2008 City **of Winnipeg Budget Notes**
by Ross Eadie

To start, I would like to say the public process for the City of Winnipeg budget does not allow for citizen participation. Trying to figure out how the budget will effect the services Winnipegers are interested in takes a long time. this process basically allows a mere 10 days. It is a further burden to get involved if you cannot see as the pdf budget file does not read properly. It would be great to get Excel spreadsheets instead. Excel is the dominent format for school division FRAME budgets.

A. What is the City of Winnipeg doing to take advantage of the lower interest rates for public sector debt versus private sector debt? Or better yet, when will the City of Winnipeg give up on private public partnerships and issue debt to cover the cost of new infrastructure?

The following text comes from an economic report for the coming year. It refers to the level of risk financiers are willing to take on in the bond market:

36. In Canada, the overnight rate was initially reduced by only 50 basis points but in response to the deepening threat of US recession, the new Governor of the Bank of Canada cut the overnight rate by 0.5% on March 4th and promised further cuts in the near future (chart 4). In October 2007, it was anticipated that for the foreseeable future the whole Canadian yield curve would lie below that of the US. The opposite is now the expectation (Table 4 and Chart 5), as spreads have turned sharply positive at the short end of the yield curve, which only serves to emphasize the volatility and fragility of the current US economic situation.

37. Yield curves have also sharply turned relatively steep as the differential between short and long rates has increased. This is the result of much lower short rates. Long-term bond yields, for long considered too low, have actually fallen further as the probability of a recession has risen significantly in recent weeks. At the same time, the risk attached to private bonds has been redrawn and BBB corporate bond yields have risen strongly, the flight to safer government bonds serving to widen the spreads significantly (Chart 6).

B. Where can anyone find the cost of borrowing related to P3's, and why is there no line for the costs related to issueing P3 contracts?

The budget recommendations should include a change in budgeting and accounting procedure to report both the cost of borrowing related to P3's and direct costs required to engage in a P3 contract. As the previous issue mentioned there is a higher cost of money in privately issued debentures and publically issued debentures. An accountable City Government would make such information clear in the budget process. We want to see the proof of cost savings related to P3's. Under "Debt and Finance Charges", there is a line for debenture issue expenses. Track the cost for P3's in this way as evereyone admits P3's are a means of debt.

C. What do the following recommendations mean to us citizens? Is "10" being setup to become a private public partnership where the city sells its assets to the private sector to be leased back? What services are going to esxperience user fees under number "11"?

10. That the Public Service consider alternative operating arrangements for Building Services, Civic Accommodations and Real Estate including a special operating agency and recommend the preferred approach.

11. That the Public Service be instructed to move to a full-cost recovery model through amendments to the Planning, Development, and Building Fees By-law.

D. Why would anyone say there are savings from Handi-Transit to reduce the budget?

While it is true the new criteria for registering with Handi-Transit has become very difficult for some citizens, and while making it free for people with disabilities to use the regular bus service, there are no savings from these factors that should not be put back into providing more trips for those who have no choice. The Handi-Transit service in Winnipeg is based on "trip refusal" methods of budgeting. When someone at Winnipeg Transit decides the budget is getting over run by requests for trips, the decision maker starts to refuse trips to people going for shopping, recreation and volunteer activities. This reality is the reason money was saved last year.

As for riding for free, there will not be many who use regular transit because it is free. The Handi-Transit door to door trip is convenient and essential at times. In the winter, a person is not going to brave the mounds of snow and ice on sidewalks to get to a bus stop when they could just use Handi-Transit. There may be wsome savings in good weather, but the regular bus service is not convenient enough to come close to many people's homes. Maybe there are still sidewalk intersections without ramps and many other hazards which still mean people use Handi-transit. For the most part though, th3ere needs to be a better snow clearing plan for sidewalks to make the regular service more accessible and convenient. Where is the extr money in the sidewalk budget?

D. Where is the money to speed up the installation of safety equipment on the buses?

Safety devices include the cameras, GPS systems with voice output with better speaker systems. There is no reason to delay these installations as other cities are moving ahead very quickly now. Vancouver has escalated the installs to serve customers and drivers better. Maps of Winnipeg are already available for voice output. Thus, a bus stop update should not take long for the GPS equipment. Let us just get it done. To delay puts many people in a possible dangerous situation every day.