Minutes – Executive Policy Committee – February 16, 2022

REPORTS

Item No. 10 Airport Area West Fiscal and Economic Impact Analysis

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That this report be received as information.

Minutes – Executive Policy Committee – February 16, 2022

DECISION MAKING HISTORY:

Moved by Councillor Gillingham,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Yea:	Bowman, Allard, Browaty, Gillingham, Gilroy, Mayes, Rollins	7
Nay:		0

Carried

ADMINISTRATIVE REPORT

Title: Airport Area West Fiscal and Economic Impact Analysis

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Dryburgh T. Markowsky	M. Jack	N/A	M. Jack

EXECUTIVE SUMMARY

The Public Service has completed a fiscal and economic impact analysis of providing municipal servicing to the Airport Area West (AAW) lands in the City of Winnipeg situated in CentrePort Canada South. The fiscal analysis identifies the municipal revenues and expenditures generated by AAW over a 50-year period, while the economic impact considers potential job growth, wages, and government revenues at full build out that are generated as a result of servicing these lands.

A previous Employment and Commercial Lands Study for the City of Winnipeg completed in 2018 notes that the City faces a shortage of serviced industrial land and servicing of the land located in AAW is key to addressing this shortage.

Fiscal Impact Net Present Value (NPV) Analysis Key Findings:

1. The total NPV (i.e. the value in today's dollars) to the City of Winnipeg of servicing AAW is $115M after fifty years, with the NPV to tax-supported operations ($11M) differing from the NPV to utility ($104M) operations.
2. The break-even year for this investment to the City (i.e. when revenues from AAW equal expenses) is expected to occur 27 years after development begins. Prior to the break-even year, existing municipal tax and utility ratepayers will be responsible for carrying the capital and operating cost associated with servicing AAW. Funding from senior levels of government to help offset infrastructure costs would result in an earlier break-even year.

Economic Impact Analysis Key Findings:

1. The AAW represents a strategic area for the expansion of local employment lands which is located near tri-modal transportation networks and access to Canada's Foreign Trade Zone programs.
2. The land is anticipated to accommodate approximately 16,000 full-time jobs at full build out which in turn will generate up to $787 million in wages (2020 dollars) annually resulting in the following government revenues (at 2020 tax rates):
    - Federal Government: $129 Million

- Province of Manitoba: $107 Million
- City of Winnipeg: $80 Million

The City of Winnipeg engaged key stakeholders and retained a third-party consultant (Watson & Associates Economists) to conduct a review of the City's fiscal and economic analysis of AAW. The consultant observed that the City's analysis was "robust and thorough" and concluded that "although certain observations would increase the NPV and others would decrease the NPV, it is expected that these refinements, in total, may provide a more positive NPV than what the initial analysis has concluded."

The fiscal and economic analysis of the AAW completed by the Public Service is located in Attachment A. The peer review of the City's analysis conducted by Watson & Associates Economists is located in Attachment B.

RECOMMENDATIONS

1. That this report be received as information.

REASON FOR THE REPORT

The City of Winnipeg Employment and Commercial Lands Study completed in 2018 highlighted the need for more serviced industrial lands within the City of Winnipeg to accommodate future employment and economic growth. This study identified the servicing of lands located in Airport Area West (AAW) in the northwest quadrant of the City as key to addressing this shortage.

As such, in 2021 the interim CAO asked the Economic Research office to complete a fiscal and long-term economic impact analysis of providing municipal services to the lands in AAW. This was requested to help weigh the costs associated with new development to the revenue received, along with understanding how each level of government (municipal, provincial, and federal) would benefit from the expansion of serviced employment and residential lands within the City of Winnipeg.

The City of Winnipeg's 2022 Balanced Budget Update includes $20 million (net of land purchase) towards the estimated $ 60 million cost of the first phase (1A) of the water and wastewater infrastructure for AWW, subject to receiving equal funding contributions for this investment from the Provincial and Federal Governments.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications from receiving this report as information.

HISTORY/DISCUSSION

In October 2008, the Manitoba Provincial Government enacted the CentrePort Canada Act which established CentrePort Canada Inc. Corporation with the mandate to oversee the development of an inland port and foreign trade zone in the northwest quadrant of Winnipeg near Winnipeg James Armstrong Richardson International Airport. This 20,000-acre area is

seen as having strategic trade advantages as it is located near major highway, rail, and air transportation networks. The CentrePort Canada area encompasses land in both the Rural Municipality of Rosser (CentrePort North) and the City of Winnipeg (CentrePort South).

In 2010, the Provincial and Federal governments invested $212 million to build the CentrePort Canada Way expressway, which is a four-lane highway connecting Inkster boulevard to the Perimeter (PTH 101). The highway opened in 2013 and enables local businesses in the north-west region to efficiently access Manitoba's highway networks. CentrePort Canada Way will also eventually serve as a link to the Headingly bypass once constructed, allowing quicker access to the Trans-Canada Highway.

The City of Winnipeg Employment and Commercial Lands Study completed in 2018 indicated there is only 591 acres of serviced industrial land available in Winnipeg and in total, only 14 per cent of all industrial land in Winnipeg was vacant. This highlighted the need for additional industrial land to be serviced to help facilitate economic growth and attract new businesses to Winnipeg. Servicing of the AAW lands located within CentrePort Canada South were identified as key to addressing this shortage.

The AAW land is largely vacant and is currently zoned agricultural. Providing municipal servicing to AAW would enable both the development in CentrePort Canada South and the residential development of the area bounded by CentrePort Canada Way to the north, Sturgeon Road to the east, Saskatchewan Avenue to the south, PTH 101 to the west.

In May 2021, KGS group released their Airport Area West Water and Wastewater Servicing Preliminary Engineering report, detailing $112.6 million (2020 dollars) class 3 cost estimate for providing water and wastewater infrastructure to the entire area. Servicing for Phase 1A of this development is estimated to cost $60 million. The City of Winnipeg's fiscal and economic impact analysis of AAW in Appendix A is based on the land use shadow plan detailed in KGS Group's engineering report.

On June 24, 2021, City of Winnipeg Council enacted the Airport Area West Industrial Secondary Plan By-law (By-law No. 100/2020) and the Airport Area West Residential Area Secondary Plan By-law (By-law No. 85/2016).

In October 2021, the City of Winnipeg identified the acceleration of servicing to the Airport Area West as one of the options in its Economic Response and Recovery Plan due to the COVID-19 pandemic.

FINANCIAL IMPACT

Financial Impact Statement **Date:** January 17, 2022

Project Name:

Airport Area West Fiscal and Economic Impact Analysis

COMMENTS:

There are no financial implications in receiving this report as information.

"electronically approved by J. Peters"

Jocelyn Peters, CPA, CGA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- Planning, Property and Development Department
- Corporate Finance
- Water and Waste Department
- Public Works Department
- Winnipeg Police Service (WPS)
- Assets and Project Management Department (Municipal Accommodations)

OURWINNIPEG POLICY ALIGNMENT

Enabling the development of the Airport Area West aligns with the following OurWinnipeg 2045 (awaiting third reading) goals:

- Economic Prosperity
    - Policy 3.5: Strategic Enterprise supports that invest in employment lands servicing based on an analysis of municipal and regional supply, municipal return on investment, and future land requirements in industry sectors that are integral to achieving sustainable, local economic growth.
- City Building
    - Policy 6.25: Designate Employment Lands within the Urban Structure, to accommodate forecasted job growth and advance economic development in both the City and region, while mitigating incompatible land use conflicts, to provide stable operating environment for businesses, and to promote community health and safety.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

N/A

SUBMITTED BY

Department: Office of the Chief Administrative Officer
Division: Economic Research
Prepared by: Tyler Markowsky
Date: January 17, 2022
File No: N/A

Attachments:

Attachment A: City of Winnipeg AAW Fiscal Impact Analysis – Final Report

Attachment B: Watson and Associates Financial and Economic Impact of AAW – Peer Review