Agenda - Executive Policy Committee - September 23, 2003

REPORTS

Item No. 1 The New Deal Initiative
File FR-2

ADMINISTRATIVE RECOMMENDATION:

That $500,000.00 be transferred from the General Purpose Reserve to the CAO Secretariat to support the “New Deal” initiative.

RE: New Deal Project

FOR SUBMISSION TO: Executive Policy Committee

ORIGINAL REPORT SIGNED BY: Chief Administrative Officer

REPORT DATE: September 15, 2003

RECOMMENDATION:

That $500,000 be transferred from the General Purpose Reserve to the CAO Secretariat to support the "New Deal" initiative.

REPORT SUMMARY

KEY ISSUES:

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications
? None
? For the organization overall and/or for other departments
X For the community and/or organizations external to the City of Winnipeg
? Involves a multi-year contract
Comment(s): The funds will support the public consultation process associated with the New Deal initiative.

Policy Implications
? No
? Yes
Comment(s):

Environmental Implications
X None
? Yes
Comment(s):

Human Resources Implications
X No
? Yes
Comment(s):

Financial Implications
? Within approved current and/or capital budget
X Current and/or capital budget adjustment required
Comment(s): Funds would be transferred from the General Purpose Reserve.

REPORT

REASON FOR THE REPORT:

Council has authority to transfer funds from the General Purpose Reserve.

HISTORY:

See below.

DISCUSSION:

Background

In November 2001, the Province, with the full participation of the City, committed to renewing the City of Winnipeg Act in two phases. The end result will be new legislation, which recognizes a mature Province/City relationship and provides broader powers for the City to manage its issues in a dynamic environment.

Phase one of the renewal process occurred through 2002 and included a streamlining of the old City of Winnipeg Act and the introduction of broader authorities in areas not requiring significant public discussion and achievable in the timeframe of the Phase I process. The new City of Winnipeg Charter came into force January 1, 2003 and represents an important step forward. Phase II of the renewal process is expected to provide the City with more autonomy, broader powers and greater financial flexibility.

In addition to local commitment to reforming City/Province relations, there are a number of efforts at the national level also aimed at greater autonomy, authority and fiscal resources for cities. In brief, a number of important studies have outlined the issues facing Canadian Cities including studies by the Federation of Canadian Municipalities, the TD Bank Financial Group, The Prime Minister's Caucus Task Force on Urban Issues, the Canada West Foundation, the Conference Board of Canada, etc. These studies have identified the tremendous challenges facing cities and have outlined the importance of cities in national and provincial economies. In addition to these studies and through a number of forums and events, important dialogue has begun among Canada's big city Mayors and with the other levels of government.

These national efforts and Phase II of the City Charter have become commonly referred to as the "New Deal" for Winnipeg.

A "New Deal" for Winnipeg is rooted in the need to insure Winnipeggers can enjoy a prosperous economy and a high quality of life into the future. It is also rooted in the need to address very fundamental issues relating to the City's financial sustainability.

On the issue of insuring a prosperous economy and a high quality of life for Winnipeggers, its clear that the 21st century brings new challenges for Winnipeg.

- Global influences (the impact of terrorism, SARS, etc.)
- Economic cycles (Winnipeg is an economic hub; new-age industries/the knowledge worker and global competitiveness are critically important)

- Environmental stresses (Winnipeg consumes a lot of resources and energy and produces a lot of waste)
- A diverse, multicultural population

It is recognized that municipalities that address these challenges have the best chance of maintaining their economic, social and environmental quality, and enjoying long-term prosperity.

Several 'best practice' strategies have been identified as key to creating robust, prosperous and sustainable cities. It is believed that the cities who implement them will thrive in the 21st century. Council's long-range strategic plan, Plan Winnipeg … 2020 Vision, articulates many of these leading edge policies including, for example,

- Promoting high density, compact urban form
- Encouraging mixed uses in neighbourhoods
- Providing a reliable and convenient transit system
- Integrating transportation networks – pedestrian, cyclists, transit and vehicle
- Reducing the amount of solid waste sent to the landfill
- Etc.

However, the City of Winnipeg lacks some of the authorities and fiscal tools necessary to fully lever the outcomes expected by citizens and described in Plan Winnipeg.

On the issue of financial sustainability, the City's Chief Administrative Officer conducted a review of the City's financial sustainability in 2002. The results of this review were discussed with Council at seminars in January and May 2003. The review concluded that the City has made good progress in controlling expenditures, making property taxes competitive, managing debt and building reserves. However, the review also concluded that:

(1) While overall City expenditures have been reduced over the past 10 years, expenditures have shifted significantly to the safety related services (Police, Fire, Paramedic). This shift reflects citizen/Council concerns regarding safety. Without fundamental change, however, the safety services are likely to continue to draw resources from other service areas (Streets, Transit, Libraries, etc.).

(2) The City's infrastructure deficit is significant. In light of an overall aging infrastructure, shifts to the safety service areas, and overall expenditure reductions to make property taxes competitive the City 's infrastructure deficit is staggering. Details of this deficit are documented in several City reports including: Financing Infrastructure Preservation, April 2001. Updated estimates of the total infrastructure deficit, anticipated to be in the area of $1.8 billion, are now being prepared.

(3) While the City's sources of revenue have shifted over the last 10 years (higher Provincial government grants, more user fees and fines, etc.), the City's primary source of revenue remains property taxes. With the pressures noted above, property taxes and the other revenue tools currently available, the City cannot sustain current services in the future.

The 'New Deal' represents a fundamental restructuring of the City's authorities and financial framework in order to reverse the City's infrastructure deficit, allow investment in other priority areas such as public safety and to make strategic investments deemed important to Winnipeg's future.

In a poll by Cameron Strategy and Probe Research (2002/03), Winnipeggers shared the views of urban citizens across the country in their concern about the state of the local infrastructure

and the need for the Federal and Provincial governments to pay more attention to the needs of cities.

Through Council's priorities planning process, Council articulated the need for a "New Deal" as a clear priority.

The New Deal Project

In recognition of the New Deal as a Council priority and in preparation for discussions locally and nationally, the CAO has established the "New Deal Project". Staff within the CAO Secretariat, with support from staff in the EPC Secretariat, Corporate Finance and a number of Departments, have been directed to re-prioritize work in order to provide expertise to the New Deal project.

The New Deal project has two primary and critically important components.

1. Research and analysis. Significant research and analysis is required to provide elected officials with high quality and timely advice. In particular, anticipated areas of research include: current service-based expenditures/revenues, modeling of alternative funding scenarios, projections and impacts of alternative funding scenarios, inter-city comparisons, etc. Existing resources and staff will be used to complete much of this work.

2. Public consultation. A fundamental review of City authorities and the City's current financial framework requires extensive public consultation. A one-day event on October 2, 2003 called "Imagine A City …" will launch the public consultation process. Thereafter, workshops with a large number of organizations and representing a range of perspectives will be conducted. In addition, Town Hall sessions will be conducted in each of the Community Committee areas. Citizen input will also be encouraged through the City's web site. The public consultation component of the project will include an advertising campaign to mobilize citizen involvement and public polling will also be done. In order to complete the public consultation process, existing resources will be augmented with the requested funds.

FINANCIAL IMPACT:

Project Name: New Deal Initiative **First Year of Program 2003**

	2003	2004	2005	2006	2007
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 986,825				
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ 986,825	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	486,825				
Net Budget Adjustment Required	$ 500,000	$ -	$ -	$ -	$ -

Additional Comments: The $500,000 represents net new resources. The balance is within existing budgets.

Senior Financial Accountant
Pat Bodnar

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

THIS REPORT SUBMITTED BY:

Connie Walker
Manager, Strategic Management Division
CAO Secretariat