Agenda – Council – March 23, 2015

Report – Executive Policy Committee – March 18, 2015

Item No. 1 2015 Operating Budget and Financial Plan for 2016 and 2017; 2015 Capital Budget and 2016 - 2020 Five Year Forecast

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 18, 2015, the Executive Policy Committee recommended to Council:

1. That the following recommendations with respect to the 2015-2017 Operating Budget be approved:

    A. i. That the 2015 Operating Budget, including the budgets for reserves (Appendix 3), tabled at the Executive Policy Committee on March 3, 2015, be approved with the following amendments:

        a. That a grant of $5,000 be approved to Mediation Services in 2015 only.

        b. That the $29,750 grant to Heritage Winnipeg be increased by $5,000 in 2015 only for a total of $34,750.

        c. That the "Southwest Transitway (Stage 2) and Pembina Highway Underpass" project be renamed as "Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass".

    ii. That the 2016 and 2017 projections be received and submitted to Council as information on the preliminary financial plans for those years.

    B. That the City's mill rate be increased by 2.3% resulting in a mill rate of 13.682 in 2015, for the purpose of raising revenue as required for the annual operating estimates, including a 1% property tax increase dedicated to the renewal of local streets, lanes and sidewalks, and a 1% property tax increase dedicated to the renewal of regional streets and sidewalks and a .3% property tax increase for general operations.

    C. i. That the City's business tax rate be decreased from 5.7% to 5.6% for 2015; and

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ii. That Council enact the attached Small Business Tax Credit by-law under Subsection 219(2) of the City of Winnipeg Charter, which will provide a full rebate of municipal business taxes for businesses with an annual rental value of $30,000 or less in 2015.

D. That the combined uniform rate for the Street Renewal Frontage Levy be increased from $3.75 per frontage foot to $4.35 per frontage foot (an increase of 60 cents per frontage foot, consistent with estimated construction inflation since the last increase in 2011), proportionately divided between the water main and sewer main rates on the basis of the current rates, to be used for upgrading, repair, replacement and maintenance of streets and sidewalks.

E. That the fees (Appendix 9), levies, and transfers between funds outlined in the 2015 Operating Budget be approved.

F. That commencing on the date of the opening of the Brady Road 4R Winnipeg Depot, the 4R Depot access fee of $5 be waived and that the Public Service bring forward to Council an alternative fee structure for 2016.

G. i. That effective April 1, 2015 the Planning, Development and Building Fees By-law No. 77/2009 be amended to increase all fees and deposits imposed by the By-law by 2%, over and above inflation previously approved, and subject to rounding to the nearest $1.

ii. That whenever a fee or deposit imposed by or determined in accordance with this By-law is paid entirely by cash, cheque or debit card, the amount of the fee or deposit is reduced by 2%.

H. That $5,500,000 in prior years' tax supported cash to capital surplus including that identified in the 2014 capital review (Appendix 5C), due to projects coming under budget, be utilized to reduce the transfer to the General Capital Fund in the 2015 tax supported operating budget.

I. That a transfer from the General Purpose Reserve Fund to the General Revenue Fund be made in 2015 based on the balance in the General Purpose Reserve Fund after the year end surplus is transferred, to a maximum of $724,000. If the reserve balance is not sufficient to make the $724,000 transfer, any shortfall will be addressed during 2015.

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J. That a transfer from the Land Operating Reserve to the General Revenue Fund be made in 2015 to a maximum of $7.435 million provided the Reserve's unallocated equity balance does not enter into a deficit position. Should the unallocated equity balance be such that the full $7.435 million transfer cannot be made, any shortfall will be addressed during 2015.

K. That a transfer from the Financial Stabilization Reserve Fund to the General Revenue Fund be made in 2015 based on the balance in the Financial Stabilization Reserve Fund after year-end adjustments to a maximum of $4.2 million.

L. That the target level for the Financial Stabilization Reserve Fund be changed from 8% to 6% of tax supported expenditures and that $5 million be transferred from the Financial Stabilization Reserve Fund to the General Revenue Fund in 2015 to address the operating budget structural deficit in 2015.

M. That the Utility Dividend Policy be amended to have the dividend payment to the City increase from 8% to 12% of budgeted Gross Sales, which will be transferred to the City each year.

N. i. That a new Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve be established in accordance with Section 289 of the City of Winnipeg Charter;

ii. That the Director of Transit be the Fund Manager;

iii. That the purpose of the reserve be to set aside funding for the P3 annual service/ financing payment commencing in 2020 for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass capital project;

iv. That the funding source from the City be a combination of dedicated property tax revenue transferred from the General Revenue Fund and a one-time fare increase in 2016 and an annual grant from the Province starting in 2020 (see Recommendation O below); and

v. That a 2/3 vote of Council is required in order for the use of funds to be other than those stipulated.

O. That Council approve a combination funding plan for the annual service/financing payments for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass capital project as noted in Appendix 7 including;

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i. An annual .33% property tax increase beginning in 2016 for 10 years dedicated to financing the annual service/ financing payments for the project through the new reserve (see Recommendation N above),

ii. A one-time 5-cent fare increase implemented in 2016, over and above any regular fare increase, to flow annually directly into the new reserve above, and that the City negotiate with the Province of Manitoba that the full amount of this fare increase be available annually to fund the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass annual service/ financing payments, and

iii. An annual grant from the Province starting in 2020 (negotiations in accordance with the Government of Manitoba-City of Winnipeg Transit Funding Agreement).

P. That the Southwest Rapid Transit Corridor – Stage 2 Reserve be renamed the Southwest Rapid Transit Corridor Reserve.

Q. That the Public Service continue to implement Asset Management and Project Management best practices and incorporate recommendations from recent internal audit reports and that Council approve the permanent staffing resources as noted in Appendix 8.

R. That Council approve an operating grant in the amount of $11.376 million in 2015 to the Assiniboine Park Conservancy (APC), including $1 million to be immediately applied to the APC line of credit, and that this grant be subject to the Lease and Funding Agreement being amended to allow 2016 to be the year the baseline operating grant be re-determined, rather than 2015.

S. That a one-time transfer of up to $307,000 from the General Revenue Enterprises Fund (Gail Parvin Hammerquist balance) be made in 2015 to the Heritage Investment Reserve (the Reserve) to address the estimated year end deficit in the Reserve and that the Public Service come forward for Council approval in 2015 with a long term sustainable funding plan for the Reserve.

T. That Council include in the 2017 projections an operating grant to the Louis Riel School Division (in trust for Dakota Alumni Field) of up to $600,000 in support of the Alumni Field Capital Campaign (Dakota). The Public Service to earmark $600,000 of proceeds from the City/ Qualico River Park South Joint Venture to fund the City contribution, subject to the proponent providing confirmation of at least matching funding from sources external to the City of Winnipeg.

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U. That the Ma Mawi Wi Chi Itata Centre - Positive Athletic Cultural Experience (PACE) grant for $45,000 in 2015 and $60,000 in future year 2016 and 2017 projections be paid from the Community Services Department from within existing budget amounts and that the Aboriginal Youth Strategy - Internal City of Winnipeg Projects in the Corporate Support Services Department be increased by such corresponding amounts.

V. That the Library Technology Reserve be closed as it has a zero balance and is no longer being used.

W. That the City be required to enter into grant agreements for all grants in an amount of $25,000 or higher approved by Council in the 2015 operating and capital budgets and be authorized to enter into grant agreements for all grants in an amount of less than $25,000 approved by Council in the 2015 operating and capital budgets, and that the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of such grant agreements in accordance with such Council approval and such other terms and conditions deemed necessary by the City Solicitor/ Director of Legal Services to protect the interests of the City.

X. That the Chief Financial Officer be delegated the authority to restate the budget subsequent to adoption to reallocate amounts to departments to reflect Council's ratification of collective agreements as well as the following corporate cost reduction measures on a budget neutral basis;

   i. Innovation savings in the amount of $2.18 million

   ii. Expenditure management savings in the amount of $500,000

Y. That the Director of Legal Services and City Solicitor be requested to submit the necessary by-laws and policy amendments to implement the above recommendations.

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CAPITAL BUDGET RECOMMENDATIONS

2. That the following recommendations with respect to the 2015 Capital Budget and 2016 to 2020 Five Year Forecast be approved:

A. i. That the 2015 Capital Budget totaling $560,500,000 requiring new borrowing authority of $24,553,000 for tax-supported operations, and $197,491,000 for Utility operations, tabled at the Executive Policy Committee on March 3, 2015, be approved with the following amendments:

a. That the request for funding in the amount of $2,350,000 to assist with the costs required to implement the Master Plan for Kilcona Park be referred to the 2016 budget process, for inclusion in 2021.

b. That the words "Program to consider a pedestrian and cycling monitoring strategy" be added to the Bicycle Corridors (formerly Active Transportation Corridors) capital program detail sheet on page 2-4, Volume 3.

c. That the "Southwest Transitway (Stage 2) and Pembina Highway Underpass" project be renamed as "Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass".

ii. That short term borrowing authority of up to $31 million be approved for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass capital project from external sources for those costs incurred before a P3 Project Agreement is in place and in advance of receipt of committed funding; and

iii. That the 2016 to 2020 Five Year Capital Forecast be reviewed and submitted to Council for adoption in principle.

B. That a new $1 million Innovation Capital Fund be approved in order to facilitate investment in new and innovative ideas for efficiencies, improved service, accountability and responsiveness of City operations, and that the Alternate Service Delivery Committee oversee this fund and develop a process for review, approval, investment and implementation of promising ideas and proposals.

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C. That the cash to capital contribution be as follows:

Year	$ Millions
2015	81.978
2016	88.478
2017	90.478
2018	92.978
2019	93.478
2020	95.478

Note: This includes incremental cash to capital invested in the Regional Streets Renewal program in the amount of $6.5 million in 2015, and anticipated amounts of $11 million in 2016, $11 million in 2017, $11.5 million in 2018 (for a total of $40 million), and $10 million in each of 2019 and 2020.

D. That all transfers from prior years' surplus, to/ from reserves and other funds outlined in the capital budget be approved.

E. That Council authorize the expenditure of up to $2.5 million for Rapid Transit Planning and Design in 2015 or prior to the adoption of the 2016 Capital Budget as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to facilitate timely work on the Rapid Transit Planning and Design capital project.

F. That Council authorize the expenditure of up to $1.041 million for the Assiniboine Park Conservancy Infrastructure and Sustainability Plan in 2015 or prior to the adoption of the 2016 Capital Budget as a first charge against the General Capital Fund, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to facilitate timely work on the Infrastructure and Sustainability Plan.

G. That the Chief Financial Officer be given the authority to redistribute financing sources, including provincial funding, federal gas tax revenue, cash to capital and debt financing in accordance with Council approved borrowing by-laws, provided the total approved financing is not exceeded, to ensure the most effective use and timing of financing sources.

H. That unutilized borrowing authority (By-law 23/2013) in the Transit Utility of $4.968 million for Transit Building Replacement/ Refurbishment be cancelled.

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I. That the City Solicitor/ Director of Legal Services be requested to submit the necessary borrowing by-law directly to Council.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 18, 2015, the Executive Policy Committee concurred in the Preliminary 2015 Operating Budget and Financial Plan for 2016 and 2017 and the Preliminary 2015 Capital Budget and 2016 - 2020 Five Year Forecast with the following amendments:

Operating Budget Recommendations

- Amend Recommendation 1.A.i. by deleting the words "be reviewed and submitted to Council for approval"; and substituting the words "tabled at the Executive Policy Committee on March 3, 2015, be approved with the following amendments:

    a. That a grant of $5,000 be approved to Mediation Services in 2015 only.

    b. That the $29,750 grant to Heritage Winnipeg be increased by $5,000 in 2015 only for a total of $34,750.

    c. That the "Southwest Transitway (Stage 2) and Pembina Highway Underpass" project be renamed as "Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass"."

- Amend Recommendations 1.N.i., 1.N.iii., 1.0., and 1.O.ii. by deleting the words "Southwest Transitway (Stage 2) and Pembina Highway Underpass", and substituting the words "Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass".

Capital Budget Recommendations

- Amend Recommendation 2.A.i. by deleting the words "be reviewed and submitted to Council for approval"; and substituting the words "tabled at the Executive Policy Committee on March 3, 2015, be approved with the following amendments:

    a. That the request for funding in the amount of $2,350,000 to assist with the costs required to implement the Master Plan for Kilcona Park be referred to the 2016 budget process, for inclusion in 2021.

    b. That the words "Program to consider a pedestrian and cycling monitoring strategy" be added to the Bicycle Corridors (formerly Active Transportation Corridors) capital program detail sheet on page 2-4, Volume 3.

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DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

c. That the "Southwest Transitway (Stage 2) and Pembina Highway Underpass" project be renamed as "Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass"."

- Amend Recommendation 2.A.ii. by deleting the words "Southwest Transitway (Stage 2) and Pembina Highway Underpass", and substituting the words "Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass".

and submitted the matter to Council.

On March 18, 2015, the Executive Policy Committee heard delegations and presentations pertaining to the Preliminary 2015 Operating Budget and Financial Plan for 2016 and 2017 and the Preliminary 2015 Capital Budget and 2016 - 2020 Five Year Forecast.

STANDING COMMITTEE RECOMMENDATIONS:

On March 16, 2015, the Standing Policy Committee on Infrastructure Renewal and Public Works recommended to the Executive Policy Committee:

1. That the Preliminary 2015 Operating Budget and Financial Plan for 2016 and 2017 under its purview be approved with the following amendment:

   Public Works Department

   A. That the enhanced summer and general fall sweeping program on local streets be reinstated in the amount of $700,000 and that funds identified in the Tax Supported Savings Transferred to Regional Streets Program, referred to in Appendix 11 of Volume 2 of the Preliminary 2015 Operating Budget and Financial Plan for 2016 and 2017 and Preliminary 2015 Capital Budget and 2016 - 2020 Five Year Forecast, be utilized to pay for the reinstatement of this program.

2. That the Preliminary 2015 Capital Budget and 2016 - 2020 Five Year Forecast under its purview, be approved as submitted.

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DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATIONS (continued):

On March 10, 2015, the Standing Policy Committee on Property and Development recommended to the Executive Policy Committee:

1. That the Preliminary 2015 Operating Budget and Financial Plan for 2016 and 2017 under its purview be approved as submitted.

2. That the Preliminary 2015 Capital Budget and 2016 - 2020 Five Year Forecast, under its purview, be approved with the following amendment:

    A. That funding in the amount of $2,350,000.00 be added as a line item to year 2020 of the 2016-2020 Five-Year Capital Forecast, to assist with the costs required to implement the Master Plan for Kilcona Park.

On March 9, 2015, the Standing Policy Committee on Protection and Community Services recommended to the Executive Policy Committee:

1. That the Preliminary 2015 Operating Budget and Financial Plan for 2016 and 2017 under its purview be approved, with the following amendments:

    A. That Community Resource Coordinator and Community Development Worker positions in all areas be reinstated in the 2015 Operating Budget of the Community Services Department.

    B. That the $100,000 in scheduling efficiencies in the Community Services Aquatics budget be reinstated and an additional $100,000 be added for a total increase of $200,000 in 2015.

    C. That the Winnipeg Public Library Materials budget be increased by $35,000 per year over 10 years, in order to achieve the average funding level of other Canadian cities.

2. That the Preliminary 2015 Capital Budget and 2016 - 2020 Five Year Forecast under its purview be approved as submitted.

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DECISION MAKING HISTORY (continued):

WINNIPEG POLICE BOARD RECOMMENDATION:

On March 6, 2015, the Winnipeg Police Board recommended to Council:

1. That the Preliminary 2015 Operating Budget and Financial Plan for 2016 and 2017 under its purview be approved.

2. That the Preliminary 2015 Capital Budget and 2016 - 2020 Five Year Forecast under its purview be approved.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 3, 2015, the Executive Policy Committee referred the Preliminary 2015 Operating Budget and Financial Plan for 2016 and 2017 and the Preliminary 2015 Capital Budget and 2016 - 2020 Five Year Forecast, to the following budget review process:

March 6, 2015	Winnipeg Police Board
March 9, 2015	Standing Policy Committee on Protection and Community Services
March 10, 2015	Standing Policy Committee on Property and Development
March 16, 2015	Standing Policy Committee on Infrastructure Renewal and Public Works
March 17, 2015	Executive Policy Committee – Delegations
March 18, 2015	Executive Policy Committee – Recommendation to Council
March 23, 2015	Council