Minutes - Executive Policy Committee - November 25, 2003

PRESENTATION

Minute No. 32
His Worship Mayor Murray introduced the Preliminary 2004 Annual Capital Budget and the 2005 to 2009 Capital Budget Forecast.

Jo-Anne Ferrier, City Treasurer, provided a Power Point Presentation on the Preliminary 2004 Annual Capital Budget and the 2005 to 2009 Capital Budget Forecast, a copy of which has been placed on file in the office of the City Clerk.

Councillor Clement, Chairperson, Standing Committee on Fiscal Issues, provided closing comments regarding the Preliminary 2004 Annual Capital Budget and the 2005 to 2009 Capital Budget Forecast.

(See Minute 33)

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Preliminary 2004 Capital Budget

and

2005 to 2009 Five-Year Capital Forecast



November 25, 2003

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POLICIES USED TO DEVELOP THE BUDGET

- **Plan Winnipeg**
- **Financial Management Plan**
- **Capital Priority Rating System**
- **Council-Approved Borrowing Cap**
- **EPC direction to develop the tax-supported budget without new external debt**



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THE CHALLENGE

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Balancing…….

Infrastructure needs/ Protecting the environment

Fiscal responsibility



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HIGHLIGHTS

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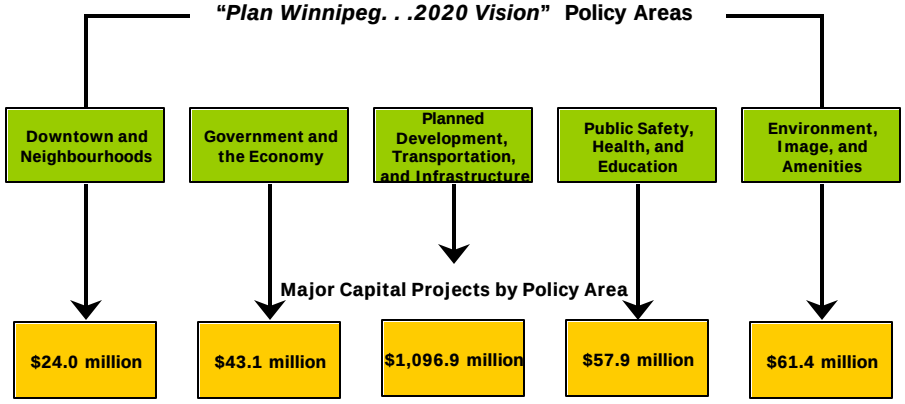
- Capital investment plan:
  - ***$1.3 billion over the next 6 years***
  - ***$219.5 million in 2004***
  - ***priority has been given to the repair and replacement of existing infrastructure***
- Fiscal responsibility:
  - ***pay-as-you-go -- internal financing target of $61 million reached in 2004 as planned***
  - ***no new external debt for tax-supported programs***
  - ***lowering debt and finance charges***
- Strategic partnerships



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PLAN WINNIPEG ALIGNMENT

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6-Year Total Capital Program - $1,283.3 million

AREAS OF MAJOR CAPITAL INVESTMENT

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- **$296 M for sewage disposal**
- **$264 M for the water system**
- **$235 M for the street system including bridges**
- **$149 M for land drainage and flood control**
- **$106 M for the transit system**



PROTECTING OUR ENVIRONMENT

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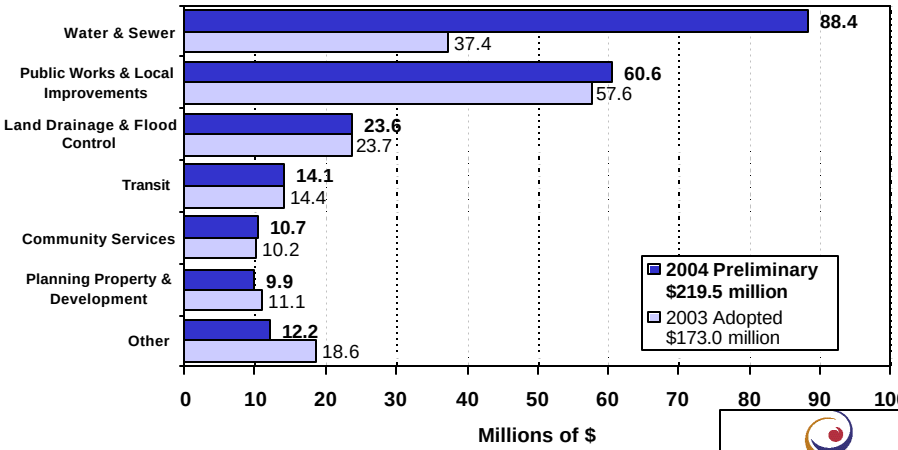
- **Upgrades for wastewater collection and treatment**
- **Water treatment plant**
- **Combined sewer overflow management**
- **Land drainage/flood protection/secondary diking**
- **Transit**
- **Pedestrian and cycle facilities**
- **Riverbank greenway program**
- **Reforestation**
- **E-government**



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HOW CAPITAL DOLLARS ARE SPENT

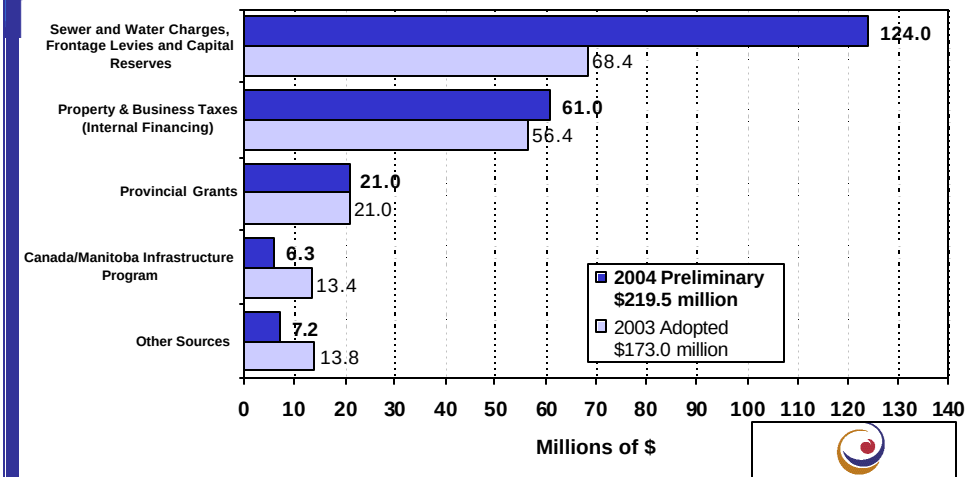
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SOURCES OF CAPITAL FUNDING

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CAPITAL FINANCING

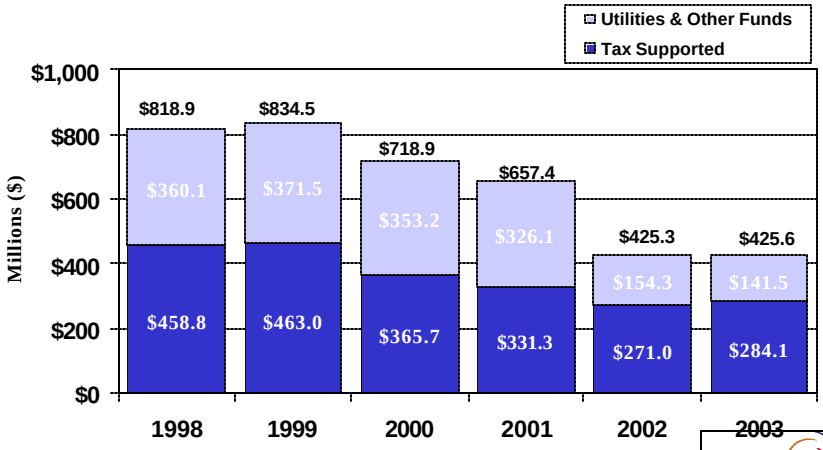
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TOTAL NET DEBENTURE DEBT



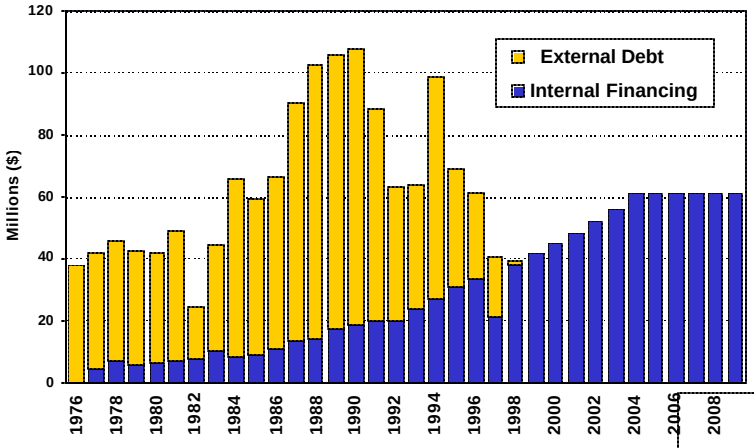
Note: Tax Supported does not include Civic Accommodations or Transit

Net debenture debt decreased by 48.0% from 1998 to 2003. Net Tax-supported debenture debt decreased by 38.1% from 1998 to 2003.

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TAX-SUPPORTED CAPITAL PROGRAM NO EXTERNAL DEBT SINCE 1999

(Including Transit and Civic Accommodations)



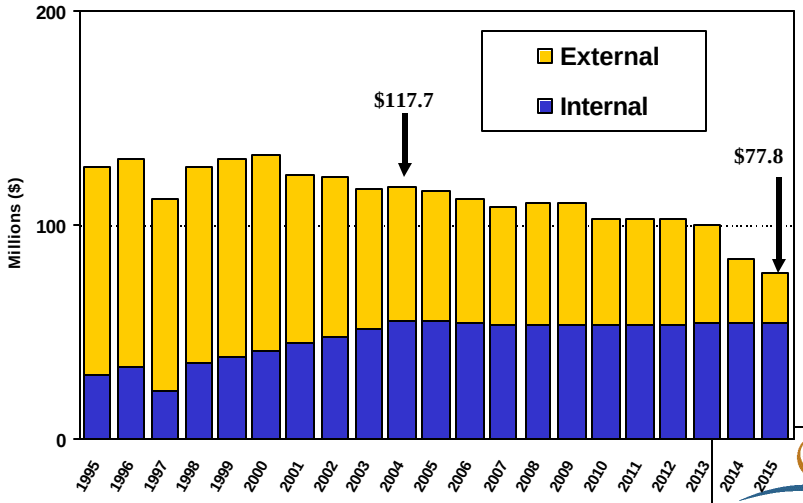
1976-2003 Adopted Budgets; 2004-2009 Forecast

1994 includes the Canada/Manitoba/Winnipeg Infrastructure Program

Excludes interim financing

TAX-SUPPORTED DEBT SERVICING COSTS

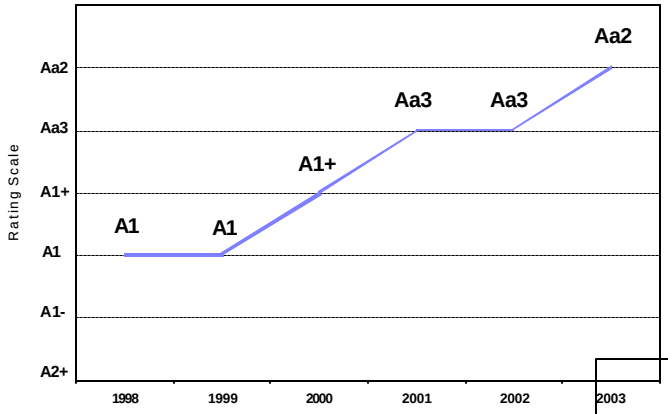
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Excludes Civic Accommodations and Transit.

CREDIT RATING

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Source Moody's Investors Service

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RECOMMENDATIONS

1) That the Preliminary 2004 Capital Budget totalling $219,546,000, (tax supported and utility operations requiring no external borrowing authority) and the 2005 to 2009 Five-Year Forecast be reviewed and submitted to Council for approval.

2) That the frontage levy rates be increased by a total of $1.00 to be used for street renewal beginning in 2004.

3) That the transfers from utility operations, reserves and other funds outlined in the capital budget submission be approved.

4) That the City negotiate with the Province a new Urban Capital Projects Allocation cost-sharing agreement for 2004 and to establish a future cost-sharing agreement for beyond 2004, or an alternate funding arrangement, given that the existing agreement has expired.

5) That the City request the Province to provide funding of $5 million, over and above UCPA funding, for a local street renewal program for Winnipeg for 2004, and to establish a future cost-sharing agreement for beyond 2004 or an alternate funding arrangement.

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RECOMMENDATIONS (continued)

6) That the Administration identify $10 million of capital projects in the 2004 preliminary capital budget for potential holdback, for discussion during the 2004 to 2006 operating budget process, said projects are not to commence until a 2004 operating budget has been adopted.

7) That the Sewage Disposal System capital plan for 2005 to 2009, including the requirement for external debt, be discussed with one or more of the City's bond rating agencies for an assessment of the impact on the City's credit rating, and that Council consider this information prior to proceeding with the Sewage Disposal System's 5-year forecasted capital plan, including the issuance of any related debentures.

8) That the City coordinate with the Province the scheduling of major capital projects for both governments to ensure capacity and stability of employment in the construction industry and to avoid higher costs for taxpayers.

9) That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing, including the execution of any documents related thereto.

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BUDGET PROCESS – NEXT STEPS

- Standing Policy Committee review – November 27 to December 4, 2003
- Executive Policy Committee hears public delegations – December 9, 2003
- Executive Policy Committee tables final budget recommendations – December 10, 2003
- Council conducts final review and adoption - December 16, 2003