Agenda – Executive Policy Committee – March 16, 2005

REPORTS

Item No. 14 Financing Infrastructure Related to Land Development in Winnipeg File EP-2

ADMINISTRATIVE RECOMMENDATION:

That Council direct the Administration to initiate a process to undertake a comprehensive inter-departmental review of a sustainable financial framework for infrastructure related to land development in Winnipeg including guiding principles, alternative approaches, best practices, potential options/tools, and plans for stakeholder involvement.

Re: **Financing Infrastructure Related to Land Development in Winnipeg**

For submission to: Executive Policy Committee

Original report signed by: Director of Planning, Property and Development

Report date: March 11, 2005

Recommendation(s):

That Council direct the Administration to initiate a process to undertake a comprehensive inter-departmental review of a sustainable financial framework for infrastructure related to land development in Winnipeg including guiding principles, alternative approaches, best practices, potential options/tools, and plans for stakeholder involvement.

REPORT SUMMARY

Key Issues:

- The City of Winnipeg is lacking a sustainable financial framework for infrastructure related to land development within its boundaries.
- A greater degree of integration between the planning and development, infrastructure life cycle management (e.g. capital budgeting), and infrastructure investment strategies functions is required.
- Traditional approaches to land development financing within the City of Winnipeg appear to have contributed to its significant infrastructure deficit.
- Innovative, alternative approaches to land development financing that are consistent with Council policies and tailored to the local market should be explored.

Implications of the Recommendation(s):

General implications:

X	**None**
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment(s):

-

Policy implications:

X	**No**
	Yes

Comment(s):

-

Environmental implications:

X	**No**
	Yes

Comment(s):

-

Human resources implications:

X	**No**
	Yes

Comment(s):

-

Financial implications:

X	**Within approved current and/or capital budget**
	Current and/or capital budget adjustment required

Comment(s):

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REASON FOR THE REPORT:

Executive Policy Committee has referred three Council motions to the Administration for review and report back.

HISTORY:

- On January 26, 2005, Council referred three motions to Executive Policy Committee related to managing and financing land development in Waverley West:

    1. *Establishment of Management Committee for Waverley West Joint Venture Agreement Minute 139, Council, 1005 01 26;*

        That Council adopt a joint-venture approach in the development of Waverley West, including the utilization of a joint venture agreement; and That Council establish a Management Committee for the Waverley West Joint Venture Agreement, comprised of the Ward Councillor, the Chair of the Standing Policy Committee on Property and Development, senior Civic planning personnel and representatives of the developer.

    2. *New Reserve Fund – Waverley West Regional Street Reserve, Minute 140, Council, 2005 01 26;*

        That Council establish a reserve "Waverley West Regional Street Reserve" to address the regional street requirements as a result of the increased population and traffic requirements; and That 5 percent of all property tax collected in Waverley West be allocated to this Waverley West Regional Streets Reserve.

    3. *New Reserve Fund – Waverley West Renewal Reserve, Minute 141, Council, 2005 01 26;*

        That Council establish the "Waverley West Renewal Reserve", for the renewal and refurbishing of residential streets, sidewalks, back lanes, parks and recreational facilities in Waverley West; and That 2 percent of all property tax collected in Waverley West is allocated to this Waverley West Renewal Reserve for funding required Waverley West Infrastructure repairs or renewals; and That Executive Policy Committee applies the principal of an Infrastructure Renewal Reserve to future developments.

- On February 9, 2005, Executive Policy Committee referred these motions to the Administration for review and report back.

DISCUSSION:

Financing Infrastructure Related to Land Development

Historically, the City has relied on property tax and utility revenues to fund infrastructure requirements. This is but one of many possible approaches. Under this method, ongoing development is required in order to keep the tax burden on existing property owners from becoming too onerous. That is, property taxes from new developments are required to offset infrastructure maintenance and renewal costs in existing neighbourhoods, the result being that this method of financing is not sustainable. The growing infrastructure deficit is evidence that traditional methods of financing are not adequate to address the required investment in the construction, maintenance, and renewal of the City's infrastructure. As such, there is a need to identify innovative approaches to land development financing not only in Waverley West but also in all of Winnipeg.

A comprehensive review of land development financing in Winnipeg would address measures to approach full cost accounting of infrastructure investment and renewal as supported by Plan Winnipeg 2020. It would speak to the incremental costs of infill development, the downstream costs of suburban development (i.e. particularly roads), the funding of so-called "soft infrastructure" such as community facilities (e.g. community centres, libraries, police and fire stations, etc.), and would provide Council with recommendations for various approaches, options, and tools that might be employed to address current "gaps" in infrastructure funding.

While approaches to land development financing employed by other municipalities would be explored, any approach taken in Winnipeg would have to reflect the city's development trends and local market conditions. Many different options or tools are available with which to finance land development and could be applied in a variety of ways in response to infrastructure and community needs. These tools/options would be based on a set of guiding principles reflective of Council's objectives for land development within the city.

In order to complete the study as soon as possible it will be necessary to assign the majority of the research to a Consultant to augment the Department's staff resources. The estimated budgetary requirement for this assignment is up to $50,000.00. These funds will be provided within the Department's existing 2005 Operating Budget.

Waverley West Management Structure

The City has ownership of approximately 1% of the land located in Waverley West, which includes potentially undevelopable sites (landfill, police shooting range). Normally joint ventures are created around a sharing of equal assets. In addition, the two major landowners in the area have advised that they have no interest in pursuing a joint venture. With regard to a management structure to oversee the development of Waverley West, a secondary planning process has been agreed upon by the developers and the City Administration. The process will be directed by a Steering Committee comprised of the President of Ladco, the Assistant Deputy Minister of Employment, Income and Housing (Province of Manitoba), and the Director of Planning, Property and Development (City of Winnipeg).

Financial Impact Statement

Date: March 11, 2005

Project Name:

Infrastructure related to Land Development Financing in Winnipeg

First Year of Program 2005

	2005	2006	2007	2008	2009
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 50,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 50,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	50,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Estimated direct costs of $50,000 include consultant fees, disbursement, and other miscellaneous expenditures.

"Original signed by"
Mike McGinn, CA
Manager of Finance

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Water and Waste Department

Public Works Department

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division:
Prepared by: Mike McGinn, Jacquie East, Deepak Joshi
PPD File #:

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