Agenda – Council – December 12, 2019

Report – Standing Policy Committee on Finance – October 11, 2019

Item No. 1 Financial Management Plan

STANDING COMMITTEE RECOMMENDATION:

On December 3, 2019, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Finance and submitted the following to Council:

1. That the Winnipeg Public Service review the Financial Management Plan in consideration of additional input received and report back to Standing Committee within 90 days.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the forgoing.

Report – Standing Policy Committee on Finance – October 11, 2019

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 3, 2019, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Finance and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On November 8, 2019, the Standing Policy Committee on Finance requested that the Winnipeg Public Service review the Financial Management Plan in consideration of additional input received and report back to Standing Committee within 90 days.

COUNCIL DECISION:

On October 24, 2019, Council referred the item back to the Standing Policy Committee on Finance.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 15, 2019, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Finance and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On October 11, 2019, the Standing Policy Committee on Finance concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Financial Management Plan

Critical Path: Standing Policy Committee on Finance – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
T. Yanchishyn	P. Olafson, Interim CFO	P. Olafson, Interim CFO	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

The City's Financial Management Plan is the City's strategy for guiding financial decision-making, meeting long-term obligations and improving its economic position and financial stability. It requires periodic updates to ensure alignment of goals with new financial or economic realities or Council priorities. The Financial Management Plan was last updated on March 23, 2011.

The Public Service is recommending the attached Financial Management Plan (Appendix A) be approved to establish the renewed goals for the City which together will work to address the current unsustainable operating and capital budget deficits.

RECOMMENDATIONS

1. That the Financial Management Plan Policy, attached as Appendix A, be adopted.

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

REASON FOR THE REPORT

The City's third Financial Management Plan was adopted on March 23, 2011. The Financial Management Plan is the City of Winnipeg's strategy for guiding financial decision making, meeting long term obligations, and improving its economic position and financial stability. The Plan sets forth the guidelines against which current and future performance can be measured, and assists the City in planning fiscal strategy with a sustainable, long-term approach.

The *OurWinnipeg* Plan indicates that the City should "periodically review and report on the financial management plan." A new Financial Management Plan should be adopted to outline the financial strategy over the next five to ten years.

IMPLICATIONS OF THE RECOMMENDATIONS

As the Financial Management Plan is a policy document, there is no financial impact to the recommendations. The application of the goals within the Plan will guide future financial decision making.

HISTORY/DISCUSSION

Council has approved three Financial Management Plans as follows:

1. July 12, 1995
2. April 25, 2001
3. March 23, 2011

An updated Financial Management Plan is required to guide financial decision-making under the direction of a new Council. The tax-supported operating budget has a structural deficit that is financially unsustainable. This is a result of 14 years (1998 to 2011) of property tax reductions or freezes. Tax increases in the last seven years (2013-2019) have primarily been used for capital improvement, specifically from 2016-2019, the full tax increase of 2.33% dedicated to roads (2%) and the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve (.33%). Property taxes are now the lowest of other major Canadian cities. Methods used to balance operating budgets, including one-time transfers from reserves and sales of assets, are now nearly exhausted. A tax strategy will be determined in the context of maintaining the City's financial sustainability but will not necessarily prescribe a tax increase. The City is also facing a significant infrastructure deficit requiring continued prioritization. Increased focus on innovation throughout the organization challenges departments on better ways to deliver services.

This Financial Management Plan establishes the following renewed goals which together will work to address the current unsustainable operating and capital budget deficits:

1. Ensure a sustainable revenue structure
2. Support a sustainable and competitive tax environment
3. Support economic growth
4. Support long-term financial planning
5. Build, maintain, and enhance infrastructure assets
6. Manage expenditures
7. Manage debt
8. Ensure adequate reserves and liquidity

Each goal is accompanied by a target and a measure in the attached updated Financial Management Plan. The City commits to reporting regularly to Winnipeg's citizens on its progress in meeting these goals.

FINANCIAL IMPACT

Financial Impact Statement

Date: September 24, 2019

Project Name:

Financial Management Plan

COMMENTS:

There is no financial impact as this is a policy document. The Financial Management Plan provides a framework for the City of Winnipeg's overall financial planning and management.

original signed by

Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:
Corporate Finance
Infrastructure Planning Office

OURWINNIPEG POLICY ALIGNMENT

01-3 – A City That Works – Prosperity – Direction 1 - Our Winnipeg indicates that the City should “periodically review and report on the financial management plan”.

SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller’s
Prepared by: T. Yanchishyn
Date: September 24, 2019

Attachments: