Minutes – Executive Policy Committee – March 19, 2019

BUDGET REVIEW

Item No. 22 Executive Policy Committee – Final Recommendation – Preliminary 2019 Operating Budget and 2020 to 2021 Projections, and 2019 Capital Budget and 2020 - 2024 Five Year Forecast Recommendations

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee recommended to Council:

OPERATING BUDGET RECOMMENDATIONS

1. That the following recommendations with respect to the 2019 - 2021 Preliminary Operating Budget be approved:

    A. i. That the 2019 Preliminary Operating Budget, including the budgets for reserves (Appendix 3), tabled at the Executive Policy Committee meeting on March 1, 2019, be approved with the following amendments:

        a. That $100,000 be included in the 2019 operating budget, funded by an equivalent increase to the efficiency savings held corporately, to enable the Chief Administrative Officer to procure external consulting services required to undertake a strategic planning session involving all members of Council no later than 60 days after the 2019 City budgets are passed, with the goal of establishing City wide priorities and a process for developing the 2020 multi-year budgets.

        b. That Council approve an increase of $82,229 in 2019 to provide for a retroactive adjustment to the 2017 Universal Funding Formula grants payable to community centres that experience a population growth based on the preliminary results of the 2016 Statistics Canada Census Data and that this increase be offset by an adjustment to the Corporate efficiency savings.

        c. That Council approve an increase to the operating revenue grant from the Province of Manitoba by $200,000 to reflect the consolidation of the General Council of Winnipeg Community Centres (GCWCC) grant into the City’s operating basket funding, and that there be a corresponding increase to the operating expenditures for Community Services Department to pay out this grant to GCWCC, such grant to be utilized by GCWCC for purposes to be approved by the Chief Financial Officer.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

d. That Council approve non-recurring legal services funding of $97,200 for consulting and that this increase be offset by an adjustment to the Corporate efficiency savings in 2019.

e. That Council approve the following:

1. An increase for the Winnipeg Arts Council by $250,000 in 2019 to be funded by cash to capital and that the increase in 2019 be offset by an adjustment to the Corporate efficiency savings.

2. An offsetting decrease for the Winnipeg Arts Council by $250,000 (from $500,000) in 2020 and that this adjustment be included in the 2020 projections.

f. That the Assiniboine Park Conservancy (APC) operating grant be approved, subject to confirmation from the Winnipeg Public Service that APC is in compliance with the lease and funding agreement.

g. That Council approve an annual increase of 1 FTE ($69,578 prorated in 2019) for a Supervisor of Urban Forestry Technical Services in Public Works Department to plan and implement the Emerald Ash Borer Emergency Response Plan and the Comprehensive Urban Forest Management Plan and that the 2019 increase be offset by an adjustment to the Corporate efficiency savings and that the 2020 and 2021 increase of $99,565 and $104,639 respectively, be included in the projections.

h. That Council approve an increase of $15,000 in order to aid in the hosting of the 2020 Francophone & Francophile Cities Convention in Winnipeg and that this increase be offset by an adjustment to the Corporate efficiency savings.

ii. That the 2020 and 2021 projections be received and submitted to Council as information on the preliminary financial plans for those years.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

B. That the City's mill rate be increased from 12.987 to 13.290 in 2019, for the purpose of raising revenue as required for the annual operating budget.

Note: This mill rate of 13.290 in 2019 includes 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%.

C. i. That the City's business tax rate be decreased from 5.14% to 4.97% in 2019; and

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 $33,900 or less in 2019 ($33,300 in 2018).

D. That the fees (Appendix 7), levies and transfers between funds outlined in the 2019 Operating Budget be approved.

E. That Council approve the amended (attached) Water and Sewer Utility Dividend Policy, which reduces the dividend payment to the City from 12% to 11% of budgeted gross sales effective January 1, 2019, which will be transferred to the City each year.

F. That a transfer of $10,303,733 from the Financial Stabilization Reserve Fund to the General Revenue Fund be made in 2019.

G. That a transfer of $70 million from the Sewage Disposal System Fund to the Environmental Projects Reserve be made in 2019 to support the North End Treatment Plant (NEWPCC) Upgrade projects.

H. That $2,524,798 in prior years' tax supported cash to capital surplus, identified in Appendix 5D due to capital projects coming under budget, be utilized to reduce the transfer to the General Capital Fund in the 2019 tax supported operating budget.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

I. That a transfer of $220,690 from Building Communities Initiative capital project surplus (project now closed and completed) to the Land Dedication Reserve be made in 2019, with the funds allocated to respective Council wards as set out in Appendix 6.

J. That Council approve a transfer of $100,000 annually for each of the next 4 years starting in 2019 from the Civic Initiatives, Promotional and Protocol grant program to the General Purpose Reserve Fund to support the establishment of a Community Safety and Crime Prevention program.

K. That on-street parking meter rates for 2019 be kept at the same levels as 2018.

L. That the Winnipeg Parking Authority be directed to return to the appropriate committee of Council in 2019 with an analysis of current parking rates, including consultation with stakeholders to determine any recommendations for future changes to these rates.

M. That consistent with prior direction provided by the Executive Policy Committee, the Public Service continue to pursue a new agreement with Shared Health Services for the provision of Emergency Medical Services by the City that reflects full cost recovery from Shared Health.

N. That in accordance with the December 12, 2017 Council decision to remove any restrictions regarding the use of the net proceeds from the sale of the Winnipeg Square Parkade (as set aside in the November 25, 2009 Council report and any subsequent related reports) in the Winnipeg Parking Authority Special Operating Agency (WPA), a transfer of $4.405 million of such net proceeds currently held in the Land Operating Reserve be made to the General Capital Fund for the Public Safety Building and Civic Centre Parkade capital project as contained in the 2019 capital budget.

O. i. That prior to payment of any monies approved in the 2019 operating budget, the City enter into, execute and deliver a grant agreement with each grant recipient, and 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;

ii. That Council approve grant delegations as indicated in Volume 2, Appendix 2; and

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

iii. That the Chief Operating Officer of the Winnipeg Parking Authority Special Operating Agency (WPA) be delegated authority to approve in-kind requests from charitable organizations for the donation of "use of paid parking" (such as on-street parking permits, WPA parking closure fees, etc.) up to an aggregate total of $260,000 in 2019 only. These must be provided to those organizations who have received this support in the past. These inkind grants would be included in the review as noted in recommendation V.i.b) below and be addressed as part of the 2020 budget process.

P. That, as a result of 2019 grant monies for the Indigenous Youth Strategy program being provided by the City and expended by third party organizations over a two year period (2019/2020), the City enter into multi-year grant agreements with respect to such grants.

Q. That the Computer Replacement Reserve be terminated effective January 1, 2019 and replaced with a new Computer, Critical Systems and Support Reserve in accordance with section 289 of the City of Winnipeg Charter;

i. That the purpose of the reserve be to provide funding for the upgrade and replacement of hardware and/or software of both personal computers and city-wide critical systems and support resources. Critical system hardware elements include shared enterprise storage, servers and other hardware components. Critical system software elements include server operating systems, server virtualization, database, e-mail and other supporting software. Support resources are for salaries and benefits of additional staff hours or contractors required to support city-wide systems;

ii. That this reserve continue to be funded through annual contributions from departments for computer related hardware and software based upon the projected purchase cost of the replacement;

iii. That the Fund Manager of the reserve be the Chief Innovation Officer; and

iv. That the balance of funds in the Computer Replacement Reserve be transferred to the new Computer, Critical Systems and Support Reserve, effective January 1, 2019.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

R. That Council approve effective January 1, 2019, the transfer of the property management function from the Municipal Accommodations Fund, inclusive of related budgeted positions, to the newly created Real Estate and Land Development Division within the General Revenue Fund on a budget and FTE complement neutral basis.

S. That Council close the Library Trust and Portage and Main Concourse Funds effective January 1, 2019 with any remaining surplus balance to be transferred to an appropriate deferred revenue account in the General Revenue Fund.

T. i. That Council approve the establishment of a Low Income Bus Pass Program effective April 1, 2020 reflecting discounted fares commencing at 30% at date of implementation, 40% in 2021 and 50% in 2022, and that Transit Department report back to Council within 180 days setting out program funding and implementation details; and

ii. That Council approve the 2019 capital budget of $236,000 and approve in principle the 2021 capital forecast of $139,000 for the technical and administrative set-up of the program. These will be funded by Transit Retained Earnings.

U. i. That the Chief Administrative Officer or designate be delegated the authority to manage vacancies within City departments and administrative units within the scope of the 2019 operating budget without affecting the general level of public services as identified in the operating budget or overall civic staff establishment; and

ii. That Special Operating Agencies include a budget for vacancy management, as is the practice for other City departments, to be transferred to the tax-supported fund and managed in a similar manner as set out in recommendation 1.U.i. above.

V. i. That the Chief Administrative Officer be directed to report back to the appropriate committee of Council on the following items in 2019, in preparation of the multi-year budget planning process for 2020:

a. A review of the City's core service delivery responsibilities under The City of Winnipeg Charter and any other relevant legislation;

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

b. An evaluation framework to review all current and any future City grants. This framework shall include, but not necessarily be limited to, a review of each the respective grants' alignment with the core service responsibilities of the City as well as an assessment of the outcomes that are or will be achieved from each of the grants;

c. Recommendations on any changes to the City's current fees and charges based on an assessment of best practices in other jurisdictions and the cost of service delivery; and

d. Prioritization list of unfunded major capital projects.

e. A review of the use of Special Operating Agency dividends.

ii. That the Public Service ensure that the updated OurWinnipeg, the Transit Operational Review, the City's Asset Management Plan and any other significant City planning documents be used as guiding documents in the 2020 multi-year budget process.

W. 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 and the impact of any decisions made in recommendation 1.U. if required, on a budget neutral basis.

X. 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 RECOMMENDATIONS

2. That the following recommendations with respect to the 2019 Preliminary Capital Budget and 2020 to 2024 Five Year Forecast be approved:

A. i. That the 2019 Preliminary Capital Budget, totaling $367.515 million, tabled at the Executive Policy Committee meeting on March 1, 2019, be approved with the following amendments:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

a. That Council immediately call upon the Province of Manitoba to provide the outstanding $40 million to fulfill the final $50 million payment to the City of Winnipeg for the 2018 roads program and to establish a go forward commitment towards local road renewal for the City of Winnipeg in 2019 and beyond.

b. That the Public Service continue to seek clarity from the Province of Manitoba on how and when it fulfilled its five-year, $250 million roads funding commitment to the City of Winnipeg

c. That Council refer to the appropriate committee of Council the annual capital program of $300,000 per year over the next six years to implement the Off-Leash Dog Areas Master Plan for consideration in the 2020 capital budget process.

d. That Council approve the $250,000 increase in 2019 capital budget for the Public Art Strategy program offset by a corresponding decrease in the 2020 capital forecast as set out in recommendation 1.A.i.e).

ii. That new capital borrowing authority be approved as follows:

a. $38.187 million external borrowing for 2019 tax-supported operations, including Transit and Municipal Accommodations; and

b. $34.900 million external borrowing for 2019 tax-supported internal financing including Municipal Accommodations.

Note: The borrowing authority for Winnipeg Fleet Management Special Operating Agency (SOA) is approved as part of the SOA's 2019 to 2021 business plan report.

iii. That the 2020 to 2024 Five Year Capital Forecast be reviewed and submitted to Council for adoption in principle.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

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

Year	$ Millions
2019	21.260
2020	64.891
2021	66.565
2022	71.178
2023	65.136
2024	71.178

Note: For 2020 to 2024 cash to capital balances, see "Financial Sustainability" slide in Volume 2 and Overview section in Volume 3, Capital Projects Summary section, page 1-i, note 2.

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

D. That Council authorize expenditures on the following projects in 2019 or prior to the adoption of the 2020 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 projects:

i. Up to $6.7 million for preliminary engineering design for various Accelerated Regional Street Renewal projects;

ii. Up to $12.186 million for the Fermor Avenue – Lagimodiere to Plessis Accelerated Regional Street Renewal project;

iii. Up to $6.7 million for the Dublin Avenue – Notre Dame to St. James Accelerated Regional Street Renewal project;

iv. Up to $2.7 million for the St. James Street – Dublin to Saskatchewan Accelerated Regional Street Renewal project;

v. Up to $3.3 million for the Dublin Avenue Bridge (Omand's Creek) project.

E. That Council refer for consideration in the 2020 budget an investment of up to $3 million for the repairs and upgrades to Rainbow Stage in Kildonan Park, subject to the Board of Rainbow Stage securing matching funds for this project from other levels of government and/or private fundraising.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

F. That Transit Department be directed to report back to the appropriate committee of Council with a funding strategy and implementation plan for additional heated bus shelters concurrent with the result of Transit's Master Plan.

G. i. That Council approve a $20 million allocation from the 2019 Local Street Renewal Reserve in order to complete and fund the 2018 local street renewal capital projects. The loss of Provincial roads funding budgeted in 2018 resulted in capital budget shortfall of $40 million ($50 million budget less $10 million commitment) of which $20 million is addressed in the 2019 capital budget.

ii. That the remaining $20 million roads funding shortfall due to the loss of provincial funding be referred to the 2020 capital budget process as reflected in the capital forecast.

H. i. That Council approve the annual transfer of $1.035 million from the Financial Stabilization Reserve to the Community Centre Renovation Grant Program starting in 2019 up to 2023; and

ii. That the Chief Administrative Officer be directed to report back to the appropriate committee of Council with a review and update of the Community Centre Renovation Grant Program including but not limited to an evaluation criteria and increased maximum funding threshold per project from $50,000 (inclusive of all applicable taxes) to $100,000 (inclusive of all applicable taxes).

I. That a transfer from Land Operating Reserve to the General Capital Fund be made in 2019 to a maximum of $7.37 million which includes the $4.405 million in recommendation 1.N., and up to $235,000 to the General Revenue Fund, provided the reserve's unallocated equity balance does not enter into a deficit position. Should the unallocated equity balance be such that the full transfer cannot be made, any shortfall will be addressed during 2019.

J. That the Chief Financial Officer be given the authority to redistribute financing sources, including provincial funding, federal gas tax revenue, cash to capital, debt financing and others 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.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

K. That the following be included in the Parks Buildings capital program (p. 2-43 of Volume 3 Capital Project Detail):

"Capital close-out of the above-listed projects will not commence until the projects are substantially completed."

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

3. That Council approve a change to the local and regional street renewal reserves to include the repair, renewal and/or replacement of bridges as an eligible expense to be funded from these reserves.

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

DECISION MAKING HISTORY:

Moved by Councillor Gillingham,

That the Preliminary 2019 Operating Budget and 2020 to 2021 Projections, and 2019 Capital Budget and 2020 – 2024 Five Year Forecast, tabled at the Executive Policy Committee meeting on March 1, 2019, be approved with the following amendments:

- Add the following new Recommendations after 1.A.i.:

"a. That $100,000 be included in the 2019 operating budget, funded by an equivalent increase to the efficiency savings held corporately, to enable the Chief Administrative Officer to procure external consulting services required to undertake a strategic planning session involving all members of Council no later than 60 days after the 2019 City budgets are passed, with the goal of establishing City wide priorities and a process for developing the 2020 multi-year budgets.

b. That Council approve an increase of $82,229 in 2019 to provide for a retroactive adjustment to the 2017 Universal Funding Formula grants payable to community centres that experience a population growth based on the preliminary results of the 2016 Statistics Canada Census Data and that this increase be offset by an adjustment to the Corporate efficiency savings.

c. That Council approve an increase to the operating revenue grant from the Province of Manitoba by $200,000 to reflect the consolidation of the General Council of Winnipeg Community Centres (GCWCC) grant into the City's operating basket funding, and that there be a corresponding increase to the operating expenditures for Community Services Department to pay out this grant to GCWCC, such grant to be utilized by GCWCC for purposes to be approved by the Chief Financial Officer.

d. That Council approve non-recurring legal services funding of $97,200 for consulting and that this increase be offset by an adjustment to the Corporate efficiency savings in 2019.

e. That Council approve the following:

1. An increase for the Winnipeg Arts Council by $250,000 in 2019 to be funded by cash to capital and that the increase in 2019 be offset by an adjustment to the Corporate efficiency savings.

DECISION MAKING HISTORY (continued):

2. An offsetting decrease for the Winnipeg Arts Council by $250,000 (from $500,000) in 2020 and that this adjustment be included in the 2020 projections.

f. That the Assiniboine Park Conservancy (APC) operating grant be approved, subject to confirmation from the Winnipeg Public Service that APC is in compliance with the lease and funding agreement.

g. That Council approve an annual increase of 1 FTE ($69,578 prorated in 2019) for a Supervisor of Urban Forestry Technical Services in Public Works Department to plan and implement the Emerald Ash Borer Emergency Response Plan and the Comprehensive Urban Forest Management Plan and that the 2019 increase be offset by an adjustment to the Corporate efficiency savings and that the 2020 and 2021 increase of $99,565 and $104,639 respectively, be included in the projections.

h. That Council approve an increase of $15,000 in order to aid in the hosting of the 2020 Francophone & Francophile Cities Convention in Winnipeg and that this increase be offset by an adjustment to the Corporate efficiency savings."

- Add the following new Recommendation 1.V.i.e.:

  "e. A review of the use of Special Operating Agency dividends."

- Add the following new Recommendations after 2.A.i.:

  "a. That Council immediately call upon the Province of Manitoba to provide the outstanding $40 million to fulfill the final $50 million payment to the City of Winnipeg for the 2018 roads program and to establish a go forward commitment towards local road renewal for the City of Winnipeg in 2019 and beyond.

  b. That the Public Service continue to seek clarity from the Province of Manitoba on how and when it fulfilled its five-year, $250 million roads funding commitment to the City of Winnipeg

  c. That Council refer to the appropriate committee of Council the annual capital program of $300,000 per year over the next six years to implement the Off-Leash Dog Areas Master Plan for consideration in the 2020 capital budget process.

DECISION MAKING HISTORY (continued):

d. That Council approve the $250,000 increase in 2019 capital budget for the Public Art Strategy program offset by a corresponding decrease in the 2020 capital forecast as set out in recommendation 1.A.i.e)"

- Amend Recommendation 2. B. by deleting "21.010", identified as the 2019 cash to capital contribution, and replacing it with "21.260", and by deleting "65.141", identified as the 2020 cash to capital contribution, and replacing it with "64.891".

- Add the following new Recommendation 2.K. and renumber the remaining recommendation accordingly:

"2.K. That the following be included in the Parks Buildings capital program (p. 2-43 of Volume 3 Capital Project Detail):

"Capital close-out of the above-listed projects will not commence until the projects are substantially completed."

and forwarded to Council.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 13, 2019, the Executive Policy Committee heard delegations and presentations pertaining to the Preliminary 2019 Operating Budget and 2020 to 2021 Projections, and 2019 Capital Budget and 2020 - 2024 Five Year Forecast.

On March 1, 2019, The Executive Policy Committee referred the Preliminary 2019 Operating Budget and 2020 to 2021 Projections, and 2019 Capital Budget and 2020 - 2024 Five Year Forecast, to the following budget review process:

Thursday, March 7, 2019, 9:30 a.m.	Standing Policy Committee on Water and Waste, Riverbank Management and the Environment

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

Thursday, March 7, 2019, 1:00 p.m.	Standing Policy Committee on Infrastructure Renewal and Public Works
Friday March 8, 2019, 9:30 a.m.	Winnipeg Police Board
Friday, March 8, 2019, 1:00 p.m.	Standing Policy Committee on Protection and Community Services and Parks
Monday, March 11, 2019, 9:00 a.m.	Standing Policy Committee on Innovation
Monday, March 11, 2019, 1:00 p.m.	Standing Policy Committee on Property and Development, Heritage and Downtown Development
Wednesday, March 13, 2019, 9:00 a.m.	Executive Policy Committee – Delegations
Tuesday, March 19, 2019, 9:00 a.m.	Executive Policy Committee – Recommendation to Council
Wednesday, March 20, 2019, 9:30 a.m.	Council

Further, the Executive Policy Committee referred the Information, Transformation and Technology section of the budget to the Standing Policy Committee on Innovation.