David M. Sanders, M.A., LL.B.

March 17, 2015

Mayor Brian Bowman
And Members of the Executive Policy Committee
The City of Winnipeg
510 Main Street
Winnipeg MB

Re: Executive Policy Committee – 9:00 a.m. Tuesday, March 17, 2015

2015 Budget Review

I am appearing as a private citizen to comment on the proposed 2015 Budget documents released on March 3rd, two weeks ago.

A year ago, City Council adopted an operating budget forecast indicating a potential deficit of $79 million in 2015 and $109 million in 2016.

The 2015 operating budget proposed today attempts to close the gap by taking measures such as the following:

		Approximate Value
Property tax increase	2.3 %	$18,600,000
Street renewal frontage levy increase	16.0 %	$ 7,400,000
Increase the "Utility Dividend" from 8 % to 12.0 %	50.0 %	$10,700,000
Taxpayer and user contributions		**$36,700,000**
Reallocation of unspent cash to capital		$ 5,500,000
Empty the General Purpose Reserve Fund		$ 724,000
Use unallocated Land Operating Reserve Fund		$ 7,435,000
Reduce target Financial Stabilization Reserve Fund (8-6%)		$ 9,200,000
Reductions in reserve funds		**$22,859,000**
"Innovation savings"		$ 2,180,000
"Expenditure management savings"		$ 500,000
"Vacancy Management"		$17,700,000
As yet undetermined reductions in expenditures		**$20,380,000**
Approximate Total		**$79,939,000**

And now the operating budget forecast indicates **a potential deficit of $73.4 million in 2016 and $115.2 million in 2017**. Whatever Council may do with this budget next week, I believe it is clear that the new 2016 budget process should begin immediately, so that Councillors, administrators and citizens can participate much more fully and effectively in determining the City's financial policies and priorities in the future.

At this time, I would like to express my concern about the undetermined reductions in expenditures, and especially the $17.7 million for "vacancy management." I would be much happier if Council required that decisions to keep positions vacant, or to fill them, be approved by a Council Committee. If vacant positions are automatically frozen, the authority of civic managers of staff will be seriously undermined. And if positions may be declared redundant without Council approval, we can understand why whistleblowers would not survive at the City.

With respect to the budget program, I continue to urge the new Council to revisit and change the decision to proceed with the $1.1 billion scheme to divert Stage 2 of the Southwest Transitway west of Pembina along the Parker Lands dogleg route.

The heavily redacted study documents which I finally received last Friday do not serve to justify the cost of the project as proposed. I have sent copies to the Councillors so you can see for yourselves.

Further to my presentation to SPC Infrastructure Renewal and Public Works yesterday, which I have forwarded to all Council members, I would like to add the following comments with respect to the 2015 Operating Budget Appendix 7 – the proposed "Funding Plan for Southwest Transitway (Stage 2)/Pembina Underpass":

a) By choosing to finance the City's share of the costs with a general property tax increase and a general transit fare increase, the City has admitted that there will be no significant "Transit-Oriented Development" resulting from the choice of the Parker route, which could be used for Tax Incentive Financing (TIF).
b) Since the seriously flawed Stage 2 Alignment Study suggested that the Parker route would produce tax increases with a net present value of $100 million more than the Pembina/Letellier line route, I believe each Councillor should read and understand the relevant studies and reports before making any more decisions to waste public funds on this boondoggle.
c) And if the whole point of the project is to increase public transit ridership, why on earth would City Council increase transit fares even more? Surely that would be counterproductive.

Thank you.

David M. Sanders MA LLB
River Heights-Fort Garry

Policy No. F1-009 - March 22, 2011

UTILITY DIVIDEND POLICY
Policy Statement

The utility will pay an annual dividend to the City of Winnipeg based on budgeted gross sales for the current year.

Purpose
The purpose of the utility dividend policy is to set fiscal guidelines to govern the dividend payment from the utility to the City of Winnipeg.

Definitions
1. Dividend Payment – is the annual amount payable to the City by the utility.
2. Gross Sales – The total water and sewer services rate revenues in a fiscal year.
3. Utility – includes both the City of Winnipeg water utility and sewer utility, but does not include the City of Winnipeg solid waste utility.

Procedure
The Dividend Payment to the City will be 8% of budgeted Gross Sales, which will be transferred to the City in each year.

Review
City Council will review this policy every four years (within three months of each new term of Council).

Preliminary 2011 Operating Budget – Appendix 3 p. 219