Agenda – Council – December 13, 2016

Report – Executive Policy Committee – December 9, 2016

Item No. 1 2017 Operating Budget and Financial Plan for 2018 and 2019; and 2017 Capital Budget and 2018 – 2022 Five Year Forecast

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 9, 2016, the Executive Policy Committee recommended to Council:

1. That the following recommendations with respect to the 2017-2019 Preliminary Operating Budget be approved:

    A. i. That the 2017 Preliminary Operating Budget, including the budgets for reserves (Appendix 3), tabled at the Executive Policy Committee meeting on November 22, 2016, be approved with the following amendments:

        a. That the following increases in grants be offset by a reduction in corporate accounts:

            (a) A one-time grant increase of $5,250 in 2017 for a total of $40,000, for Heritage Winnipeg Corporation;

            (b) The grant to Mediation Services be increased to $10,000 per year;

            (c) A one-time grant of $7,000 for Take Pride Winnipeg for the completion of the Snow Angels snow clearing pilot program (winter 2016/2017), and that the Winnipeg Public Service be requested to report to the Executive Policy Committee in May 2017, with the results of the pilot and to identify other opportunities for funding, including but not limited to sponsorship opportunities.

    ii. That the 2018 and 2019 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 from 12.766 to 13.063 in 2017, for the purpose of raising revenue as required for the annual operating budget, including a 1% property tax increase dedicated to the renewal of local streets, lanes and sidewalks, a 1% property tax increase dedicated to the renewal of regional streets and sidewalks, and a .33% property tax increase dedicated for payments for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass project, for a total property tax increase of 2.33% in 2017.

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C. i. That the City's business tax rate be decreased from 5.3% to 5.25% in 2017;

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 $32,220 or less in 2017.

D. That transfers between funds outlined in the 2017 Operating Budget be approved.

E. That a transfer from the General Purpose Reserve Fund to the General Revenue Fund be made in 2017 based on the 2016 year-end surplus transferred to the General Purpose Reserve Fund, to a maximum of $9.5 million. If the year-end surplus is not sufficient to make the $9.5 million transfer, any shortfall will be addressed during 2017.

F. That a transfer from the Financial Stabilization Reserve Fund to the General Revenue Fund be made in 2017 based on the balance in the Financial Stabilization Reserve Fund after year-end adjustments to a maximum of $5 million.

G. That $2 million in prior years' tax supported cash to capital surplus, including that identified in Appendix 5D, due to capital projects coming under budget, be utilized to reduce the transfer to the General Capital Fund in the 2017 tax supported operating budget.

H. i. That the Wading and Outdoor Extended Season Reserve be closed effective January 1, 2017 as it is no longer required and has a zero projected balance, and

ii. That the annual budget transfer of $351,800 be more efficiently used directly in the Community Services Department operating budget within the Aquatic Services Division to provide for summer outdoor pool operations until September.

I. That Council include in the 2018 operating projection a grant to the Canadian Association of Police Governance (CAPG) of $15,000, as the City of Winnipeg has been chosen to be the host City for the annual CAPG conference in 2018. The applicable grant application will be required from the proponent.

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J. That consideration of a $30,000 annual grant-in-lieu of taxes for the Manitoba Theatre for Young People, for a 10 year period beginning in 2018, be referred to the 2018 budget process together with a one-time top-up amount for unpaid taxes.

K. That Council approve a waiver of the $5 smart card fee to University of Manitoba students participating in the U-pass program, effective upon initiation of the smart card for the University of Manitoba U-pass program and extending for one term after it has been initiated. This waiver is consistent with the Council approved $5 rebate provided to individuals during launch of the smart card system in 2016.

L. That Council:

i. transfer to the General Revenue fund $1,000,000 of the monies to be paid to the City by the Winnipeg Convention Centre Corporation ("WCCC") in accordance with Recommendation 2 of the January 28, 2015 Council Decision "Amendment to Council Decision – Approval of Funding Participation – Winnipeg Convention Centre Expansion Project" (the "Council Decision") ; and

ii. rescind Recommendation 3 of the Council Decision.

M. That prior to payment of any grant monies approved in the 2017 operating budget, the City enter into, execute and deliver grant agreements with each grant recipient, and that the Chief Financial Officer be authorized to negotiate and approve the terms and conditions of each grant agreement in accordance with the budgetary approval and such other terms and conditions deemed necessary by the City Solicitor/ Director of Legal Services to protect the interests of the City.

N. That the Public Service enter into discussions with the WRHA to develop an ambulance fee reduction strategy including an equal and offsetting increase in WRHA funding to ensure the City's revenue position is maintained on a budget neutral basis, and report back to Council with the results of such discussions.

O. 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, Council's approval of decisions with budget implications, as well as corporate cost reduction measures, including efficiency savings, if required, on a budget neutral basis.

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

CAPITAL BUDGET

2. That the following recommendations with respect to the 2017 Preliminary Capital Budget and 2018 to 2022 Five Year Forecast tabled at the meeting of Executive Policy Committee on November 22, 2016, be approved:

A. i. That the 2017 Preliminary Capital Budget totaling $432,909,000 requiring new borrowing authority of $30,530,000 for tax-supported operations, and $5,753,000 for the Solid Waste Utility operation, be approved.

ii. That the 2018 to 2022 Five Year Capital Forecast be reviewed and submitted to Council for adoption in principle.

B. That external borrowing authority of $23,550,000 for the 2016 Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass capital project be approved in replacement of $23,550,000 of debt previously approved as part of the Public Private Partnership.

Note: This will make the external borrowing amount equal to $16,500,000 and $23,550,000 for a total of $40,050,000 in 2016 with all related debt and finance charges to be repaid from the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve.

C. That the previously approved 2016 capital budget authorization of $587,300,000 for the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass be revised to $467,300,000 to reflect innovation and efficiencies on the project.

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

Year	$ Millions
2017	55.649
2018	80.278
2019	70.778
2020	72.778
2021	74.778
2022	76.778

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Note: This includes incremental cash to capital from tax-supported savings transferred to the Regional Streets Renewal program in the amount of $11 million in 2017, and an anticipated amount of $11.5 million in 2018 (when these investments are combined with $6.5 million in 2015 and $11 million in 2016, a total of $40 million has been invested).

E. That $8.616 million in prior years' tax supported cash to capital surplus identified in Appendix 5D, due to capital projects coming under budget, be utilized as a financing source in the 2017 capital budget and 2018 capital forecast.

F. That a transfer from the Land Operating Reserve Fund to the General Capital Fund be made in 2017 to a maximum of $3,240,000 provided the reserve's unallocated equity balance does not enter into a deficit position. Should the unallocated equity balance be such that the full $3,240,000 transfer cannot be made, any shortfall will be addressed during 2017.

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

H. That Council authorize the expenditure of up to $29,252,000 for Transit Buses in 2017 or prior to the adoption of the 2018 Capital Budget as a first charge against the General Capital Fund and/or other authorized funding sources as determined by the Chief Financial Officer, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to facilitate project timing in order to meet Federal claiming deadlines, subject to confirmation of Federal and Provincial funding as set forth in the capital budget.

I. That Council authorize the expenditure of up to $3,550,000 for Transit Building Roof Replacement and Ventilation Upgrade in 2017 or prior to the adoption of the 2018 Capital Budget as a first charge against the General Capital Fund and/or other authorized funding sources as determined by the Chief Financial Officer, in accordance with Subsection 288(2) of the City of Winnipeg Charter, to facilitate project timing in order to meet Federal claiming deadlines, subject to confirmation of Federal and Provincial funding as set forth in the capital budget.

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J. 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.

K. That unutilized borrowing authority in the Solid Waste Disposal Utility of $758,955 be cancelled as follows:

By-Law Number	$
150/2009	61,321
144/2011	697,634
Total	**758,955**

L. That unutilized borrowing authority in the Transit Fund of $4,089,325 be cancelled as follows:

By-Law Number	$
6774/96	1,144,000
6973/97	463,325
6976/97	650,000
7125/98	1,062,000
7751/01	770,000
Total	**4,089,325**

M. 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 December 9, 2016, the Executive Policy Committee concurred in the 2017 Operating Budget and Financial Plan for 2018 and 2019, and the 2017 Capital Budget and 2018 – 2022 Five Year Forecast, with the following amendments:

- Amend Recommendation 1.A.i. by deleting the words "be reviewed and submitted to Council for approval, and", and substituting the words "tabled at the Executive Policy Committee meeting on November 22, 2016, be approved with the following amendments:

    a. That the following increases in grants be offset by a reduction in corporate accounts:

        (a) A one-time grant increase of $5,250 in 2017 for a total of $40,000, for Heritage Winnipeg Corporation;

        (b) The grant to Mediation Services be increased to $10,000 per year;

        (c) A one-time grant of $7,000 for Take Pride Winnipeg for the completion of the Snow Angels snow clearing pilot program (winter 2016/2017), and that the Winnipeg Public Service be requested to report to the Executive Policy Committee in May 2017, with the results of the pilot and to identify other opportunities for funding, including but not limited to sponsorship opportunities."

and submitted the matter to Council.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 8, 2016, the Executive Policy Committee heard delegations and presentations pertaining to the Preliminary 2017 Operating Budget and Financial Plan for 2018 and 2019; and Preliminary 2017 Capital Budget and 2018 – 2022 Five Year Forecast.

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DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION:

On November 28, 2016, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment recommended to Executive Policy Committee:

1. That the Preliminary 2017 Capital Budget and 2018 – 2022 Five Year Forecast under its purview, be approved as submitted.

2. That the Preliminary 2017 Operating Budget and Financial Plan for 2018 and 2019 under its purview, be approved as submitted.

On November 29, 2016, the Standing Policy Committee on Infrastructure Renewal and Public Works recommended to Executive Policy Committee:

1. That the Preliminary 2017 Capital Budget and 2018 – 2022 Five Year Forecast under its purview, be approved as submitted.

2. That the Preliminary 2017 Operating Budget and Financial Plan for 2018 and 2019 under its purview, be approved as submitted.

On December 2, 2016, due to a tie vote, the Standing Policy Committee on Protection, Community Services and Parks submitted the Preliminary 2017 Operating Budget and Financial Plan for 2018 and 2019, and the 2017 Capital Budget and 2018 - 2022 Five Year Forecast, to the Executive Policy Committee without recommendation.

On December 5, 2016, the Standing Policy Committee on Property and Development, Heritage and Downtown Development recommended to Executive Policy Committee:

1. That the Preliminary 2017 Capital Budget and 2018 – 2022 Five Year Forecast under its purview, be approved as submitted.

2. That the Preliminary 2017 Operating Budget and Financial Plan for 2018 and 2019 under its purview, be approved as submitted.

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DECISION MAKING HISTORY (continued):

WINNIPEG POLICE BOARD RECOMMENDATION:

On December 6, 2016, the Winnipeg Police Board concurred in the recommendation of the Winnipeg Police Board Budget and Finance Sub-Committee Chair and submitted the following to Council:

1. That the Board provide Council with an estimate of $288,000,280 as the total operating costs of the Winnipeg Police Service in 2017 that are required to maintain an adequate and effective police service in Winnipeg;

2. That the Board advise Council that it estimates the net mill rate support required for the Winnipeg Police Service in 2017 at $240,896,709, based on a revenue estimate of $47,103,571;

3. That the Board provide Council with an estimate of $23,585,000 as the total cost for capital projects for the Winnipeg Police Service in 2017, that are required to maintain an adequate and effective police service in Winnipeg; and

4. That the Board recommend to Council that it approve the Preliminary 2017 Operating Budget and Financial Plan for 2018 and 2019 and the Preliminary 2017 Capital Budget and 2018 - 2022 Five Year Forecast, as they pertain to the Winnipeg Police Service, as tabled by Executive Policy Committee.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 22, 2016, the Executive Policy Committee referred the Preliminary 2017 Operating Budget and Financial Plan for 2018 and 2019, and 2017 Capital Budget and 2018 - 2022 Five Year Forecast, to the following budget review process:

Monday, November 28, 2016, 9:30 a.m.	Standing Policy Committee on Water and Waste, Riverbank Management and the Environment
Tuesday, November 29, 2016, 9:00 a.m.	Standing Policy Committee on Infrastructure Renewal and Public Works
Friday, December 2, 2016, 9:30 a.m.	Standing Policy Committee on Protection and Community Services and Parks

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DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

Monday, December 5, 2016, 9:00 a.m.	Standing Policy Committee on Property and Development, Heritage and Downtown Development
Tuesday, December 6, 2016, 9:30 a.m.	Winnipeg Police Board
Thursday, December 8, 2016, 9:00 a.m.	Executive Policy Committee – Delegations
Friday, December 9, 2016, 9:00 a.m.	Executive Policy Committee – Recommendation to Council
Tuesday, December 13, 2016, 9:30 a.m.	Council