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CANADIAN CENTRE
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Presentation to the Executive Policy Committee: City of Winnipeg

March 11, 2009

The CCPA, Mb. office wishes to register its concerns with the preliminary operating budget presented for 2009. Our broad concerns are: 1. Static tax revenue caused by frozen property and business taxes and an ongoing commitment to eliminating the business tax, as well as failure to adopt alternative revenue-raising policies; and, 2. spending priorities.

1. According to Table 1 attached, when 2009 revenues are adjusted for inflation, Winnipeg's revenues are shrinking relative to increases in population. This situation is not sustainable, something this committee is no doubt aware of given the budget's own admission that there will be a $57M deficit next year.

   The City should take measures to alleviate poverty in Winnipeg – a difficult endeavour considering that static property and business-tax revenue is being replaced with other forms of revenue that punish low-income people. Furthermore, these other forms of revenue are not large enough to compensate for static tax revenues and they are not designed to serve any real public-policy purpose. Table 2 demonstrates why we are concerned.

   Table 2 shows the real increases in the different revenue categories. In 2008, property taxes decreased by 4% and business taxes decreased by 16%. On the other hand, regulations and fees increased by 44.8% and sales of goods and services increased by 38.6%. These figures clearly show a growing reliance on fees and sales and a decreasing reliance on property and business taxes, and this trend continues in 2009.

   CCPA Mb. prepared an Alternative Municipal Budget titled *Community First – An Alternative Municipal Budget for Winnipeg, 2009* (attached) that offers a more balance policy mix to deal with the challenges facing Winnipeggers. We recommend:

   a. Adjusting property taxes for inflation;
   b. Adjusting the business tax for inflation;
   c. Implementing fees that encourage Winnipeggers to be greener, such as a plastic bag tax, a commuter tax for those who live outside Winnipeg but come into the city every day to work; and a fee on new-house construction in new neighbourhoods. Our alternative budget raises $33.43M more than the 2009 preliminary budget (see table 3).

It is well worth noting that Winnipeg does not have a competitiveness problem. In *Competitive Alternatives 2004*, a comparison of the relative attractiveness of different municipalities, by consulting firm KPMG, Winnipeg actually scores quite well compared to other cities. In the Midwest region, Winnipeg ranks third out of seventeen cities, only slightly behind Edmonton and Saskatoon, and higher than Calgary.

Even if we only compare the tax structure in Western Canada, Winnipeg businesses, as a whole do not appear to be at a disadvantage. While the business tax in Winnipeg is not the lowest in the West, this is compensated for by its quite low rate of non residential property tax. The share of Winnipeg tax revenue that is paid by businesses (combining business and non residential property tax) is 45%. Only Saskatoon (33%) is lower in the West. In Vancouver (58%), Edmonton (50%) and Calgary (61%) non residential taxation makes up a larger proportion of total municipal tax revenue (City of Winnipeg, 2002).

Interestingly, *Competitive Alternatives 2004* looks at how different types of costs contribute to the total cost for a firm. Taxes only make up between 5% and 11% of manufacturing and 3% to 8% of non-manufacturing costs. If firms are genuinely interested in decreasing costs, they are much more likely to look at wages and utilities than taxes, as they make up a greater portion of total costs than do taxes.

2. The CCPA Mb. is also concerned that the money raised is not spent as wisely as it could be. If the City is truly worried about crime and safety, it should be using more resources eliminating what causes crime: poverty. The Alternative Budget invests much more in low-income housing and recreational opportunities for low-income residents. We also consider different models of hiring and procurement that would stimulate the local economy and employ marginalized citizens. The long-range effects would be profound. Table 3 summarizes the differences in spending between our Community First Budget and the City Preliminary Budget.

   CCPA also reduces spending on infrastructure that encourages urban sprawl, and spends more on public transportation.

In sum, our reliance on user fees and addiction to tax freezes/cuts is undermining the ability of this city to be greener and fairer. It is simply not true that Winnipeg's taxation policy makes us less competitive than other cities. Businesses benefit from public spending as much as individuals do, so they should pay taxes that, in the long run, will give them a healthier economy in which to do business. On the expenditure side, we make spending decisions that will reduce poverty, thereby reducing crime, and make our community greener and more attractive to the 21st century citizen.

On a final note, we would like to recommend that Winnipeg's budget be more transparent. We do understand that we are dealing with a complicated process and document, but use of

euphemisms like “operating efficiencies” are misleading and fail to convey the gravity of constraining revenues through tax freezes and tax cuts.

Table 1

City of Winnipeg Operating Budget Revenue: 2008-2009. Real (2008 = 100) $ millions

| | 2008 | 2009 | % Change |
|---|---|---|---|
| Property Tax | 424 | 423 | -0.3 |
| Business Tax | 58 | 57 | -1.2 |
| Other Tax | 25 | 45 | 81.8 |
| Government Grants | 90 | 101 | 12.0 |
| Regulations and Fees | 30 | 36 | 18.6 |
| Sales of Goods and Services | 67 | 72 | 7.7 |
| Interest | 9 | 9 | -1.2 |
| Transfer from Other Funds | 62 | 33 | -47.4 |
| Other | 1 | 1 | -1.2 |
| **TOTAL** | **768** | **776** | **1.0** |
| Real Total/Person | 1165.4 | 1164.7 | -0.1 |

Table 2

City of Winnipeg Operating Revenue 2001-2008, adjusted for inflation. All figures in 2008 dollars (millions). (Percentages calculated prior to rounding. Numbers may not add due to rounding.)

| | 2001 Budget | 2008 Budget | % Change |
|---|---|---|---|
| Property Tax | 442 | 424 | -4.0 |
| Business Tax | 69 | 58 | -16.0 |
| Other Tax | 22 | 25 | 14.3 |
| Government Grants | 84 | 90 | 7.1 |
| Regulations/Fees | 21 | 30 | 44.8 |
| Sale of Goods and Services | 48 | 67 | 38.6 |
| Interest | 16 | 9 | -44.1 |
| Transfers from Other Funds | 46 | 62 | 34.7 |
| Other | 1 | 1 | -13.1 |
| Total | 749 | 768 | 2.5 |
| Real Total/Person | 1176 | 1165 | -0.9 |

Table 3

## Community First Spending vs. City Spending: All figures in 2008 dollars.

| | CCPA | City 2009 | Difference | 2008 City | 2009-2008 |
|---|---|---|---|---|---|
| Public works | 210 | 205.5 | 4.5 | 205 | .5 |
| Transit Subsidy | 53 | 42.3 | 10.7 | 38 | 4.3 |
| Planning | 42 | 39 | 7 | 37 | 2 |
| Police & Fire | 293 | 302.6 | (9.3) | 290 | 12.6 |
| Community Services | 107 | 99.8 | 7.2 | 97 | 2.8 |
| Corporate | 48 | 58.4 | (10.4) | 49 | (9.4) |
| Corporate Costs | 34 | 9.58 | 24.43 | 33 | (23.42) |
| City Clerks | 18 | 18.7 | ( .7) | 18 | .7 |
| Totals | 806 | 775.88 | 33.43 | 767 | 8.88 |



# COMMUNITY FIRST

## AN ALTERNATIVE MUNICIPAL BUDGET FOR WINNIPEG, 2009
## 2 VISIONS 2 CITIES



CCPA
CANADIAN CENTRE for POLICY ALTERNATIVES
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# Executive summary

The Canadian Centre for Policy Alternatives-Manitoba Alternative Municipal Budget demonstrates that it is possible to craft a City of Winnipeg operating budget that puts community first while being financially responsible.

CCPA-Manitoba, with the assistance of a variety of community volunteers, has prepared a proposed operating budget for 2009 that makes significant investments in alleviating social and economic in equality in this city, puts in place an aggressive Green Winnipeg Strategy, retains public control over services and financing, and balances revenues with expenditures.

This is a particularly difficult task in light the financial situation that the current Council has created. According to its own projections, the City will be facing a $38-million operating budget shortfall in 2009. The deficit is the result of the decade-long property tax freeze and the decision to reduce the business tax.

The Mayor's Economic Opportunity Commission has recommended reductions in services, privatization of civic functions, and further tax cuts. These

measures would not only reduce the quality of civic services, they would not eliminate the looming deficit. Nor would they address the serious infrastructure and environmental issues facing the City.

The Alternative Municipal Budget addresses these issues squarely. To maintain services and make progress on key social and environmental issues, the budget would raise an additional $68.3-million in revenues. It would do this through:

1) Changes to property and business taxes (Revenue increase of $12.3-million)

2) Tax policies that create a better Winnipeg (Revenue increase of $51.5-million). These include fees to reduce suburban sprawl, a commuter fee to be paid by non-Winnipeggers who drive to Winnipeg to work, a plastic-bag tax, and a fee to encourage water conservation.

3) Adjustments to the City's projected transfers from other funds (Revenue increase of $4-million)

Total revenues generated by the Alternative Municipal Budget would be $827-million.

With this money the City could make the following investments in people and the environment:

- a $3-million Aboriginal strategy
- a doubling of the City's current housing budget (an additional $2-million)
- an $800,000 investment in community economic development
- a $4.3-million investment in recreation and leisure activities that would fund a Right to Play Program, increased cooperation with school divisions and the province, a community centre staffing initiative, a new funding formula for community centres, and an expansion of innovative arts programming
- a $1-million investment in a recreation capital program
- a $100,000 workload analysis of Winnipeg Police Services to ensure that police services are being provided in the most effective manner
- a $9.4-million investment in both a north-south and an east-west rapid transit service
- $3.5-million to increase the frequency and quality of bus service
- a $2-million enhancement of the City's planning capacity. The planning unit would be charged with developing a Green Winnipeg Strategy

The budget also calls for:

* a moratorium on the use of public-private partnerships
- notice of intent to contract in solid-waste collection starting in 2010
* a moratorium on the Waverley underpass and similar proposals
- a moratorium on city funds for new stadium-related infrastructure.

Our budget is responsible and realistic: it addresses the serious inequities and environmental problems facing Winnipeg: problems that will only become more expensive the longer they are ignored. Our budget has the courage to tackle the looming deficit caused by past mismanagement of city business. In a phrase, our budget does what a budget should do—put the community first.

# Community first: An alternative municipal budget

In early 2009, Winnipeg city councillors are going to begin to debate the City's 2009 operating budget. If this past year's experience is any guide to the future, it will not be a pretty sight. This year, proposals were released at the last possible minute and in formats that made it difficult to compare what was being proposed with previous budgets. There was no meaningful way for citizens to participate in the budget process.

Unfortunately for Winnipeggers, the content of the budget was worse than the process. Job cuts were proposed for Community Services, funding was reduced for Handi-Transit and public art. Furthermore, close to half a million dollars slated for extending the wading and outdoor pools season was eliminated.

Nor did the future look any brighter: the City was projecting budget shortfalls of $38-million in 2009 and $55-million in 2010. The Mayor and his allies on City Council are projecting a 2009 budget that provides little to no constructive vision to improve the quality of life in the City.

Furthermore, it sets the City up for a series of potential crises in the near future.

Little has changed since the tabling of the 2008 budget. Instead of providing the City with meaningful leadership in the face of growing inequality and a looming financial crisis, the Mayor and his supporters on City Council seem content to hand over millions of dollars to private developers to build water parks at the expense of needed public infrastructure and services.

The Mayor and his supporters have good reason to want to divert attention to flashy private leisure facilities that will be out of reach for most Winnipeggers: their economic plans for the City, on which they were elected, are no longer realistic. The Mayor promised to eliminate the business tax and keep Winnipeg's decade-long property-tax freeze in place. Given that the City is projecting a $38-million revenue shortfall next year, these are dangerous fantasies. By sticking with an agenda that caters to the interests of the city's elite, the Mayor is dividing Winnipeggers and setting up the City for a major cutback in services.

In response to these shortcomings of process and policy, the Canadian Centre for Policy Alternatives (CCPA) is presenting this Alternative Municipal Budget. It is the fourth document that the CCPA has published this year dealing with the City budget. The first two provided an overview of the importance of the civic budget in the lives of Winnipeggers, while the third document provided a critique of the City's preliminary 2008 budget. All three documents were shaped by a desire to articulate a community-oriented vision that challenges the narrow, private view that the Mayor had adopted. They are available at the CCPA website: www.policyalternatives.ca.

This budget has been developed by a range of policy experts, community activists, students, and academics. It makes no claim to speak on behalf of all citizens of Winnipeg. Nor does it claim to be the final word as to what should be in the 2009 Winnipeg Operating Budget. Rather, it is offered as the opening statement in what should be a very public debate about the contents of the 2009 City of Winnipeg budget. It addresses real problems—growing inequality, uncontrolled urban sprawl, and a growing retreat from public accountability.

The key budget figures are presented in Table 1. They are detailed throughout this document.

The CCPA also recognizes that there is no free lunch. The Alternative Municipal Budget calls for an end to the City's decade long property-tax freeze. As politically popular as the freeze may have been, it has undermined the City's ability to provide needed services and infrastructure and respond to fiscal challenges. As long it continues to freeze property taxes and cut the business tax, the City cannot expect to get a sympathetic hearing from the provincial government when it lobbies for funding increases.

But far more than raising taxes, this budget is about putting the power of City Hall to work building a better city. The budget proposes initiatives that will make this a better city in which to live, to play, to work, and to move around in. Through investments in people and services, it would create a safer and healthier city, with strong, self-reliant neighbourhoods.

When compared with the City of Winnipeg's projected budget figures for 2009, the Alternative Municipal Budget provides significant increases in spending for housing, community development, leisure and recreation. It provides a plan to finally get a rapid transit service on track. The fees that it introduces are intended to encourage low-cost, high-density urban development and to discourage costly suburban sprawl and the development of bedroom communities that double as tax havens.

In a phrase, it is a budget that puts the community first.

**Table 1: Alternative Municipal Budget, 2009 (All figures in millions of dollars). Totals may not add due to rounding.**

| | |
|---|---|
| **Revenue** | |
| Property Tax | 441 |
| Business Tax | 60 |
| Other Tax | 73 |
| Government Grants | 92 |
| Regulations and Fees | 33 |
| Sales of Goods and Services | 67 |
| Interest | 9 |
| Transfers from other Funds | 51 |
| Other | 1 |
| **Total** | **827** |

| | |
|---|---|
| **Expenditure** | |
| Public Works | 215 |
| Transit Subsidy | 54 |
| Property, Development, Planning, Permits and Buildings | 43 |
| Police and Fire Paramedic Services | 301 |
| Community Services | 110 |
| Corporate | 50 |
| Grants, Appeals, and other Corporate Costs | 35 |
| City Clerks, City Council, Mayor's Office, Museums, EPC Secretariat, Audit | 19 |
| **Total** | **827** |

## THEMES

This budget has two over-arching concerns 1) the need to address and reverse impacts of growing economic inequality in the city and 2) the need for the City to reverse environmentally unsustainable growth patterns. These themes are interlinked: for example, more sustainable growth patterns will reduce financial pressures on the City, allowing it to direct future resources to increasing social equality.

### Poverty: the great divide

Winnipeg continues to have double-digit family and child poverty. Table 2 shows the percentage of families that fell below the federal government's poverty line in 2001 (referred to as the low-income cutoff) by municipal ward. While poverty is concentrated in core neighbourhoods, each city ward has families that are struggling with poverty. In 2001 29.7 per cent of families in Point Douglas fell below the federal poverty line, and even in areas such as St. Vital, 15.8 per cent of families fell below the line.

According to the 2006 census, 63,745 Aboriginal people live in Winnipeg, giving Winnipeg the largest Aboriginal population of any Canadian city. In 2006, Aboriginal people accounted for 14.87 per cent of Winnipeg's population under the age of 25. It is expected that this population of 30,400 will grow to 43,500 over the next twenty years. Aboriginal people experience higher levels of unemployment and poverty,

**Table 2: Poverty Rate by Households**

| Ward | Percentage of households that fall below the Low Income Cut-Off (LICO) by City Ward |
|---|---|
| Charleswood-Tuxedo | 8.5% |
| Daniel McIntyre | 35.7% |
| Elmwood-E.Kildonan | 25.2% |
| Fort Rouge-E.Fort Garry | 31.1% |
| Mynarski | 37.5% |
| North Kildonan | 16.7% |
| Old Kildonan | 14.8% |
| Point Douglas | 29.7% |
| River Heights-Fort Garry | 12.5% |
| St. Boniface | 16.2% |
| St. Charles | 13.8% |
| St. James-Brooklands | 18% |
| St. Norbert | 15.4% |
| St. Vital | 15.8% |
| Transcona | 10.5% |
| Winnipeg as a whole | 20.3% |

Source: 2001 Census

chronic health problems, and lower levels of educational attainment than other Winnipeggers. Reversing these trends is the greatest challenge facing Winnipeg.

For this reason, the Alternative Municipal Budget is reinstating the City's Municipal Aboriginal Pathway Strategy that was developed in the early years of this decade and then largely ignored.

The City has a broader obligation to blunt the impacts of poverty by offering opportunities for quality recreational experiences, coordinating strategies for library access, literacy and learning, ensuring quality housing through enforcement of health standards, reducing social exclusion that accompanies poverty through affordable transit, and providing active transportation options through the creation of safe places to walk, bike, skate or paddle. The Alternative Municipal Budget is proposing an additional $6-million of spending in recreation, largely intended to strengthen community and inner-city resources, and a doubling of the City's housing budget.

Aside from providing such services, the City also has a responsibility to address poverty-related issues in a direct way. Many Canadian cities have municipal committees that are charged with addressing issues of economic inequality. Brandon has a Community Task Force on Impoverishment, Edmonton has an Inner City Forum, and Ottawa has a Poverty Issues Advisory Committee. While the City of Winnipeg has an Equity Committee, to date the Committee has taken the position that poverty-related issues do not fall under its mandate. Given the impacts of social inequality on so many aspects of life in Winnipeg, it is apparent that the Equity Committee's mandate should be clarified to ensure that it requires the Committee to address poverty-related issues.

### A Green Winnipeg Strategy

The Alternative Municipal Budget is proposing a three-pronged "Green Winnipeg Strategy" to address the issues created by urban sprawl. For a city with a relatively small population and modest population growth, Winnipeg is spread out over a very large area (see Table 3). This creates serious financial costs for the City government since it must provide roads, public transit, and sewage to all parts of the city. This sprawling development pattern is also

**Table 3: Population Density in Canada**

| People/ sq km | Toronto | Montreal | Ottawa | Vancouver | Winnipeg |
|---|---|---|---|---|---|
| | 2650 | 1850 | 1700 | 1650 | 1400 |

environmentally unsustainable, given the reliance of this dispersed population on the automobile for transportation. Low-density suburban development also makes alternative forms of transportation such as walking and biking impractical. Such development encourages automobile use, placing much higher demands on infrastructure than alternative forms of transportation and resulting in congested transportation arteries. Automobile transportation also uses significantly more energy than public transportation.

In slow-growth cities such as Winnipeg, new subdivisions are developed at the expense of existing neighbourhoods and infrastructure (because they draw resources and investment away from the core of the city). Urban sprawl requires new, costly infrastructure, compared to infill development that can tap into existing services. A study in Albuquerque, New Mexico, found that the infrastructure cost of one house in a new development was twenty-two times that of the same house in an existing neighbourhood ($22,000 as opposed to $1,000) (Leinberger 2008).

High population density, particularly in the core of the city, is crucial for a vibrant and healthy metropolitan community. Giving the recent increases in oil prices and construction costs, which are expected to persist, the City should be encouraging dense development and providing convenient alternatives to suburban expansion and automobile use.

Automobile dependence occurs when reasonable alternatives to automobile travel are not available. Many people are trying to make more economical and environmentally responsible choices, but choice requires real alternatives.

The three elements in the Green Winnipeg Strategy would be:

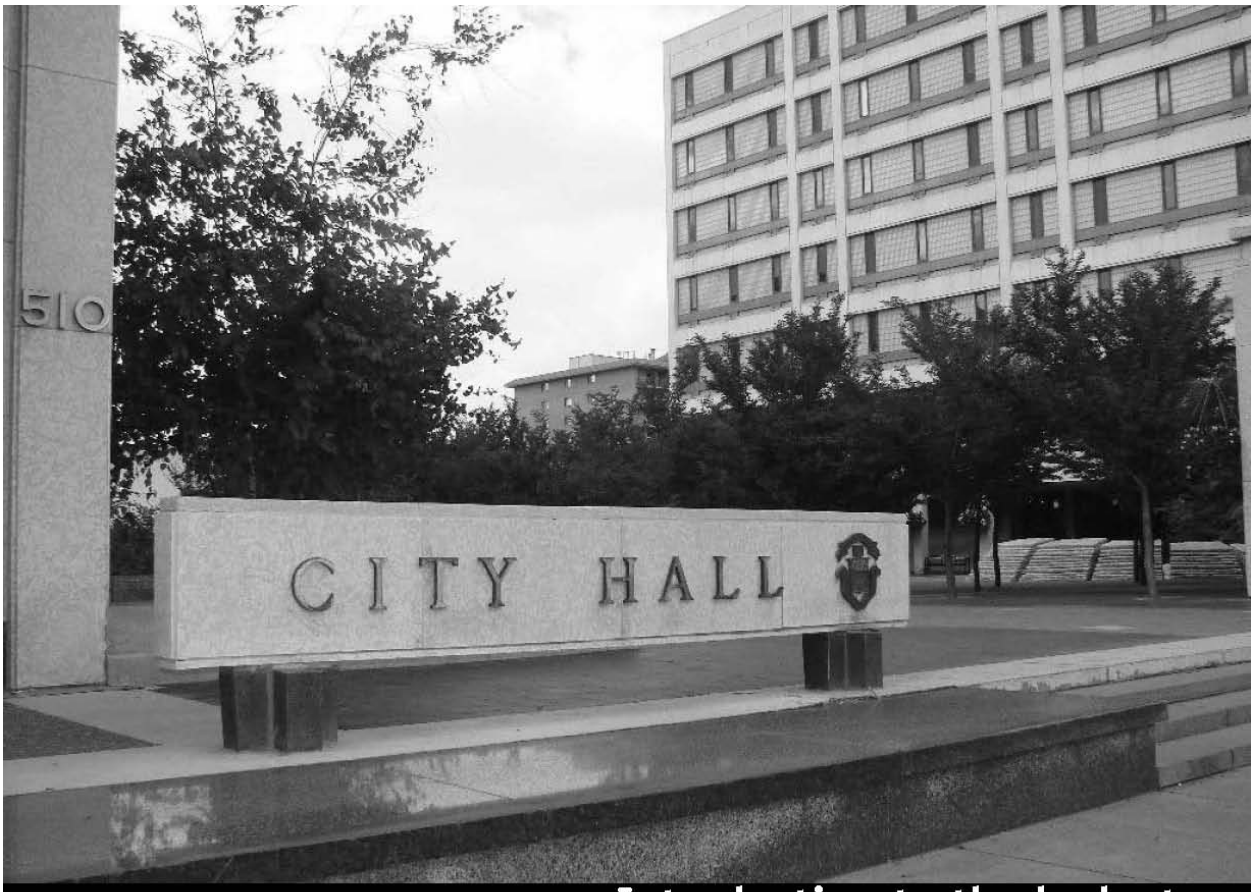
1) a large initial investment in rapid transit and active transportation infrastructure (described in the *A more sustainable city* and *Capital Budget* sections of this budget) to provide Winnipeggers with an alternative to automobile dependence.

2) the development of new high-density residential areas and recreation facilities in central neighbourhoods and along rapid transit arteries to meet current and future housing demand (described in the *A more sustainable city* and *A healthier, more active city* sections of the budget).

3) a concerted effort to decrease the relative cost and inconvenience of transit and active transportation options when compared to automobile-based transport, by transferring resources from automobile infrastructure to active transportation and public transit facilities. Until public transit and active transportation are as convenient and safe as driving, people are unlikely to change their behaviour. To accomplish this, the City will shift its focus from building highways and underpasses that make the city more car-friendly to building dedicated transit corridors, bicycle and pedestrian corridors (described in detail in the *A more sustainable city* section of the budget).

Tax policy can also be used to make transit and cycling more attractive. The commuter tax and the new house tax proposed in this budget (see *Alternative Municipal Budget 2009 Revenue* section) are examples of needed tax changes. This budget also contains green infrastructure choices such as the delay of the Chief Peguis Trail Expansion, a rejection of the Waverley underpass, and an immediate construction start on Winnipeg's Rapid Transit and active transportation corridors.

It is also recognized that transportation and development are not the only environmental issues facing the City. In future years, the Green Strategy would be expanded to address such issues as pesticide use, the introduction of community composting programs, and the disposal of electronic waste.




# Introduction to the budget

The City of Winnipeg budget is made up of two sub-budgets: the operating budget and the capital budget.

The operating budget funds the City's day-to-day operating costs, including items such as salaries, pensions, interest on debt, heat and lighting of City buildings, rent, and payments for services. The capital budget funds big-ticket expenses such as the construction of buildings, bridges, roads, water and sewage systems, and the purchase of major pieces of equipment, such as buses. (More detail on how the municipal budget operates is available in the Canadian Centre for Policy Alternatives-Manitoba's two-part publication *A Citizen's Guide to Understanding Winnipeg's City Budgets* available at www.policyalternatives.ca.)

Spending decisions make up the expense side of these budgets. Each budget also has a revenue side that describes how the expenses are to be funded. The operating budget is funded largely by taxes, fees that the City charges for services, licence fees, and money received from other levels of

government. To fund the capital budget, the City uses general revenues, borrows money, enters into partnerships with private firms, and receives funding from the provincial and federal governments.

Under Manitoba law, the City's operating budget must be balanced—its revenues and expenses must be equal, with no deficit or surplus. The 2008 Operating Budget is $767.6-million. The City is allowed to use debt to finance the capital budget. Because capital budget expenses are essentially investments in the future (Winnipeggers, for example, are still getting water from an aqueduct that was originally completed in 1919), it makes sense to borrow to fund these projects. It is true that citizens of the future will pay a portion of the costs, but they will also make use of the investments and will pay less than if the expenditure were deferred.

By law, the City is required to adopt an operating budget and a capital budget each year. The City also prepares projected budgets for future fiscal years. Table 4 shows the overall operating and capital budgets for the City for 2007-2010 (the years beyond 2008 represent the City's current projections). Table 5 provides the same information, adjusted for inflation.

The operating and capital budgets are inter-related. For example, money from the operating budget is used to pay a portion of the capital budget, and interest payments on capital project debt show up in the operating budget. For this reason, this alternative budget addresses both operating and capital issues.

**Table 4: The overall operating and capital budgets for the City for 2007-2010 All figures in thousands of dollars.**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| Total Capital Program | 424,323 | 421,499 | 338,120 | 291,618 |
| Per cent change | | -1.3% | -19.8% | -13.8% |
| Total Operating Budget | 741,242 | 767,577 | 796,575 | 822,105 |
| Per cent change | | 3.6% | 3.8% | 3.2% |

**Table 5: The overall operating and capital budgets for the City for 2007-2010, adjusted for inflation. All figures in 2008 dollars; thousands of dollars.**

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| Total Capital Program | 427,831 | 421,499 | 329,882 | 277,467 |
| Per cent change | | -3.7% | -21.7% | -15.9% |
| Total Operating Budget | 759,470 | 767,577 | 777,147 | 782,213 |
| Per cent change | | 1.1% | 1.2% | 0.7% |

## WINNIPEG TAXES

As is the case with all other Canadian municipalities, the City of Winnipeg has very limited taxing powers. It cannot, for example, tax income. By law the City can only set and collect property taxes (although, it can charge fees for various services). The City taxes the owners of residential and non-residential property on the basis of the assessed value of their property. The more valuable one's property, the more one pays. While renters do not directly pay property taxes, it is generally assumed that landlords pass on property tax increases through rent increases.

The City also has a business tax, which is an additional form of property tax based on the annual rental value of business premises. The argument behind the business tax is that without it, only those businesses that owned property would pay municipal property tax.

The property tax rate has been frozen at the same rate since 1998. Since 2004, the business tax rate had been reduced from 9.75 per cent to 7.75 per cent.

In 2008, it is expected that these taxes will raise 63 per cent of the city's operating budget.

**Trends in Winnipeg revenue**

Tables 6 and 7 detail trends in City of Winnipeg operating budget revenue over the past seven years. Revenue from all sources increased by 18 per cent between 2001 and 2008. However, once this figure is adjusted for inflation (see Table 7), the real increase is only 2.5 per cent (the term "real" in discussion of figures in this budget means the value has been adjusted to take into account the impact of inflation).

The growth in City revenue comes largely from increases in the fees charged for goods and services and transfers from other funds. In particular, in 2006, there was a $9-million transfer from the Fiscal Stabilization Reserve, a fund designed to protect the city from unforeseen fluctuations in property tax revenue. Property tax revenues have declined in real terms. Business tax revenues declined even before being adjusted for inflation.

The current Mayor has promised to eliminate the city's business tax, which currently brings in $57.5-million in revenue. He argues that the tax makes it difficult to attract new investment (since many other cities do not have a business tax), and is unfair since some businesses must pay both the business tax and a non-residential

**Table 6: City of Winnipeg Operating Budget Revenue 2001-2008. All figures in millions of dollars. (Percentages calculated prior to rounding. Numbers may not add due to rounding.)**

| | 2001 Actual | 2008 Budget | % change |
|---|---|---|---|
| Property Tax | 384 | 424 | 10.4 |
| Business Tax | 60 | 58 | -3.3 |
| Other Tax | 19 | 25 | 31.6 |
| Government Grants | 73 | 90 | 23.3 |
| Regulations and Fees | 18 | 30 | 66.7 |
| Sales of Goods and Services | 42 | 67 | 59.5 |
| Interest | 14 | 9 | -35.7 |
| Transfers from other Funds | 40 | 62 | 55.0 |
| Other | 1 | 1 | 0.0 |
| **Total** | **651** | **768** | **18.0** |

**Table 7: City of Winnipeg Operating Budget Revenue 2001-2008, adjusted for inflation. All figures in 2008 dollars; millions of dollars. (Percentages calculated prior to rounding. Numbers may not add due to rounding.)**

| | 2001 Budget | 2008 Budget | % change |
|---|---|---|---|
| Property Tax | 442 | 424 | -4.0 |
| Business Tax | 69 | 58 | -16.0 |
| Other Tax | 22 | 25 | 14.3 |
| Government Grants | 84 | 90 | 7.1 |
| Regulations and Fees | 21 | 30 | 44.8 |
| Sales of Goods and Services | 48 | 67 | 38.6 |
| Interest | 16 | 9 | -44.1 |
| Transfers from other Funds | 46 | 62 | 34.7 |
| Other | 1 | 1 | -13.1 |
| **Total** | **749** | **768** | **2.5** |
| | | | |
| Real Total per Person | 1176 | 1165.402 | **-0.9** |
| Winnipeg Population | 637,000 | 659,000 | 3.5 |

property tax. However, the Mayor has not come up with a feasible plan to replace the revenue that would be lost if the City simply abolished the business tax.

The point that needs to be made here is that in a comparative sense, the City does not overtax its business community. In all western Canadian cities it is the residential taxpayer who pays the majority of the tax bill. Table 8 sets out the percentage of total municipal taxes levied on businesses in five Western Canadian cities. Winnipeg businesses tax share is right in the middle of the pack.

This means that across western Canada, Winnipeg is quite competitive when it comes to the taxes it that places on the business community. While there may be some sense in eliminating the business tax (since Winnipeg businesses have to pay a tax that businesses in other cities do not pay), there is little reason to reduce the overall amount of tax the business community pays. If the business tax were to be eliminated, the non-residential commercial property tax should be increased to ensure that there is no loss in revenue. This is precisely what is being done in Edmonton.

**Table 8: Western Canadian Cities: Non-Residential Property Tax as a Per Cent of Total Taxes, 2006**

| City | Non-Residential Tax as a Per Cent of Total Taxes |
|---|---|
| Winnipeg | 43 |
| Calgary | 50 |
| Edmonton | 45 |
| Regina | 37 |
| Saskatoon | 31 |

## Winnipeg spending trends

Total operating budget spending increased by $117-million (18 per cent) between 2001 and 2008. Once inflation is taken into account, overall spending is only up by 2.5 per cent. As the population of the city increases, there is an increased demand for services. More people and more housing require more streetlights, roads, police officers firefighters, and recreation opportunities. Winnipeg's population grew by 3.5 per cent between 2001 and 2008. Once inflation is factored into the calculation, total Winnipeg operating budget spending per person declined by 0.9 per cent between 2001 and 2008.

The conclusion is that while it may look as if the City's spending is increasing rapidly, once inflation and population growth are factored in, department spending has increased quite modestly since 2001 and total spending per person has actually decreased. It is no wonder that Winnipeg's basic infrastructure and social services are under pressure. Before addressing spending issues, the Alternative Municipal Budget will first present its revenue proposals.

# Alternative Municipal Budget 2009 Revenue

For the 2009 budget year, the City of Winnipeg is projecting a $38-million deficit. Projected revenue for 2009 not only fails to keep pace with inflation and population growth, it actually declines.

The City's revenue straightjacket is a problem of its own making. Tax revenues from both business and property taxes are, in real terms, projected to shrink, while other sources of revenue, most notably regulations and fees are to increase. By freezing property taxes and refusing to develop alternate sources of revenue to make up for the revenue lost through tax freezes, the City has unnecessarily limited its ability to generate income. The result is the looming $38-million deficit. The Alternative Municipal Budget corrects this problem and generates a balanced budget.

At the time of the release of the 2008 City budget there was a great deal of discussion about whether the City could afford to continue another year without increasing its tax rates. This may seem surprising, given that the City is taking in $117-million more in 2008

than it was in 2001.[1] However, as noted in the previous section, when adjusted for inflation this 18 per cent increase falls to a much more modest 2.5 per cent increase.

The City generates most of its revenue from residential and non-residential property taxes. This creates an initial problem for the City, since property tax revenues, unlike income or sales taxes, tend not to grow automatically with economic expansion. However, the City has compounded this problem by freezing these rates for a decade. Other jurisdictions, including Calgary and Edmonton, have recently increased their property tax rates. The City's decision to reduce the business tax rate from 9.75 per cent in 2004 to 7.75 per cent in 2007, coupled with a long-term commitment to eliminate the business tax, has further compromised City revenues. While taxation revenue has decreased significantly as a source of City revenue, regulatory fees and sales of goods and services have increased. Some of these increases (such as those generated by photo radar) may yield social benefits, but others (such as the increase in ambulance fees) are socially damaging.

There is good reason to fear that the current administration will attempt to resolve its revenue problems by cutting expenditures. Indeed, it could be argued that it has created these problems as a prelude to such cuts. The implications of such cuts to the community would be serious, widespread and wholly negative. There are, however, alternatives.

1 All figures on revenue and expenditures in the Alternative Municipal Budget, unless otherwise noted, refer to expenditures and revenues found in the tax-supported operating budget. A significant amount of City activity is not included in the tax-supported operating budget. For details see the Appendix. (The tax-supported operating budget is basically the total City operations minus the activities of the special operating agencies or special operating funds.)

## THE ALTERNATIVE MUNICIPAL BUDGET'S REVENUE PROPOSALS

The Alternative Municipal Budget's revenue proposals allow for a balanced budget that protects and expands core services. The proposals reverse measures that have eroded the City's revenue position, address the problem of the lack of growth inherent in property taxes, and discourage urban sprawl. Further, to the degree that the Alternative Municipal Budget relies on fees, it imposes fees that will contain future City spending and create a more environmentally efficient community. Tables 9 and 10 present the Alternative Municipal Budget revenue proposals alongside the City of Winnipeg's past, present, and projected revenue proposals.

We are proposing:

1) Changes to property and business taxes (Revenue increase of $12.3-million)

2) Tax policies that create a better Winnipeg (Revenue increase of $51.5-million)

3) Adjustments to the City's projected transfers from other funds (Revenue increase of $4-million)

### 1) Property and Business Taxes

As noted above, the difficulty with property taxes is that the tax base (what the tax is levied on, in this case, the value of city property) does not increase automatically with economic growth (unlike income or sales taxes). The property tax base grows only as new

**Table 9: 2009 Alternative Municipal Budget Revenue compared to City of Winnipeg Projected Budget for 2009. All figures in millions of dollars. (Percentages calculated prior to rounding. Numbers may not add due to rounding.)**

| | 2009 City of Winnipeg Projected Budget | % change from City of Winnipeg 2008 Budget to 2009 Projected Budget | 2009 Alternative Budget | % change from City of Winnipeg 2008 Budget to 2009 Alternative Municipal Budget |
|---|---|---|---|---|
| Property Tax | 430 | 1.3% | 441 | 3.9% |
| Business Tax | 58 | 0.0% | 60 | 3.3% |
| Other Tax | 26 | 4.5% | 73 | 191.0% |
| Government Grants | 92 | 2.2% | 92 | 2.0% |
| Regulations and Fees | 33 | 9.5% | 33 | 8.7% |
| Sales of Goods and Services | 67 | 0.4% | 67 | 0.3% |
| Interest | 9 | -5.0% | 9 | -3.5% |
| Transfers from other Funds | 42 | -33.4% | 51 | -18.2% |
| Other | 1 | 8.8% | 1 | -21.8% |
| **Total** | **758** | **-1.2%** | **827** | **7.7%** |

properties are constructed and as the assessed property value increases. This means that if property tax rates do not change, this source of revenue will grow very slowly. It also means that the real amount of property taxes paid by each homeowner will decline over time unless their property is reassessed.

To correct for the erosion of property tax revenue due to inflation, the 2009 Alternative Municipal Budget will index property and business taxes to the rate of inflation. This means that each property owner and business would see her or his taxes increase each year by the rate of inflation. Based on an estimated rate of inflation for 2009 of 2.5 per cent, this would increase the City's projected 2009 property tax revenue from $430- to $440.8-million. An identical increase in the business tax would increase revenue by $1.5-million, from $58- to $59.5-million.

It is difficult to claim that Winnipeg homeowners are more highly taxed than their Western Canadian counterparts. In 2006, a Winnipeg family paid $1,274 in property tax on a selected single detached house. The rate for the same house in Regina was $1,318, in Saskatoon, $1,230, and in Edmonton, $1,158. Only Calgary, where the tax was $904, had a significantly lower tax rate. Once utility costs are taken into consideration, Winnipeggers have the lowest housing costs on the prairies.

**Projected revenue change**

*Property Tax Increase - $10.8-million*

*Business Tax Increase - $1.5-million*

**Table 10: 2009 Alternative Municipal Budget Revenue compared to City of Winnipeg Projected Budget for 2009, adjusted for inflation. All figures in 2008 dollars; millions of dollars. (Percentages calculated prior to rounding. Numbers may not add due to rounding.)**

| | 2009 City of Winnipeg Projected Budget | % change from City of Winnipeg 2008 Budget to 2009 Projected Budget | 2009 Alternative Budget | % change from City of Winnipeg 2008 Budget to 2009 Alternative Municipal Budget |
|---|---|---|---|---|
| Property Tax | 419 | -1.2% | 430 | 1.3% |
| Business Tax | 56 | -2.4% | 58 | 0.8% |
| Other Tax | 26 | 2.0% | 72 | 183.9% |
| Government Grants | 90 | -0.3% | 90 | -0.5% |
| Regulations and Fees | 32 | 6.9% | 32 | 6.1% |
| Sales of Goods and Services | 65 | -2.0% | 65 | -2.2% |
| Interest | 9 | -7.3% | 9 | -5.9% |
| Transfers from other Funds | 41 | -35.0% | 50 | -20.2% |
| Other | 1 | 6.1% | 1 | -23.7% |
| Total | 740 | -3.6% | 806 | 5.1% |
| Real Total per Person | 1113.9 | -4.4% | 1215 | 4.3% |

## 2) Creating a Better Winnipeg Using Tax Policy

### a) Measures to reduce sprawl

The City of Winnipeg is facing two inter-related sprawl issues. One is the growth of costly and environmentally inefficient suburban developments within the City limits. The second is the growth of residential areas outside the City boundaries, but within commuting distance. Measures to address suburban sprawl can have the unintended and undesired impact of increasing sprawl outside of the City limits. For these reasons, the Alternative Municipal Budget is proposing a new housing fee to reduce suburban sprawl and a commuter fee to discourage exurban sprawl.

#### *New Housing Fee*

To encourage the use of existing housing stock and construction in existing neighbourhoods, a $15,000 fee will be applied to new housing starts in Winnipeg (this fee will only apply in the City of Winnipeg, not in the surrounding municipalities). It will not apply to the replacement or renovation of existing homes. It will also not apply to new units on vacant lots in existing developments or designated areas close to Winnipeg's urban centre that have not yet been developed.

Between 1996 and 2006 Winnipeg averaged 1,500 new housing starts per

year (Canada Mortgage and Housing Corporation). A $15,000 charge on each of these new units would raise $22.5-million.

## Projected Revenue Change

*New Housing Fee - $22.5-million*

***Commuter fee***

The growth of residential areas outside the City boundaries is a problem for a number of reasons. First, in terms of the City's ability to generate revenue, the presence of lower property tax jurisdictions within easy commuting distance limits the amount of property tax revenue available to the City. This occurs both because people will build new properties in the low-tax region and then commute into Winnipeg to work, and because the lower tax area limits the City's ability to raise property tax rates within the City as it tries to remain tax competitive. Second, it creates urban sprawl. Third, it increases commuter pressure on infrastructure and generates large environmental costs including increased greenhouse-gas emissions.

For a house with an assessed value of $100,000, the difference in taxes is roughly $1,000 for those that are not located within the City boundary. The higher a house's assessed value, the larger the differential, creating a greater incentive to locate high value (and therefore high tax) properties outside the City (Table 11).

It should be no surprise that the population growth rate of Winnipeg is lower than the growth rate outside the perimeter. Between 2001 and 2006 Winnipeg grew by 2.2 per cent, East St. Paul by 13.8, and Headingley by 42.9 per cent. People who work in Winnipeg and live outside the City are, in essence, free riders, using municipal services when they drive and work in the City without paying for them. Ultimately, this is an issue that can be most effectively addressed by the provincial government. In the absence of provincial measures, the Alternative Municipal Budget is proposing the introduction of a commuter fee.

Cities such as London, Singapore and Stockholm have used such a tax to address similar issues. These taxes are levied on the non-resident owners of vehicles every time that vehicle enters a specified zone within a specified time period (usually from 6:00 a.m. to 6:00 p.m., Monday to Friday). Exemptions can be issued for buses, emergency vehicles, and vehicles with parking permits for people with disabilities. Fees are levied on a barrier-free basis as license-recognition cameras mounted at roadways at the municipal boundary record all non-resident vehicles entering the community. The fees are collected through a debit system via phone, the internet, text messaging, or cash transactions at participating retailers. Mechanisms can be built into the system to make sure that it does not tax tourists

**Table 11: Assessed property taxes for $100,000 home 2005.**

| Assessed value ($) | Winnipeg | East St. Paul | MacDonald | Ritchot |
|---|---|---|---|---|
| 100,000 | 2,836 | 1,814 | 1,760 | 1,798 |

*Source: Canadian Taxpayers Federation, Winnipeg Capital Region Property Taxes and Utility Charges Survey*

or casual visitors (for example, by not instituting the tax on the first ten visits to the City per year.)

There are 60,000 people living in the Winnipeg Census Metropolitan Area (CMA) outside Winnipeg (a census metropolitan area is a grouping of census subdivisions that includes a large urban area and the surrounding urban and rural communities with which it is closely integrated). A $4-a-day commuter fee would generate approximately $1,000 per commuter vehicle per year, an amount that would go a long way to eliminating the property tax gap. On a very rough assumption that half of the CMA population commutes and that there is one commuter in a family of four, a commuter charge would generate $7.5-million. Given that this fee does not take into consideration ability to pay, it is recommended that the Manitoba government consider developing a tax credit similar to the property-tax credit to make the tax more equitable.

**Projected Revenue Change**

*Commuter Fee - $7.5-million.*

### b) Tax on Plastic Bags

Disposable plastic shopping bags litter the urban environment, clog up City landfills (where they do not readily degrade), are difficult to recycle, present a danger to wildlife, are made of petrochemicals (a non-renewable resource), and carry a risk of suffocation for unsupervised babies. Switching to reusable grocery bags is an easy way for the people of Winnipeg to make their city more environmentally sustainable.

Winnipeg's population is just over 650,000. If each Winnipegger uses five bags a week, 169-million plastic bags are used in the city each year. A ten-cent per bag tax would generate $17-million. Since the prime motive behind this tax is to eliminate the use of plastic bags, the revenue generated by this tax would be expected to decrease dramatically over time as people switch to reusable bags.

**Projected Revenue Change**

*Plastic bag tax - $17-million*

### c) Flat Rate for Water Use

The City of Winnipeg's Waterworks Department sets its rates using a three-tier declining block rate structure. Under this structure, the more water one uses, the less one pays for each unit of water. Table 12 shows the 2006-2008 water rates (the volumes are recalculated every three months). While the City increased its water and sewage rates by 11.6 per cent in 2007 and 13 per cent 2008, there was no attempt to eliminate the volume discount associated with the water rate.

**Table 12: Winnipeg Water rates 2006-2008**

| Per 100 cubic feet per quarter | 2006 rate | 2007 rate | 2008 rate |
|---|---|---|---|
| Block 1 0-9,600 | $2.75 | $3.15 | $3.45 |
| Block 2 9,601-96,000 | $2.27 | $2.67 | $2.97 |
| Block 3 more than 96,000 | $1.79 | $2.19 | $2.49 |

This amounts to volume discounting and discourages rather than encourages water conservation. The City charges a flat rate ($5.12 per hundred cubic feet) for sewage removal, which does not have this perverse incentive structure.

To create an incentive to conserve water, especially at high volumes, the Alternative Municipal Budget would

change the three-block system to a single flat rate that would be between the current rates for block 1 and 2. This would result in a decrease in rates for small volume users and an increase in rates for high volume users. Further, in order to encourage overall conservation by all Winnipeggers, it would increase overall water rates by 5 per cent. This increase would be calculated after the other proposed changes to the rate structure.

Waterworks is projected to earn $91-million in 2009 from its water sales. A 5 per cent increase would amount to $4.5-million in additional revenue. This increase would be transferred to City revenues

**Projected Revenue Change**

*Waterworks fee increase: $4.5-million*

### 3) Adjustments to the City's projected transfers from other funds

The largest area of projected decline in City revenue is in transfers from other funds, which the City is projected to drop from $62-million to $42-million. Part of the reason for the decline is a City Council decision not to transfer additional funds from agencies if it would put the agencies that generate the funds in a money losing position.[2] For example, since the $3.6-million transfer from the Winnipeg Parking Authority to general revenue in 2007 contributed to an end-of-year deficit for the agency, the City projects an insignificant draw of $42,000 from this source in 2009.

The $20-million reduction reflects an almost across-the-board reduction in transfers from various municipal agencies. For example, transfers from sewage disposal, which ran a $60-million surplus in 2007, are projected to decline from $22-million to $20-million.

The Alternative Municipal Budget would not reduce the transfers from agencies that are running large surpluses and would therefore not put these agencies into a money-losing position.

The City predicts that it will reduce the transfer from Waterworks by $2-million (from $15- to $13-million) even though the agency ran a surplus of $44-million in 2007. The Alternative Municipal Budget would continue to transfer $15-million (plus the additional $4-5 million described in the previous section) from Waterworks in 2009. The Alternative Municipal Budget would continue to transfer from Sewage Disposal at the 2008 amount.

These changes would create an additional $4-million in revenue. As a result, the Alternative Municipal Budget will be transferring $46-million from other funds, as opposed to the $42-million that the City currently projects.

**Projected revenue change**

*Transfers from funds: $4-million*

2 Data for this section was drawn from the 2007 City of Winnipeg *Detailed Financial Report*.

# Alternative Municipal Budget 2009 Expenditure

While City expenditures appear at first glance to have increased significantly over the last seven years (Tables 13 and 14), in reality the increase has been quite modest. As noted earlier, one inflation is taken into account, the 18 per cent increase from 2001 to 2008 dwindles to 2.5 per cent. When one factors in population growth, expenditure per Winnipegger has actually decreased by .09 per cent over the seven-year period.

Although the real total budgeted expenditure has not changed very much over the last seven years, distribution of the funding within the budget has been significantly altered. Winnipeg Police and Winnipeg Fire Paramedic Services have seen their proportion of the total budget increase from 31 to 38 per cent, which has come at the expense of Public Works, Grants, Appeals and Other Corporate Costs.

Tables 15 and 16 outline the Alternative Municipal Budget's expenditure proposals for 2009 and compare them to the City's projected

**Table 13: City of Winnipeg Operating Budget Expenditures 2001-2008. All figures in millions of dollars.**

| | 2001 Actual | 2008 Budget | % change 2001-2008 |
|---|---|---|---|
| Public Works | 193 | 205 | 6 |
| Transit Subsidy | 30 | 38 | 28% |
| Property, Development, Planning, Permits and Buildings | 38 | 37 | -2% |
| Police and Fire Paramedic Services | 205 | 290 | 42% |
| Community Services | 74 | 97 | 31% |
| Corporate | 51 | 49 | -4% |
| Grants, Appeals, and other Corporate Costs | 50 | 33 | -34% |
| City Clerks, City Council, Mayor's Office, Museums, EPC Secretariat, Audit | 10 | 18 | 77% |
| Total | 651 | 768 | 18% |

**Table 14: City of Winnipeg Operating Budget Expenditures 2001-2008, adjusted for inflation. All figures in 2008 dollars; millions of dollars. (Percentages calculated prior to rounding. Numbers may not add due to rounding.)**

| | 2001 Actual | 2008 Budget | % change 2001-2008 |
|---|---|---|---|
| Public Works | 222 | 205 | -8% |
| Transit Subsidy | 34 | 38 | 12% |
| Property, Development, Planning, Permits and Buildings | 43 | 37 | -15% |
| Police and Fire Paramedic Services | 236 | 290 | 23% |
| Community Services | 85 | 97 | 14% |
| Corporate | 59 | 49 | -17% |
| Grants, Appeals, and other Corporate Costs | 57 | 33 | -43% |
| City Clerks, City Council, Mayor's Office, Museums, EPC Secretariat, Audit | 12 | 18 | 54% |
| Total | 749 | 768 | 2% |
| | | | |
| Real Total per Person | 1176 | 1165 | -0.9% |
| | | | |
| Winnipeg Population | 637,000 | 659,000 | 3.5 |
| Winnipeg Census Metropolitan Area Population | 690,000 | 719,000 | 4.2 |

**Table 15: 2009 Alternative Budget Expenditure vs. City of Winnipeg Projections. All figures in millions of dollars.**

| | 2009 City of Winnipeg Projected Budget | % change from City of Winnipeg 2008 Budget to 2009 Projected Budget | 2009 Alternative Budget | % change from City of Winnipeg 2008 Budget to 2009 Alternative Municipal Budget |
|---|---|---|---|---|
| Public Works | 214 | 4% | 215 | 5% |
| Transit Subsidy | 41 | 7% | 54 | 42% |
| Property, Development, Planning, Permits and Buildings | 39 | 5% | 43 | 17% |
| Police and Fire Paramedic Services | 298 | 3% | 301 | 4% |
| Community Services | 102 | 5% | 110 | 13% |
| Corporate | 50 | 1% | 50 | 1% |
| Grants, Appeals, and other Corporate Costs | 35 | 5% | 35 | 5% |
| City Clerks, City Council, Mayor's Office, Museums, EPC Secretariat, Audit | 19 | 5% | 19 | 5% |
| Total | 797 | 4% | 827 | 8% |

**Table 16: 2009 Alternative Budget Expenditure vs. City of Winnipeg Projections, adjusted for inflation. All figures in 2008 dollars; millions of dollars. (Percentages calculated prior to rounding. Numbers may not add due to rounding.)**

| | | | | |
|---|---|---|---|---|
| Public Works | 209 | 2% | 210 | 2% |
| Transit Subsidy | 40 | 4% | 53 | 39% |
| Property, Development, Planning, Permits and Buildings | 38 | 2% | 42 | 14% |
| Police and Fire Paramedic Services | 291 | 0% | 293 | 1% |
| Community Services | 99 | 2% | 107 | 11% |
| Corporate | 48 | -1% | 48 | -1% |
| Grants, Appeals, and other Corporate Costs | 34 | 2% | 34 | 2% |
| City Clerks, City Council, Mayor's Office, Museums, EPC Secretariat, Audit | 18 | 2% | 18 | 2% |
| Total | 777 | 1% | 806 | 5% |

spending for 2009. As can be seen by comparing Tables 15 and 16, the City's projected overall 4 per cent spending increase for 2009, will, after inflation is taken into account, amount to an increase of just 1 per cent. The increases are spread out amongst all categories except Corporate Costs, with relatively larger increases going to Public Works and Police and Fire Paramedic Services.

Table 17 outlines the Alternative Municipal Budget's proposed net increases in operating expenditures.

The 2009 Alternative Municipal Budget presents a balanced budget and increases funding to many services and programs that are a priority for Winnipeggers. These expenditure increases are outlined in the following sections.

The spending proposals in the Alternative Municipal Budget contribute to making Winnipeg:

- a fairer city
- a more active city
- a safer, more secure city
- a more sustainable city
- a better place to work
- a better place to live

The following sections outline the ways that the budget will meet these goals.

**Table 17: Alternative Municipal Budget Operating Expenditures Changes. All figures in millions of dollars.**

| | 2009 |
|---|---|
| **Public Works** | |
| Roadway Construction and Maintenance (Chief Peguis Expansion Delay) | -2.0 |
| Roadway Construction and Maintenance (Disraeli Overpass Financing) | 3.2 |
| **Total Public Works Increase** | **1.2** |
| | |
| **Transit Subsidy** | |
| Transit (Increased Bus Operation) - Estimated | 4.0 |
| Transit (BRT Corridors Financing) | 9.4 |
| **Total Transit Subsidy Increase** | **13.4** |
| | |
| **Planning, Property and Development** | |
| City Planning (Planning and Infrastructure Economic Analysis Unit) | 1.0 |
| City Planning (Secondary/Neighbourhood Plans) | 1.0 |
| Economics Development (CED Training Intermediary) | 0.5 |
| Economic Development (CED Purchasing Initiative) | 0.3 |
| Neighborhood Revitalization (Housing) | 1.8 |
| **Total Planning Property and Development Increase** | **4.5** |
| | |
| **Police and Fire Paramedic Services** | |
| Police (Strategic Evaluation of Personnel Deployment) | 0.1 |
| Police (Building Financing) | 2.1 |
| **Total Police and Fire Paramedic Increase** | **2.2** |
| | |
| **Community Services** | |
| Recreation (Community Centre Programming and Maintenance) | 4.6 |
| Recreation (Community Centre Capital Debt and Finance Charges) | 0.6 |
| Recreation (New Soccer Facility Debt and Finance Charges) | 0.4 |
| Neighbourhood Revitalization (Aboriginal Strategy) | 3.0 |
| **Total Community Services Increase** | **8.6** |
| | |
| **Corporate** | |
| Equity Lens | 0.1 |
| **Total Corporate** | **0.1** |
| | |
| **Total Expenditure Increase** | **30.0** |

# A fairer city

The bonds that hold a community together fray when social and economic inequality prevents some people from participating in and benefiting from community life. Many of the measures in the Alternative Municipal Budget, particularly those regarding housing, employment, and recreation and leisure, are intended to rebuild community bonds and blunt the impacts of inequality.

The Alternative Municipal Budget will also make proposals to ensure that poverty is firmly on the agenda at City Hall and that the City's Aboriginal Strategy is finally implemented.

## AN EQUITY AND DIVERSITY LENS

A tool that could be used to assist the City in addressing issues of social inequity is an equity and diversity lens. Such a lens would assist in identifying and eliminating barriers to social and economic inequality. It could also be used to reinforce best practices in the planning, development, execution, and

evaluation of policies, services and programs.

Specifically an equity and diversity lens could be used to

- detect the impact of new policies and program on diverse individuals and groups
- evaluate existing programs to determine if they eliminate barriers and provide benefits equitably to diverse individuals and groups
- identify strengths and areas for improvement
- identify practices and milestones that could be replicated to build upon original successes
- identify steps that could be taken to eliminate barriers

It is important to recognize that the development of such a lens is a first step. The next would be to implement its findings into the planning process.

The Alternative Municipal Budget commits $50,000 to the development of an equity and diversity lens to be used in assessing municipal policies and programs.

**Summary of New Expenditures:**

*Development of an Equity and Diversity Lens: $50,000*

## IMPLEMENTING AN ABORIGINAL STRATEGY FOR THE CITY

The City has, over the past decade, created a number of Aboriginal initiatives. The most significant of these was the adoption, in 2003, of *First Steps: Municipal Aboriginal Pathways*. This policy framework was intended to create a new era of co-operation between the City and Winnipeg's Aboriginal community. It committed the City to concrete action in five policy areas:

- employment
- economic development
- safety
- quality of life
- outreach and education

The City also committed itself to reporting on the progress that had been made in meeting these commitments in 2006.

While it would be wrong to say that no progress has been made, the fact is that the City has not taken many of the steps that it committed to taking. It also failed to publish an assessment of the program in 2006.

In 2008, the City adopted an Aboriginal Youth Strategy, which is being referred to as the City's *Next Step* on the *Municipal Aboriginal Pathways*. The Strategy made a one-year commitment of $1-million to support Aboriginal community-driven youth initiatives. In selecting projects to fund, the City will be taking advice from the Aboriginal Partnership Committee of the Winnipeg Partnership Agreement and the Coalition of Community-Based Youth Serving Agencies.

The decision to focus on youth is understandable. However, on its own, the Youth Strategy does not put the City back on the *Municipal Aboriginal Pathways*. There is a need to address the issues facing the entire Aboriginal community. It is important not to lose sight of important *Municipal Aboriginal Pathways* priorities such as the development of:

- Aboriginal Economic Development Partnerships

- a multi-purpose community facility
- safe and affordable accommodation for Aboriginal people
- ongoing Aboriginal Pathways community consultation forums

Furthermore, the City has committed itself to only one year of funding for its Aboriginal Youth Strategy, which is to be delivered by external agencies. Aside from the projects that these agencies will be proposing, there is a great deal that the City can do internally. These measures included increasing:

- employment and training opportunities for Aboriginal youth
- the mentorship and internship opportunities for Aboriginal youth
- the number of free and subsidized physical activity programs
- the hours that free and drop-in recreation services are offered
- transportation opportunities to recreation facilities
- library services in communities with a significant Aboriginal population

**Getting the Municipal Aboriginal Pathways framework back on its feet**

The Alternative Municipal Budget proposes a five-year commitment to get the *Municipal Aboriginal Pathways* framework back on its feet.

To do this, the Alternative Municipal Budget would establish an inter-departmental Municipal Aboriginal Pathways Team with the leadership and authority to implement the *Municipal Aboriginal Pathways* commitments in consultation with the Aboriginal community. The Budget for the Team in 2009 would be $3-million. Of this amount, $2-million would be allocated to the Aboriginal Youth Strategy, where Aboriginal community-driven youth initiatives of the sort funded in 2008 would receive $1-million and $1-million would be allocated to internal Aboriginal youth initiatives (this would include employment, mentoring, and improved access to recreation and library services). An additional $1-million would be earmarked for support for non-youth projects identified in the *Municipal Aboriginal Pathways* framework. Later portions of this budget identify areas where the *Municipal Aboriginal Pathways* funding should be targeted.

City Council should commit itself to continuing to support the Aboriginal Youth Strategy at a level of $2-million a year for the following four years. The Council should increase the funding for other *Municipal Aboriginal Pathways* initiatives to $2-million a year for the following four years.

**Summary of New Expenditures:**

*Aboriginal Youth Strategy: $2-million*

*Municipal Aboriginal Pathways funding: $1-million*



# A better place to live: housing

*Photo: Winnipeg's inner-city housing stock is continuing to deteriorate.*

Winnipeg has a serious and growing housing problem. An increasing number of people, particularly in Winnipeg's inner city, are paying too much for housing that is cramped and decaying. Safe, stable housing provides more than just a roof over one's head; it is linked to employment, health, and in the case of children, improved educational outcomes. Despite knowledge of this growing problem, the City of Winnipeg is allowing much of its affordable housing stock to deteriorate, particularly in the inner city.

The Alternative Municipal Budget is proposing a redoubling of City efforts in this area, increasing the City's housing spending from $2.175-million to $4.350-million. It is also proposing that $400,000 of this increase come from the $1-million being added to the budget to fund *Municipal Aboriginal Pathways* initiatives. It is proposing a targeted new program to improve the

enforcement of housing standards in rental accommodation.

These initiatives would create a quick stopgap, allowing for more investment in, and response to, the immediate problems facing core neighbourhoods in Winnipeg. In the long term, the City must develop a comprehensive and multi-faceted strategy to deal with access to affordable housing.

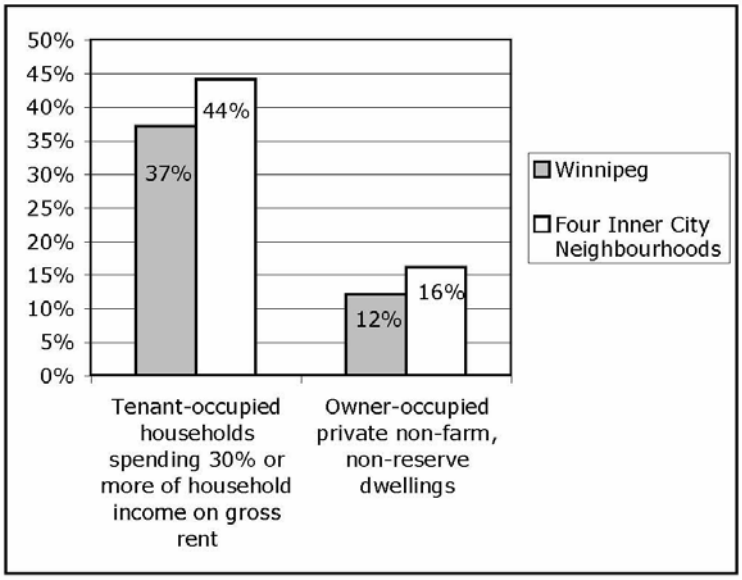
## HOUSING AND AFFORDABILITY

The Canada Mortgage and Housing Corporation defines affordable housing as adequate shelter that does not cost more than 30 per cent of pre-tax household income. In 2006, 37 per cent of tenant-occupied households in Winnipeg spent 30 per cent or more of their household income on gross rent (Figure 1). Twelve per cent of owner households also spent more than 30 per cent of their income on housing (Statistics Canada 2008). When one looks at four inner-city neighbourhoods, these figures jump to 44 and 16 per cent respectively (Statistics Canada 2008). For households with only one earner, or supporting children, overcrowding can be a significant problem due to the challenge of finding suitable housing within 30 per cent of one's income.

### Housing decay

Inner-city housing is aging and is in need of more repair than housing in the rest of the city (Figure 2). In 2006, the proportion of dwellings needing major repairs in four inner-city neighbourhoods was 15 per cent, almost double the Winnipeg average of 8 per cent (Statistics Canada 2008). This is of particular concern since in 2001 the figure for the inner-city neighbourhoods was 12 per cent, while the figure for the

**Figure 1: Household Spending on Housing, 2006**



city as a whole was 9 per cent (Statistics Canada 2008).

Aboriginal people face specific housing challenges. The Aboriginal population in Winnipeg "is more likely to be facing socio-economic hardship, live in poorer quality housing, move with greater frequency, be more concentrated within the inner city, and expend more resources toward shelter" (Institute of Urban Studies 2008, iii).

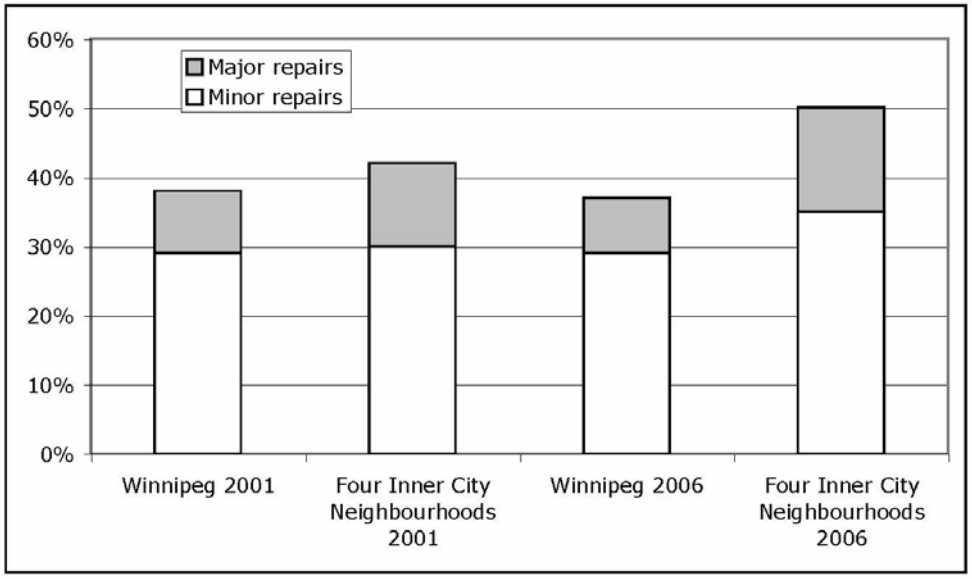
Demographically, Winnipeg is changing: immigration to Manitoba has increased dramatically in the last decade, from approximately 7,000 in 2004 to a projection of 20,000 annually over the next ten years. Three-quarters of these immigrants will settle in Winnipeg, adding to the overall demand for housing in the city. With the Aboriginal population expected to grow in the next few decades, safe and adequate housing for children and families must be a priority.

## WINNIPEG'S HOUSING POLICIES

In 1999, the City of Winnipeg approved the Winnipeg Housing Policy and the following goals:

- To bring new life back to older neighbourhoods through locally planned, community supported housing renewal initiatives.
- To support housing renewal strategies that integrate economic and structural change to improve the quality of life for local residents while building neighbourhood stability.
- To create and provide tools to enable communities to implement renewal efforts, and to support, wherever possible, locally developed products, businesses and initiatives. (City of Winnipeg 1999, 1).

**Figure 2: Proportion of Housing Requiring Repair: 2001 and 2006**



In 2000, the City's Housing Implementation Framework detailed how the City would implement the Housing Policy. This led to the creation of the Winnipeg Housing and Homelessness Initiative, which brought together the federal, provincial and municipal governments to administer housing programs within the Winnipeg area. Under the policy, each of Winnipeg's 228 neighbourhoods was categorized as Major Improvement Zones, Rehabilitation Areas, Conservation Areas, or Emerging Areas.

**Table 18: City of Winnipeg Major Improvement Zones**

| |
|---|
| Centennial |
| Daniel McIntyre |
| Dufferin |
| Dufferin Industrial |
| Lord Selkirk Park |
| North Point Douglas |
| North Portage |
| South Point Douglas |
| Spence |
| St. Johns |
| St. Matthews |
| West Alexander |
| West Broadway |
| William Whyte |

**Table 19: City of Winnipeg Rehabilitation Areas**

| |
|---|
| Airport |
| Broadway-Assiniboine |
| Brooklands |
| Burrows Central |
| Burrows Keewatin |
| Central St. Boniface |
| Chalmers |
| Ebby-Wentworth |
| Inkster-Faraday |
| Kensington |
| King Edward |
| Logan |
| Lord Roberts |
| Luxton |
| McMillan |
| Mission Industrial |
| River Osborne |
| St. John's Park |
| Tissot |
| Weston |
| Wolseley |

The Major Improvement Zones are listed in Table 18 and the Rehabilitation Areas are listed in Table 19. Major Improvement Zones are older areas that have experienced significant decline to the point where housing and neighbourhood infrastructure require complete renewal.

Five of the Major Improvement Zones have since been designated as Housing Improvement Zones and receive funding to build and renovate housing. Housing Improvement Zone are areas targeted for increased housing investment through the use of economic incentives. The City should increase the number of Housing Improvement Zones to include all 14 Major Improvement Areas, as they all require additional inputs to develop, renovate and maintain affordable housing.

## WINNIPEG HOUSING SPENDING

In 2007, the City spent $2.079-million on housing initiatives; in 2008 this increased to $2.102-million, and in 2009 it is projected to reach $2.175-million. However, in real terms, the City spent $2.12-million on housing in 2007, which rises to just $2.13-million in 2009 (2008 dollars). In 2008, Winnipeg spent only 0.27 per cent of its operating budget, through Neighbourhood Revitalization, on housing. In comparison, Edmonton budgeted 0.89 per cent of its total operating budget for housing, while Ottawa budgeted 3.98 per cent. Winnipeg's spending is more comparable with Regina's 0.25 per cent.

Of the $2.175-million the City is budgeting for housing in 2009,

$1-million is transferred each year to the Housing Rehabilitation Investment Reserve. The reserve is spent each year in the following way: $200,000 goes to Aboriginal housing organizations, while the remainder is divided up equally among the five Housing Improvement Zones: Centennial, West Broadway, Spence, North Point Douglas and William Whyte. These zones were chosen based on the need for intervention and renewal of housing and neighbourhood infrastructure. Each zone has a housing plan, which is funded through the Housing Rehabilitation Investment Reserve. Stakeholder groups review applications for the funding, based on the priorities set out in the housing plans and make recommendations to the designated development corporations, which in turn make recommendations to the Housing Rehabilitation Investment Reserve for final approval. The funds are primarily used for "bricks and mortar" repairs, including exterior fix-up grants, renovations, or new housing development. The other $1.175-million is spent on salaries and administration, and other housing projects, sometimes in partnership with other levels of government.

The Alternative Municipal Budget's proposed doubling of the Housing Initiatives budget would, in the short term, increase the amount of funding available for housing upgrades and renovations. An additional $1-million would be transferred to the Housing Rehabilitation Investment Reserve, to be used directly in core neighbourhoods for housing development, renovations and upgrades, including retrofitting for energy and water efficiency. This would double the amount available to Aboriginal housing organizations to $400,000, and the amount available to each of the Housing Improvement Zones to $320,000. Two new Housing Investment Zones would be identified, and would each receive $320,000. The remainder, an additional $535,000, could be used to increase the enforcement of housing standards in rental accommodation.

In future years consideration should be given to using zoning regulations to ensure the development of adequate affordable rental and cooperative housing. This has been done in other jurisdictions, and, in Winnipeg, the West Central Women's Resource Centre HOMES Program is developing a proposed bylaw that would require developers to set aside a portion of each residential development for social (affordable) housing. Developers would also be required to ensure that housing is available to meet the special requirements of elderly persons, persons with disabilities, and large families.

**Summary of New Expenditures:**

*Housing Initiatives Increase:*

*$2.175-million*



# A better place to work: Community-based development

In the past it was often thought that the best way to help people and communities that had been pushed to the economic edge was to attract a large-scale employer to the area or to invest in a massive public-works program. For example, to improve housing, governments might hire an outside contractor to develop a large public-housing complex. Bulldozers would appear on the scene, neighbourhoods would be levelled, people from outside the community would be hired to design and build the projects. Millions of dollars would be spent, but very little would be earned or stay in the inner city.

Another, community-controlled, form of development has emerged in response to this top-down approach. Often termed community economic development (CED), it takes place when people in a specific community take deliberate, cooperative efforts to shape their community's future, merging economic goals with their social, cultural and environmental goals.

*Photo: Coming retirements will create an opportunity for the City to hire people from communities that in the past have not been employed in large numbers by the City.*

Community economic development is a multi-faceted approach, conceived and directed locally, to revitalizing and renewing community economies by managing and strengthening community resources for community benefit. It is founded on the belief that problems facing communities—unemployment, poverty, job loss, environmental degradation and loss of a community's sense of control over its future—can best be addressed by community-led, grassroots, integrated approaches.

There is a great opportunity for the City of Winnipeg to take a leadership role in supporting this renewal of communities. In doing so, it would be joining municipalities across the country that already support CED or are exploring ways to do so. The City could greatly assist existing community initiatives without significant budget implications by incorporating CED approaches into its human resource and procurement practices.

### Human resources

The City of Winnipeg is facing a serious employment problem. Baby-boomers account for a very high percentage of its 9,000-member workforce. It will be losing a considerable amount of talent and institutional memory when those workers retire in the next few years. The City is also having trouble keeping the people that it does hire. For example, over the next three years, the city auditor predicts that 134 professionals and 154 tradespeople will leave the City's employ, most of them going to other employers.

At the same time, unemployment remains a serious problem for the city's Aboriginal and inner-city residents. Community economic development approaches can provide a way to address both these issues.

Research has shown that the most effective training and employment programs are made up of networks of employers, community-based employment development organizations, unions, governments, and educational institutions. Members of the network make formal commitments for which they are held accountable. Typically the collaboration between the members of the network is coordinated by an institution that is often termed a workforce intermediary. The role of the intermediary is to provide the opportunity for employers to identify their needs, and for each of the other representatives to agree about the part they will play in meeting those needs. The workforce intermediary brokers many of the relationships, facilitates the discussions, keeps records of the commitments, and provides technical assistance to help the various members work together.

The Alternative Municipal Budget proposes the creation of a Human Resources Roundtable that would include the City's Human Resources department, organizations with training capacity (for example, Red River College), and community-based employment development organizations to serve as a workforce intermediary. Roundtable members would identify projected job openings at multi-year intervals, identify core competencies for each of the job groupings, and establish a means by which those who are unemployed or underemployed would gain access to the training required for those jobs. In the process, the members would also develop a plan to move people into employment

and provide support and mentoring after placement.

A Workforce Intermediary would require multi-year funding commitments for up to four staff (one coordinator, plus three staff for each of the three job sectors with the greatest potential), for a total budget of $500,000 annually.

**Summary of New Expenditures:**

*CED employment initiative: $500,000*

## PURCHASING INITIATIVES

Another way that the City of Winnipeg can assist community economic development initiatives is through strategic purchasing. Opting for the cheapest bid is often not the best investment. Strategically purchasing from businesses that are owned locally, employ local people, pay a living wage, and spend their profits locally, creates an economic multiplier effect that benefits the local economy. While there is a growing awareness of the environmental and social impacts of purchasing, this is not always at the forefront of decision-making processes.

The provincial government has developed Aboriginal Procurement, Sustainable Development Procurement, Community Economic Development Procurement, and No Sweat Procurement policies. The City could build on these policies and on its commitment to the well-being of Aboriginal people, the well-being of the planet, the strengthening of communities, and the respect for human rights and decent working conditions around the world, by adopting similar policies at the municipal level. Provincial directories already identify businesses that fit the criteria of each procurement policy, and could be utilized in developing policies for the municipal government.

This initiative could be accomplished without any significant increase to the budget. A staffing complement of three individuals could develop policies to analyze current procurement patterns, and an internal communications plan to advance the policies through the City's departments. This staff complement would cost less than $300,000 per year but would result in a significant impact far greater than this to the local economy and the city.

Given that a portion of both the human resources and procurement strategies will target the Aboriginal community, it is proposed that $100,000 of the funding for these two initiatives come from money set aside in the Aboriginal Strategy proposed in the Alternative Municipal Budget.

**Summary of New Expenditures:**

*CED purchasing initiative: $300,000*



# A healthier, more active city

*Photo: This picture of a City of Winnipeg wading pool was taken on June 24, 2008, when the temperature was 28 degrees above zero. The City had not yet opened its pools to the public.*

While the current City Council has tried to divest itself of responsibility for social services, recreation and leisure remain a clear municipal responsibility with the potential to bring substantial social and economic benefits to city residents. In recent years, the Recreation, Leisure and Library Facilities (RLALF) Study and the Public Use Facilities Study (PUFS) concluded that $183-million would be needed just to restore all of Winnipeg's 300 community facilities. In 2004 the Mayor stated that he would redirect $43-million in federal government funding that had been originally earmarked for rapid transit to recreation. Although there have been some renovations, not all of the money is going to city facilities.

What has been missing from this focus on recreation facilities, however, is a strategy to increase both facility usage and participation in healthful activities. The benefits that come from

having a population that is actively engaged in a full-range of recreationl activities is well documented. Investing in quality recreation programs and facilities can help reduce costs incurred by the medical, justice, child welfare, and social service systems. Therefore the Alternative Municipal Budget sets itself four recreation goals:

1) Get more Winnipeggers to use city facilities and programs.
2) Increase the physical activity of Winnipeg citizens by ten per cent by 2010.
3) Design programs that maximize the benefits of recreation for all.
4) Develop new funding partnerships with other levels of government to support these shared goals.

Meeting these goals will not be easy. Governments have often set physical activity goals without reaching them. In 2003, for example, the federal government and the provinces set a target of a ten per cent increase in physical activity by 2010. It is unclear on the progress to now. Ideally, all of us should be involved in some physical activity, and in particular, every child should be involved in daily physical activity. To reach these goals the Alternative Municipal Budget is proposing an additional $6-million in recreation and leisure spending. This will include investments in operations, maintenance, and new community facilities.

## THE OPERATING BUDGET

The Alternative Municipal Budget is committed to increasing recreation and leisure operating spending by $4.3-million over and above the City's 2009 projections. This money will be targeted at improving access and strengthening community resources. The Alternative Municipal Budget would establish five new initiatives.

1) A Right to Play Program
2) Increased cooperation with school divisions and the province
3) Community Centre staffing initiative
4) A new funding formula for community centres
5) Expanding innovative arts programming

### Right to Play Program

When compared with children from middle and high-income families, children from low-income families are less likely to participate in recreation and physical activity. According to the Canadian Parks and Recreation Association 2005 study *Bridging the Recreation Divide*, barriers to participation by low-income children include user fees, equipment costs, transportation, inadequate local facilities, parks, playgrounds and safe places to play, isolation and exclusion, and a lack of family support and awareness of opportunities. The Alternative Municipal Budget is proposing a Right to Play Program to address a number of these issues.

While City of Winnipeg can reduce or waive fees for city recreation programs and services upon the receipt of a written letter of application, this service is not well advertised and can be intimidating. Currently the City receives only approximately 1,000 letters a year. The Alternative Municipal Budget's Right to Play Program would improve the fee waiver program and promote the

fee waiver option through promotion on the website, in the *Leisure Guide* and in community groups programs. In addition, the Right to Play Program would partner with schools. It would target Grades 1, 6, 9 and 11, important transition years for children, through an outreach program to encourage participation and registration in city activities.

Central elements of this program would include:

- Increased free and subsidized program options
- Significant enhancement of the number of hours that "free-play" and "drop-in" recreation services are offered
- Increased Aboriginal-specific programs, including culture-based options and traditional sports

**Increased cooperation with the public-school system**

The City has 300 recreation facilities, which provide numerous recreation and leisure programs. In only a limited number of cases do the City and local school divisions cooperate to ensure that local children are able to make the best use of these facilities and programs. One example of a successful cooperation is the Seven Oaks School Divisions Grade 2 skating and Grade 4 swimming programs. These make use of City facilities to ensure all students experience these activities.

The Manitoba government's recent decision to require that all senior year students have four physical education/health credits is to be commended. However, it will put pressure on schools, some of which do not have sufficient gymnasium space and specialized staff.

There is a clearly a need and opportunity for greater cooperation between the Winnipeg school divisions, the Manitoba government, and municipalities to ensure that students do not receive subpar physical education because of lack of access to adequate physical education facilities. Cooperative programs between school divisions, the City of Winnipeg and other partners should ensure full use of facility assets to ensure quality programming. The City, provincial government, and school divisions must negotiate these agreements to determine what programs qualify for school use agreements.

**Community Centre Staffing Initiative**

While Winnipeg's 70 community centres (also called community clubs) are owned by the City, they are operated by volunteer boards that raise funds to hire staff. These centres depend heavily on volunteers to both provide services and raise money. Relying on volunteers has and will continue to yield unequal results as community club operating budgets can range from $25,000 to $1 million. Middle- and high-income communities have better facilities because community residents have more money to donate. As a result, the range of services and the level of investment in the centres themselves vary from neighbourhood to neighbourhood.

The Community Centre Staffing Initiative would be designed to address the resource imbalance faced by community centres in low-income neighbourhoods and to increase the employment opportunities for residents of those neighbourhoods.

The City would agree to hire additional graduates from the Manitoba government's Youth Recreation Activity

Worker Program at Red River College and recreation development workers to work with inner-city community boards to plan and deliver community development and recreation programming.

**A new funding formula for community centres**

The projected operating budget for City recreation facilities (staff, maintenance and programs) for 2009 is $51-million. Over $39-million is to come from City revenues and $11-million is in projected revenue from fees. Out of this, the City is budgeting $8.2-million for the City's 70 community centres. Community centre grants are determined by the Universal Funding Formula (UFF), which is based on heated square footage of the centres. This formula places older and/or smaller centres at a disadvantage since they usually have relatively higher maintenance and programming costs, while their smaller square footage calculates into smaller grants. Under the formula, funding is not provided to portions of a facility that are revenue generating, such as indoor arenas. The Alternative Municipal Budget proposes that the City develop a new funding model that recognizes the needs of smaller centres (which are usually found in low-income communities).

**Innovative arts programming**

The Graffiti Gallery Art Programming, a not-for-profit community art center, has started a partnership with Turtle Island and Norquay Community Centres and neighbouring schools to offer quality programming to children who would otherwise not have access to any art programming. The City of Winnipeg recreation program should create similar partnerships with other community centers and Manitoba Housing Authority family housing and seniors housing in Winnipeg. Agreements with groups like Graffiti Gallery to partner with City staff using City facilities will build on the assets of all partners. This fits with the new Live Safe Vision for Crime Prevention. The City also offers music, theatre, arts and crafts in the leisure guide programs; however the targeted art programs by groups like Graffiti Gallery take the approach of using arts for community development. The option for offering more City arts programming in core area neighbourhoods in after school and summer programs still exists.

**New funding for above programs:**

*$4.3-million*

**RECREATION CAPITAL BUDGET**

The 2008 capital budget allocated $22.6-million in spending on recreation capital projects, $17.4-million of which are from the reallocated transit spending. The budget projects an additional $7.5-million for 2009, $2.1-million of which comes from the reallocated transit spending. While this sounds like a healthy increase, it should be borne in mind that as of 2004 $183-million was needed to upgrade existing facilities.

The Alternative Municipal Budget proposes an additional $10-million in capital spending for recreation. It would be made up of:

1) Improved funding for recreation and community clubs—$6-million in 2009 (debt and finance charges of $.6-million). This money would be used to address a portion of the existing recreation infrastructure deficit.

2) A targeted capital spending program—$4-million in 2009 (debt and finance charges of $.4-million). This money would be used to develop new high-use facilities located in under-serviced communities. Two potential projects would be an additional indoor soccer facility or an outdoor pool in Winnipeg's inner city.

This additional $10-million would add an additional $1-million in debt and finances charges to the 2009 operating budget.

**New funding for above capital expenses:**

*Improved capital funding for recreation and community clubs: $.6-million debt and finance charges*

*Targeted capital spending program: $.4 million debt and finance charges*

**Water Parks for People Not for Profit**

The Alternative Municipal Budget would not have funded the development of the Canad Inns private water park at its Polo Park location. The money that is going to the Canada Inns project started its life as part of a $43-million federal commitment to funding bus rapid transit in Winnipeg. When Mayor Katz shelved that project, $9-million was then budgeted for the development of a water park oasis in Kildonan Park. The City has since scaled back that project, and given the money to Canad Inns. The decision to support a private development means that the City will lose the ability to ensure that there is adequate access to all members of the public to the facility.

The money that the City is going to be putting into the Canad Inns water park would have been much better spent on the maintenance of existing pools and the possible development of new pools in the inner city. As a matter of policy, all moneys budgeted for recreation facilities should be used to maintain existing facilities and development of new public facilities.

**PARKS AND URBAN FORESTRY**

The budget for Winnipeg city parks and keeping the city green was $28.5-million in 2007. This is includes funding for 465 soccer fields, 365 baseball fields, 210 tennis courts, 179 kilometres of riverbank frontage, 323 parks treated for weeds and many other amenities. The Alternative City Budget keeps the funding at this level.

Winnipeg currently has 939 park sites totaling 3,244 hectares. According to the 2001 Green Space Acquisition and Stewardship in Canadian Urban Municipalities study by Evergreen, Winnipeg ranks fifth among mid-sized Canadian cities in terms of the amount of green space per capita. While Winnipeg has about 12 hectares per 1,000 people, Calgary has over 40 hectares, and Ottawa and Edmonton have 18 to 19 hectares. Metro Toronto has only 2 hectares per 1,000 people.

The Assiniboine Zoo had an operating budget of $4.9-million in 2007 (this includes $202,000 to feed the animals). The Zoo generates over a million dollars in revenue per year but needs substantial capital investment in maintenance to ensure safe access for the public. The Conservatory, another popular refuge and photography venue, had a budget of $1.879-million in 2008 while it generates $194,000 in fees.

Since the Mayor and his supporters suggested locating condominiums in Assiniboine Park there has been growing concern about future plans for the

park. The new Park Board operates at arm's length from City Council. This reduces public accountability and creates new opportunities for reducing public services in the park, increasing fees, introducing new and expensive amenities such as the Tavern in the Park restaurant, and even reviving the condominium project. The Park's projected capital budget for 2009 is $11-million; given the new Park's new governance model, there is good reason to worry what this significant sum of money will be used for.

The Alternative Municipal Budget would also reject recent proposals made by the Mayor's Economic Opportunity Commission to privatize municipal park services, particularly security services.

### Dutch elm disease control

Winnipeg's elm trees are threatened by Dutch elm disease and the ash trees are now threatened by emerald ash bore. Currently, for every three trees lost to disease, only one tree is planted, resulting in a loss of about 5,000 trees a year. At $1.1-million (the combined forestry and Dutch elm budgets) the urban forestry budget needs an additional $.7-million to keep up with tree pruning and replacement. The Alternative Municipal Budget proposes an additional $.7-million to allow for the replacement of all removed trees.

**New funding to Dutch elm disease control**

*Cost: $.7-million*

### GOLF COURSES

The Special Operating Agency that operates the City's 12 golf courses had a $265,000 deficit in 2006. Three of the courses are operated directly by the City, two are managed under joint management agreements, and seven are leased to private operators. The lease fees ranges from $1.00 to $100,000 and in some cases run for 100 years. The Mayor's Economic Opportunities Commission has recommended offloading these assets.

The Alternative Municipal Budget recommends that the City retain ownership of all 12 golf courses and resume the operation of those that are currently privately managed. The City's pricing policies should address the needs of seniors, youth and others who cannot afford to golf at private clubs. The current plan to increase fees by $1.00 per game will make the courses even less accessible to the public and could reduce the number of people who use them. Instead of increasing costs, consideration should be given to expanding the use of courses through promotion and free golf program for youth at Crescent Golf Course to other areas of the city.

### A NEW PARTNERSHIP AGREEMENT TO UPGRADE FACILITIES

Given the City's $183-million recreation infrastructure deficit, there is a need for the City to work through the Big City Mayors Caucus (BCMC) of the Federation of Canadian Municipalities to negotiate additional funding for quality recreational facilities and programming. The federal government and the provincial government have seen their revenue increase at a far faster pace than the municipal government, even though both the federal and

provincial governments have been cutting tax rates. Increased recreational activity would, in the long run, reduce federal and provincial health care and other spending, and in the process help eliminate the current recreation infrastructure deficit.

The City should establish a Winnipeg Facilities Development Authority to develop and implement a five-year plan for community facility renewal. A tri-governmental agency with representation from the sports, recreation and cultural sectors and the planning community, it should have the responsibility for overseeing any future stadium proposals. The goal would be to have facility development take place in a transparent forum.



# A safer city: a community-policing strategy

Between 2001 and 2008, the Winnipeg Police Service (WPS) budget increased by 35 per cent, the largest increase received by any City service. Over the past five years, the provincial government has provided the WPS with 90 additional police officers. In the upcoming three years, the provincial government is committed to providing the WPS with an additional 40 police officers. These increases reflect a belief that Winnipeg has a serious crime problem and that it can be solved by increases in policing.

The Alternative Municipal Budget recognizes that police services are an important element in the range of services that any city provides. It also recognizes that social inequality is closely connected to the level of crime in a society. On their own, police services cannot eliminate crime. It is for this reason that the Alternative Municipal Budget is directing additional resources to housing and recreation. It is also why it is recommending that the City of Winnipeg Equity Committee develop an

*Photo: The central policy concern regarding the Winnipeg Police Service is the effective and efficient deployment of personnel.*

anti-poverty mandate. Beyond this, what is needed is a coordinated federal and provincial commitment to address the roots of social inequality.

A police service that takes a proactive, preventive peacekeeping approach can make a contribution to improving community safety. The Alternative Municipal Budget calls for improvements in the way the WPS uses its resources. Secondly, there is a long-standing need in Manitoba for an independent police review agency. When complaints arise over the use of police authority, citizens have a right to have their concerns addressed by an independent third party. This section addresses these two issues.

## EFFECTIVE AND EFFICIENT DEPLOYMENT OF POLICE RESOURCES

According to 2007 Statistics Canada data, Winnipeg has the highest number of police officers per capita of any major city in Canada. The central policy concern regarding the Winnipeg Police Service is the effective and efficient deployment of personnel. A secondary policy challenge is to determine the adequacy of funding resources for the WPS after an analysis has been completed regarding the use of the police service's existing resources.

The need to re-examine the way police are deployed comes in response to calls for a more community-based approach to policing that would see more police officers working on a full-time basis in high-crime neighbourhoods where they can work with local residents and agencies to prevent crime and improve community security.

In addition to personnel deployment issues, the WPS needs to be more accountable with regards to its retirement and recruitment human-resource management issues. Like other organizations in both the public and private sectors, the WPS is facing a high level of retirement. The salary and benefits of an entry-level police officer are $40,000 per year while the salary and benefits paid to a retiring officer are in excess of $80,000. The coming retirement of a significant number of officers will result in significant savings. For the past number of years the WPS has been operating below its approved staffing levels because of a large number of retirements and an ineffective recruiting program. The WPS needs to provide more effective and efficient leadership regarding human resource management issues in order maximize the use of the current budget resources allocated to the police service.

The Winnipeg Police Service should undertake a comprehensive review by an external evaluator of workload analysis and personnel deployment practices of the Winnipeg Police Service in order to identify strategies to more effectively and efficiently use existing resources that reflect a better balance between peacekeeping and law enforcement functions.

**Summary of New Expenditures:**

*WPS workload analysis: $100,000*

## CIVILIAN POLICE COMMISSION

Winnipeg is the only major city in Canada that does not have a civilian police commission to provide oversight of its police services. The mandate of a civilian police commission is related to governance and decision-making, and is not simply an advisory function such as the Police Advisory Board that Winnipeg City Council recently established.

The status quo approach to police governance in Winnipeg lacks accountability, is vulnerable to undue political influence and is ineffective. Under the present system, the Winnipeg Police Service reports to a wide range of public officials, making it difficult to ensure police accountability. Currently, the police report to the Chief Administrative Officer for administrative issues; to the Protection and Community Services Committee for policy issues; to the Mayor and Council for its budget and overall operations; and to the Law Enforcement Review Agency for issues related to officer misconduct. The new Police Advisory Board adds a further layer to an already complicated reporting system.

A fundamental principle of best public policy practice regarding the governance of the police service is to ensure independence from political interference while at the same time holding the police accountable through an arms' length civilian police commission. The recently announced Police Advisory Board does not address this important principle of public policy regarding the governance of the police service. The establishment of a police commission, with decision-making authority (rather than the advisory role being assigned to the Police Advisory Board) would streamline reporting, improving the accountability and transparency of police operations.

Aboriginal and other racialized people are over-represented in their interactions with police and the justice system and are under-represented in decision-making roles in these systems. (The term "racialized people" is used to denote the racial categories imposed on certain groups on the basis of attributes such as skin colour.) A civilian police commission has the potential to provide a structure to begin to redress this oppressive relationship.

The framework for dealing with these, and many other police-related issues in Manitoba, is *The Provincial Police Act*, which has been reviewed in 1933. There have been a number of calls for a new police act, including from the Manitoba Aboriginal Justice Inquiry and the Manitoba Aboriginal Justice Implementation Commission.

The City of Winnipeg needs to work in partnership with the provincial government to ensure that there is meaningful civilian oversight of the police service—just like every other major city in Canada.




# A more sustainable city

*Photo: A truly sustainable city needs an efficient public transit system*

There is no reason why cities cannot be environmentally and economically sustainable. Bringing large numbers of people together in one geographic location creates the opportunity for highly efficient resource use. But there are risks as well. Cities can be breeding grounds for disease. Their growth can spiral into uncontrolled sprawl, driving up the cost of services and forcing people to become dependent on automobiles (at great cost to drivers and to the environment).

A truly sustainable city needs an efficient public transit system, effective waste, sewage and water services, and a visionary approach to city planning. The Alternative Municipal Budget proposes initiatives in three areas.

## INVESTING IN PUBLIC TRANSPORT

Winnipeg needs to take some big strides when it comes to its public transport service. The City has been in the starting block for several years, and it now needs to get moving.

The problems with public transportation in Winnipeg are symptomatic of the urban planning deficit, growing urban sprawl, and a declining core area. They include inadequate service, lack of rapid transit infrastructure, heavy reliance on bus fares for funding the system, and lack of commuter options. An ageing population, a rapidly growing low-income youth population base, and mounting anxiety about fuel prices and the environment, all make it crucial to focus on transit.

The race for better transit in Winnipeg is on, and pace is everything. So far, the City has set out slowly. *Direction to the Future*, a comprehensive report on ways to improve transit, was published in 2000, but it was only in 2006, one year after the release of yet another committee report on transit, that the political will for better transit began to emerge. Initially, these improvements, such as the addition of more diamond lanes and priority signals, were very modest.

However, on September 8, 2008, the City and the provincial government announced plans to begin building the first leg of a Southwest busway at a cost of $138-million, running from Queen Elizabeth Way to Jubilee Avenue. It should be noted that in 2005, the estimated cost for two transit corridors was $144-million. By delaying the start on this project, the current Mayor has doubled the cost of developing rapid transit in Winnipeg.

The Alternative Municipal Budget is proposing a more comprehensive plan that builds on these beginnings, by investing an additional $4-million of operating and $9.4-million of capital funding beyond what is currently in the City's projected 2009 budget.

### Current Capital Spending on Transit

Capital spending on public transit is a direct investment in a more sustainable future for Winnipeg. In order to move forward with a large infrastructure project such as rapid transit, capital spending will need to increase in the coming years. The Alternative Municipal budget proposes that we spend $9.4-million per year for 15 years on building a bus rapid transit system as laid out by the city's 2005 Rapid Transit Task Force.

The Alternative Municipal Budget would direct resources toward the development of a rapid transit system, along with general upgrades to transit services. These improvements would enhance the access, demand and sustainability of our public transportation system, with the goal of increasing bus ridership and implementing the Alternative Municipal Budget's Green Winnipeg Strategy.

### Rapid Transit

Commuters across North America, in the face of rising oil prices and climate change, have shown an increasing desire to use public transit. Unfortunately for Winnipeggers, the lack of investment in our transit system over the years has created a situation in which public transit cannot compete with the private automobile for speed and convenience. The solution to this is for Winnipeg to invest in a rapid transit system.

In 2004, Mayor Katz cancelled the construction of the first stage of Winnipeg's Rapid Transit project, despite the fact that the City had already negotiated matching funds from the

provincial and federal governments. Katz commissioned an additional study on rapid transit for Winnipeg and formed the Rapid Transit Task Force to analyze the issue. In 2005, the Task Force recommended bus rapid transit in the form of eleven, city-wide "quality corridors" that would include two dedicated busways, centralized stations, park-and-ride facilities, passenger service improvements, and significant on-street improvements such diamond lanes, upgraded stops, and transit priority signals.

The Alternative Municipal Budget calls for the implementation of the Task Force's recommendations, starting with the construction of two the high-quality dedicated busways: The Southwestern and the Northeastern. The Southwestern busway would begin at Main Street, follow the CN Main Line to Jubilee, from where it would run parallel to Pembina Highway all the way to the University of Manitoba. The Northeastern busway would run from downtown to Grey Street, terminating at Plessis Road in Transcona.

A rapid transit system would be a high-capacity, high-performance urban transport system that would reduce travel times with fast, frequent and reliable service, making use of existing infrastructure and the creation of new dedicated busways. This would make for transit service that is more comfortable and convenient, and more appealing to use, with the result of drawing more people out of their cars and onto the bus.

Rapid transit would also help to address environmental and urban development issues faced by Winnipeg. Increased ridership would reduce pollution, including greenhouse-gas emissions, while development around transport hubs and along corridors could lead to the kind of dense urban development and urban revitalization that Winnipeg so badly needs.

Quality active-transport commuter routes would be built as part of the rapid transit infrastructure. High-quality, direct routes for cycling and other forms of active transport would make these options a much safer and efficient transportation choice for Winnipeggers. The details of the financing of this expansion are discussed in the Capital Budget portion of this budget.

### Transit Service Improvements

In addition to the need for increased transport infrastructure and rapid transit, there are a number of other areas within our public transportation system that require improvements. The 2009 Alternative Municipal Budget has allotted an additional $4-million for Transit's operating budget. Outlined below are proposals to improve ridership and the quality of transit services in Winnipeg. The measures proposed for 2009 would increase the frequency and quality of service. It is recommended that additional measures be undertaken in 2010 to broaden access to service by low-income groups.

### Increasing service

Winnipeg Transit's bus service hours have plateaued since the early 1980s at less than 1.4-million hours per year. While the frequency of service is generally quite good during peak hours, the infrequency of service after rush hour and during the day makes transit an inconvenient option.

Extending rush-hour service would be beneficial to both transit riders

and transit drivers. An increase in the frequency of bus service for an hour or two before and after the evening rush hour would help to eliminate split shifts for drivers and allow Winnipeggers to use the bus as a convenient way to get around during the day and for evening activities, such as shopping, sports, and entertainment.

The Alternative Municipal Budget would fund an increase in operations by extending high-frequency service before and after the evening rush hour. The cost of having a bus on the road, including the capital cost of the bus, driver, repair and gas is approximately $100 per hour.

In order to make transit a more convenient choice outside of peak hours, and thus induce demand and transit ridership, the Alternative Municipal Budget would increase bus hours by 25,000 hours per year at a cost of $2.5-million.

**Summary of New Expenditures:**

*Increased bus service: $2.5-million*

### Increasing ridership

In order to make using public transport attractive option, Transit needs to improve the comfort and image of its system. Achieving this goal would require a two-pronged approach: improved maintenance and expanded services for the existing system and an increase in Transit's ability to promote and advocate for itself.

The first step in attracting more riders requires improvements to the existing service that would make using the bus more pleasant and enjoyable. This would include bus hubs that are well-maintained, well-cleaned, well-heated, attractive and safe. It would also require the addition of other amenities, such as coffee and food service, wireless internet, and real-time bus scheduling information.

The second part in attracting more riders requires that these new improvements and the benefits of using public transport be promoted to Winnipeggers with the aim of getting them to use the bus more often. Winnipeggers need to be better informed about how easy and enjoyable using the bus can be.

The AMB proposes spending $1-million to promote transit use and upgrade the existing system with better maintenance and new amenities.

**Summary of New Expenditures:**

*Upgrades to current transit system: $1-million*

### Increasing access

Rising transit costs prevent many low-income Winnipeggers from being able to fully participate in the life of the City. They are, for example, often cited as barriers to participation in leisure and recreation activities by people on social assistance. Currently provincial employment and income assistance will provide bus passes or tickets to individuals on income assistance, depending on assessed need. A more effective system would see Transit sell low-cost bus passes to the provincial government, which would then be distributed to all Winnipeg social assistance recipients.

College and university students are another large population that relies heavily on transit and can ill afford fare increases. One-third to one-

half of students use public transit for trips to classes and for non-university purposes. Students' unions in Manitoba are developing proposals that would ultimately be put to a student vote, for a term-time universal bus pass plan. Under this plan bus passes would be bundled with the other services that students received for their student fees. Because of the large number of passes that would be sold under this arrangement, Transit could provide the passes at a reduced rate.

Similar U-pass schemes work well in dozens of municipalities across Canada. Once implemented it would give transit reliable revenue and boost ridership, while benefitting thousands of Manitoba students.

The Alternative Municipal Budget allots $500,000 toward the development of an expanded bus pass system. In developing this system, Transit would undertake discussions and consultations with low-income people and their organizations, students and their organizations, the provincial government, and colleges and universities.

**Summary of New Expenditures:**

*Develop plan to expand transit access: $500,000*

## PUBLIC HEALTH SERVICES

The health of Winnipeg residents depends dramatically on the services that the City government provides. Without a continuous supply of fresh clean drinking water, reliable removal and treatment of sewage, and the collection and disposal of solid waste, Winnipeggers would find themselves prey to disease and epidemic. When we tamper with the public administration of environmental services, we are rolling the public-health dice.

### Public administration of waste facilities

In 2005, the City of Winnipeg voted to have private companies collect all residential solid waste collection in the city. This completed a process that commenced in the 1960s, when large, U.S.-based garbage collection companies began bidding for contracts to collect urban waste. The two biggest were Browning Ferris International (BFI), based in Texas, and Waste Management Incorporated (WMI) from Chicago. The Canadian entrant on the scene was Hamilton's Laidlaw Corporation. In 1971 BFI purchased three small waste hauling companies in Winnipeg and in the process gained control of what was, at the time, the City's only private landfill site. BFI's early years in Winnipeg were mixed at best: for example, it lost one of its competitive advantages when the City, responding to complaints as to how it was being maintained, took control of the BFI landfill. Nor did it appear that there was much competition, which was supposed to be one of the benefits of private-sector trash hauling, since the large garbage companies appeared to be more interested in splitting the market between them and maintaining high prices than competing on the basis of price.

Over the years, Winnipeg City Council gradually contracted out portions of civic garbage collection to private companies. However, until 2005, the City retained responsibility for collecting about half of the residential garbage.

The City needs to regain the contracts for a portion of this service for several reasons. First of all, it is

only by administering and delivering a portion of the service that the City will be able to determine if it is overpaying for the portion that it contracts out. Secondly, it needs to retain its capacity to administer and deliver this service to prevent the City from falling prey to low-ball bidding. With a low-ball bid a private contractor makes a bid that is so low that it is able to capture the entire market. This would then allow such a company to gain a stranglehold on the Winnipeg market, allowing it to eventually raise prices to monopoly levels. Finally, there are significant public-health and environmental concerns associated with solid waste collection and disposal that are most effectively addressed through public administration of the service.

Starting in 2010, a significant number of refuse collection contracts will come up for renewal. In 2009, the City should give notice of its intention to contract in 50 per cent of residential solid waste collection by 2011.

For much the same reason, the City should reject the recommendations of the Mayor's Economic Opportunities Commission report that the Brady Road Landfill be sold or leased to a private company. In 2007, the landfill earned the City a profit of just over $1-million. The projected profit for solid waste disposal in 2008 is $2.8-million. Leasing the service could not only put this profit at risk, it would place the management of sensitive public-health and environmental issues in private hands.

## CITY PLANNING

Through city planning that a municipal government can influence the direction of and set priorities for the growth and development of a city. It is important that sufficient resources be dedicated to this task. A poorly planned city will impose large and significant costs on many generations to come; ensuring that growth and development is well managed is therefore a good investment.

The City's 2009 projections call for a $700,000 increase in city planning expenditure, leading to a total expenditure of $8.2-million. Given the importance of planning in the development of a sustainable and well-functioning city, this increase is a step in the right direction. Figure 3 outlines the allocation of these funds between types of planning. A significant proportion is still being used to plan new developments rather than to service existing neighbourhoods. While the Alternative Municipal Budget supports the increase in resources that has been allocated to city planning over the past few years, concerns remain over how the money is being spent. Resources should be committed to proactive planning that increases the City's density and sustainability in the long run, rather than passively mapping out and facilitating urban sprawl. This vision is consistent with the City's long-range plan, *Plan Winnipeg 2020 Vision*.

That plan, published in 2001, is designed to guide planning and development until 2020. It lays out strategies for promoting residential development downtown, density focused growth, neighbourhood revitalization, affordable housing, and plans for transportation infrastructure including a rapid transit network for the city and the promotion of active transportation.

Two events in recent years, the cancelling of rapid transit corridor construction by Mayor Katz in 2004 and

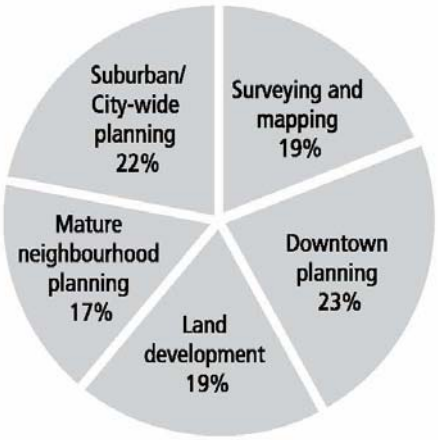
the approval of the Waverley West mega-suburb development, are significant indicators that the spirit of the plan is not being respected. The Alternative Municipal Budget directs existing resources to fulfilling and enforcing the development plan as laid out in Plan Winnipeg.

To ensure that Plan Winnipeg is followed and that deviations from the plan are in the long-term interests of the City, the Alternative Municipal Budget calls for the establishment of a new Planning and Infrastructure Economic Analysis Unit to undertake cost-benefit analyses of the proposals in Plan Winnipeg and all new major infrastructure projects. This unit would provide the Mayor and Council with high-quality fact-based research on the social costs and benefits associated with major infrastructure projects. It would also examine the long-term implications for Winnipeg residents and businesses of important decisions such as where to live and locate and how to get around in the city. These cost-benefit analyses will provide an objective basis for choosing between competing alternatives for capital funds. This unit would also be responsible for researching and evaluating the various development strategies the City could pursue over the long run, and making these evaluations available to the public.

The Planning and Infrastructure Economic Analysis Unit would be responsible for developing a three-pronged Green Winnipeg Strategy to reverse urban sprawl and automobile dependence. That plan would include:

1) a large initial investment in rapid transit and active transportation infrastructure to provide Winnipeggers with an alternative to automobile dependence.

**Figure 3: Breakdown of City Planning Expenditures (Total = $8.2-million)**



2) the development of new high-density residential areas and recreation facilities in central neighbourhoods and along rapid transit arteries to meet current and future housing demand.

3) a concerted effort to decrease the relative cost and inconvenience of transit and active transportation options.

Winnipeg needs a new strategy for dealing with its infrastructure problems. Passively standing by and letting the city sprawl out in an unmanaged fashion is not sustainable. City planners must take a more active role in controlling infrastructure demand and shaping development in a more environmentally and economically responsible manner. Investing resources in this now will generate a more manageable city in the future and will help the City to address its growing infrastructure deficit by controlling future growth. This will end up saving taxpayers money in the long run, and will make Winnipeg a more vibrant and exciting city.

The City's planning department will require increased resources to develop mature neighbourhood secondary plans to facilitate increased development and population growth that will occur once the Green Winnipeg Strategy is implemented. The Alternative Municipal Budget therefore assigns an additional $1-million to supplement existing expenditures to develop secondary plans for mature neighbourhoods and to revise existing plans to accommodate the new developments.

**Summary of New Expenditures:**

*Planning and Infrastructure Economic Analysis Unit: $1-million*

*Increased funding for Secondary Neighbourhood Plans: $1-million*



# The Capital Budget

*Photo: past capital projects have promoted suburban growth since they make it easier to get to and from the suburbs.*

The capital budget is reserved for the funding of costly purchases or projects that will be used for at least five years. Infrastructure expenditures, which make up the majority of the capital budget, have a tremendous impact on the way a city develops. The type of infrastructure that is built and expanded changes the costs and benefits of living in a particular neighbourhood, including the available transportation alternatives.

For example, past projects, such as the Charleswood bridge and the Kenaston underpass, and future projects, such as the Chief Peguis Trail extension and the proposed Waverley underpass, promote suburban growth since they make it easier to get to and from the suburbs by automobile, while the cancellation of rapid transit by Mayor Katz in 2004 stopped a project that would have made public transit more attractive.

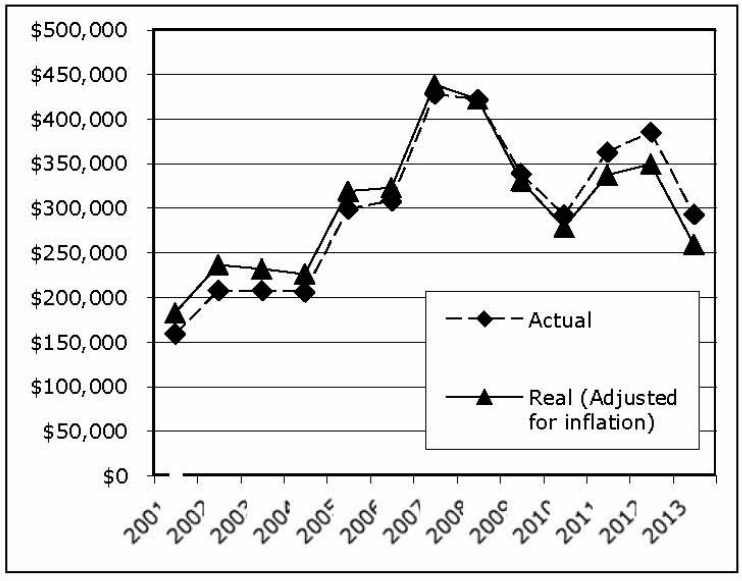
Winnipeg's preliminary capital budget for 2009 is $338-million, which is down $92-million from 2008. Figure 4 shows the trend of budgeted capital

spending from 2001 to 2008, as well as the City's estimates for 2009 to 2013. Capital expenditures increased from $158-million in 2001 to $427-million in 2008. Budgeted capital expenditure decreased slightly in the 2008 budget, and by 2010 is projected to fall to $278-million. Capital spending is much more variable than operating expenditures, since a big project in a single year can have a significant impact on the total budget. For this reason, one must be careful than when trying to qualify total spending trends. Despite this, Winnipeggers should be concerned with the projected decrease in infrastructure spending, given that Winnipeg currently faces a $2-billion infrastructure deficit and the rapidly increasing inflation of construction costs. (An infrastructure deficit is the added investment in infrastructure assets that would be required to maintain existing assets at appropriate service levels and in a good state of repair.) Both these factors point to a need to put more—not less—resources into the capital budget.

## EXPENDITURES

Figure 5 compares the 2009 capital budget expenditures with the 2008 budget. The largest spending category in 2008 was public works, which made up 45 per cent of the capital budget. This was due to the approval of large infrastructure projects such as the Chief Peguis Trail Extension ($62-million), an additional commitment to the Disraeli Overpass repairs ($38-million), and the funds for new district police buildings ($29-million). Due to proposed major upgrades to the sewer system to improve nutrient removal and improve water

**Figure 4: City of Winnipeg budgeted capital spending from 2001 to 2008 in millions of dollars.**



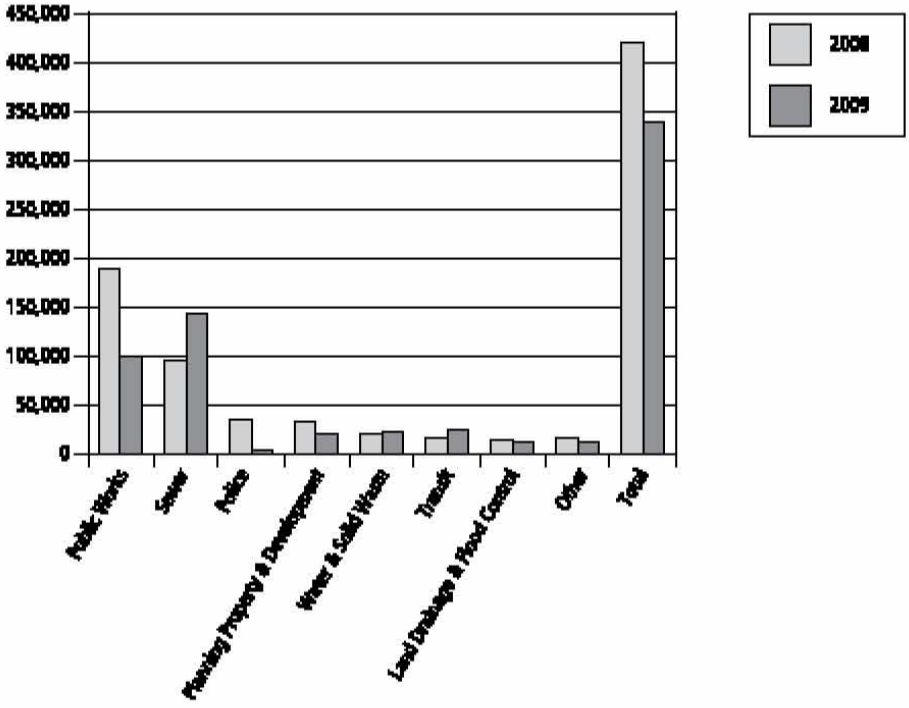
quality in the Red River system, the majority (42 per cent) of the projected 2009 capital spending falls under the Sewer category. Public Works remains the second largest projected spending category in 2009, with the majority of spending in this category spread out amongst maintenance, repair, and upgrades to Winnipeg road system.

While the majority of 2009 public works funding goes towards maintaining existing infrastructure, new projects are being initiated that will only add to road maintenance and generate more potential demand in the future. The idea that new traffic infrastructure increases traffic levels is called "induced demand" or "supply-generated demand," and suggests that new underpasses and expanded roadways induce people to use their cars more often and to locate their homes and business in the area made more accessible by the infrastructure. The result is increased traffic and further suburban sprawl. Research has shown that in most cases the supposed benefits of new traffic infrastructure are almost completely cancelled out by this effect.

Rather than taking steps to curb demand for automobile infrastructure, the City has taken steps that promote automobile reliance and impose new costs on future generations of Winnipeggers.

The Alternative Municipal Budget's Green Winnipeg Strategy seeks to reduce automobile dependence and promote more environmentally friendly and

**Figure 5: City of Winnipeg Capital Expenditures, 2008-2009 in millions of dollars.**



economically sustainable alternatives. The following changes to the 2009 capital budget are part of this strategy.

### Rapid Transit and Active Transportation Corridors

The Alternative Municipal Budget calls for the implementation of the Rapid Transit Task Force's recommendations, starting with the construction of two high-quality dedicated bus and cycle corridors, one from downtown to the University of Manitoba and the other from downtown to Transcona. As noted in the Transit Section of this budget, the cost estimate for the two corridors in the 2005 Report was $144-million. Given the recent increase in construction costs, the 2009 Alternative Municipal Budget estimates that this cost has approximately doubled since 2005, making the total cost $288-million, while the City and provincial government have estimated that the cost may be even higher. Assuming that the federal and provincial government will match funding, the City would be responsible for raising $96-million. If the City borrows the money using traditional bank debt at a rate of prime plus 0.5 per cent and a 15-year repayment schedule, annual payments on the debt would be $9.4-million per year. For the 2009 operating budget, this breaks down to a $5-million principal payment and $4.4 million interest payment.

### Transit Debt and Finance Charges

*Increase: $9.4-million*

**Delay of the Chief Peguis Trail Highway Extension:** The Chief Peguis Trail project is a $60-million four-lane highway project to connect Henderson Highway to Lagimodière Boulevard, and is part of the inner-ring road that was a part of the 1968 Winnipeg Area Transportation Study. At the time of writing, the project is still in the process of preparing a business plan and design work had yet to be initiated. The 2009 Alternative Municipal Budget calls for a delay on the construction of the Chief Peguis Trail extension until a thorough cost-benefit analysis can be undertaken and its desirability can be systematically compared to other projects. This analysis would be carried out by the Planning and Infrastructure Economic Analysis Unit proposed earlier in this budget.

Projects in the northern half of the city should be considered as substitutes for the Peguis Trail extension, such as safety improvements at the intersection of Highway 59 and the Perimeter Highway, and Rapid Transit infrastructure for Henderson Highway and Main Street.

## GUIDELINES FOR THE CAPITAL BUDGET EXPENDITURE, 2010-2013

In addition to the proposals for 2009, the Alternative Municipal Budget has developed a number of guidelines for future capital spending decisions. These guidelines are the Alternative Municipal Budget's response to the 2008 Capital budget's projections for 2010-2013.

### Completion of Phase 1 and 2 of the Winnipeg Rapid Transit Plan

The Alternative Municipal Budget commits to completing the Rapid Transit Proposal as outlined in the final report of the Rapid Transit Task Force. Funding for the project will be raised through general revenues (cash to capital), debenture debt, tax increment financing and green-field (new, non-infill) development taxation. Borrowing

to build the rapid transit system makes economic sense given the potential it would have for shifting the burden off existing infrastructure and for curbing infrastructure demand in the future. The green-field development fees will provide for full-cost recovery on new residential suburban infrastructure.

### Moratorium on Waverley Underpass and Similar Proposals

The City's 2009 capital budget projections reference a $1.1-million expenditure in 2010 for the grade separation at the intersection of the CN mainline and Waverley Boulevard. This grade separation project is similar to the one that was constructed at the intersection of Kenaston Boulevard and the CN mainline in 2006 at a cost of $48-million. The project was designed to allow traffic to by-pass the rail line that previously crossed Kenaston. The Waverley underpass is projected to cost $77-million. In compliance with its new Green Winnipeg strategy, the Alternative Municipal Budget will not provide any City resources to the Waverley underpass project, any new grade separation projects or highway expansions until a thorough comparative cost-benefit analysis has been undertaken with other potential infrastructure projects.

### Moratorium on City Funds for New Stadium-related Infrastructure

Any new stadium should be integrated into existing transportation infrastructure and the proposed rapid transit system. This would minimize the demand on city resources and would promote the use of transit and active transportation. The City should not commit to covering the costs of any new automobile infrastructure demand that is created by the construction of a new stadium.

## FINANCING

To pay for capital purchases, the City borrows money, enters into public-private partnerships, or receives transfer funding from the provincial and federal governments. The capital budget includes the amount needed to acquire or construct each of the works proposed in the budget and the anticipated sources of the revenue needed for each of those works.

One reason that the City has been able to maintain major infrastructure construction while showing declining dollar amounts in the current capital budget is the use of public-private partnerships (P3s). P3s are a highly controversial form of financing agreement under which the private sector constructs infrastructure such as roads, sewer systems, or buildings, and leases the use of the infrastructure back to the City.

On the City's books, P3s appear as a cost savings in the short run since the City simply pays the leasing payments rather than having to pay the total cost of the projects up front. In the long run, however, the City generally ends up paying significantly more. P3s have also been known to significantly reduce transparency and public oversight: because P3 projects are often owned and operated by private corporations or consortia, the terms of the agreement are generally treated as secret or privileged corporate information, leaving the public in the dark. A final problem with P3s is a loss of control over public assets: because a private corporation or consortium owns the asset, not the City, it is much more difficult for the

City to control the quality and delivery of the service provided. As a result, poor quality service has ended up imposing significant costs on the public sector in the long term.

Their supporters argue that P3s give the City quick access to the service without going into debt and with decreased liability because it is the private company that borrows money to build the project and bears any risk as the owner of the asset. They also argue that it is cheaper over the long run due the ability of the private sector to operate more efficiently than the public sector. In reality, because the private firm has to borrow at a higher interest rate than the public sector and also needs to generate a profit, P3s often end up costing significantly more or providers are forced to either cut corners or provide a sub-par level of service (Mehra 2005). P3s therefore impose significant future costs on the city, compounding the problem and while laying the cost burden on future generations.

Three major projects in the 2008 Capital Budget were listed as P3 projects: the Chief Peguis Trail Extension, the Disraeli Bridge and Overpass repairs, and Police Building Replacement. The 2009 Alternative Municipal Budget will cancel plans to fund the North and West District Police Buildings and the Disraeli Bridge Overpass as P3s and fund them instead through traditional debenture debt. A 15-year bank debt at prime plus 0.5 per cent for the two projects would result in annual payments of $2.1-million for the police stations and $3.2-million for the Disraeli Freeway refurbishment.

*Police Response Building Debt and Finance Charges Increase: $2.1-million*

*Roadway Construction and Maintenance- Debt and Finance Charges Increase: $3.2-million*

## GUIDELINES FOR THE CAPITAL BUDGET FINANCING, 2010-2013

### Full Cost Recovery for New Residential Suburban Infrastructure

The Alternative Municipal Budget will increase green-field development fees to offset the cost of new infrastructure required to service the new neighborhoods created. These fees will provide for full-cost recovery on new residential suburban infrastructure. Increased demand and pressure placed on existing infrastructure will be incorporated into this calculation.

### Moratorium on P3 Financing

For the reasons noted above, the Alternative Municipal Budget will not pursue any further P3 financing options and will rely on traditional forms of finance, tax increment financing, new charges on green-field development and will continue to press for increased shares of federal and provincial tax revenues.

**Total 2009 capital-generated expenditure increases for operating budget: $14.7-million**

# Appendix

## Tax-Supported Spending/Revenue Versus Total City Spending/ Revenue

All revenue and expenditure figures in the Alternative Municipal Budget, unless otherwise noted, refer to expenditures and revenues found in the tax-supported operating budget (the tax-supported operating budget is basically the total City operations minus the activities of the special operating agencies or special operating funds). A significant amount of City activity is not included in the tax-supported operating budget. Some services are delivered by special operating agencies (SOAs) or special operating funds (SOFs) and, as a result, are not generally included in the total revenue and expenditure figures published by the City in its operating budgets.

These SOAs and SOFs, while still operated and managed by the City, have their own revenue sources and annual budgets, and are allowed to maintain

surpluses and deficits. In most cases, the City will either subsidize an SOA/SOF when it runs a large deficit or take funds out of the SOA/SOF to fund capital expenditures or to subsidize the operating budget if the SOA/SOF is running a large surplus.

The following City services are run as SOAs or SOFs:

- Transit
- Water
- Wastewater
- Solid Waste Disposal
- Recycling and Waste Minimization
- Fleet Management Agency (SOA)
- Parking Authority (SOA)
- Civic Accommodations
- Facilities Maintenance
- Golf Services (SOA)
- Animal Control Services (SOA)

Starting in 2007, the City started publishing a Serviced Based View (SBV) budget in addition to its traditional department-based view budget. The service-based view shows the amount of money that is going towards each service rather than the department through which the money is channelled. This format is generally more useful to citizens who are more likely to want to know how much money is going to each service. From the SBV budget, one can calculate the total revenues and expenditures that the City is undertaking, rather than just the tax-support expenditures and revenues.

The traditional operating budget only includes the subsidies to and from the SOAs/SOFs rather than the total amount of expenditure on the service. For example, the total cost of running transit in 2008 was $126-million in 2008. But in the traditional operating budget, all that appears is the subsidy that goes to the Transit SOA, which in 2008 was $38.1-million.

Using the tax-supported totals without the SOA/SOF spending is problematic as it under-represents the magnitude of City operations and the size of certain service operations. Using the categories in the service-based view, Appendix Table 1 shows the difference in total expenditure before and after SOA and SOF expenditure is included. As can be seen, there is in total a $406-million difference between the two measures of city expenditure.

**Appendix Table 1**

| Service Budget 2008 (in $ Millions) | Tax Supported | Including SOAs/SOFs | Difference |
|---|---|---|---|
| Public Safety Services | $302.1 | $302.1 | $0.0 |
| Transportation Services | 159.4 | 247.8 | 88.4 |
| Environmental Services | 30.2 | 230.4 | 200.2 |
| Planning and Development | 32.8 | 32.8 | 0.0 |
| Leisure and Wellness Services | 146.9 | 148.3 | 1.4 |
| Corporate Administration | 84.5 | 200.4 | 116.0 |
| Council Services | 11.6 | 11.6 | 0.0 |
| Total | $767.6 | $1173.6 | $406.0 |

If one looks only at the traditional budget, changes in the scale of operations of the SOAs/SOFs can go unnoticed. For example, the City could cut water fees and the total expenditure on water operations; but as long as the amount of money that the City takes from (or leaves in) the Water SOA stays the same, the traditional operating budget would show no change in revenue from (or expenditure on) water services.

The 2009 Alternative Municipal Budget totals found in the revenue and expenditure sections use the traditional budget categories and exclude the expenditures and revenues of the SOAs and SOFs. Although this choice does lead to an under-representation of the size of City operations, this allows the 2009 Alternative Municipal Budget to be more easily comparable with the budgets and figures that are generally referenced and used by the City and the media. It also allows the Alternative Municipal Budget to make comparisons with City spending for the past decade, something that cannot be done with the SBV, which is only available for budget years after 2005.

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