations who work with marginalized groups. These aspects of this report align with and advance the Winnipeg Poverty Reduction Strategy (2021 – 2031) as follows (next page):

Goal 1: Equity and a Culture of Caring are Demonstrated through Strategy Implementation and Systems Change

10-year Objective:

D. The City advocates for and pursues partnerships to implement the Strategy.

Goal 6: All City Services are Equitable, Inclusive and Accessible

10-year Objective:

A. Residents have equitable access to City services, in particular demographic groups who experience marginalization.

SUBMITTED BY

Department: Office of the Chief Administrative Officer
Prepared by: Matt Dryburgh Senior Manager, Economic Development and Policy
Date: June 16, 2023

Attachments:

Appendix A – 2023 Provincial Strategic Infrastructure Basket Schedule and 2024 to 2026 Projections

Appendix B - New Public Safety Communication System

Appendix C – Community Incentive Grant Program (CIGP)

Appendix D - Old Exhibition Arena and Site Development

Appendix E - Parks and Recreation Enhancement Program (PREP)

Appendix F - Trade Route Corridors – Planning and Design

Appendix G - Southwest Sewer Interceptor

Appendix H - Assiniboine Park Conservancy – Infrastructure and Sustainability