MANITOBA HEAVY CONSTRUCTION ASSOCIATION (MHCA)
Unit #3-1680 Ellice Avenue, Winnipeg, Manitoba, R3H 0Z2

March 15, 2023

Presentation to: **Mayor Scott Gillingham & Members of the Executive Policy Committee of Council**

From: Chris Lorenc, B.A., LL.B., President & CEO, MHCA

Subject: **2023 Preliminary Operating & Capital Budgets**

As you will have heard presented by us, foundationally, the MHCA's long-standing approach to budget structures is based on three pillars:

- That budgets focus on growing the economy to grow revenues, to address rising demands for services.
- That they be socially progressive, focusing on community well-being to better the lives of all; and
- That they be environmentally responsible and advance resource stewardship.

Growing the economy is Job #1 of all levels of government. Without economic growth the revenues necessary to support and augment all services – core, cultural, social – simply will not be sustained.

We are gratified to see many of the above elements reflected in Budget 2023.

So, the MHCA is pleased to support the 2023 Balanced Budget Update. In doing so we acknowledge and appreciate the difficult fiscal challenges you face, not the least of which is the need for a new fiscal deal, or a new funding model as our Mayor refers to it, between the city, Manitoba and by extension the federal government.

And some progress and opportunities are appearing on the horizon.

For example, the recent announcement by Manitoba to increase base grants to all municipalities, including Winnipeg, was welcome news but only a first step of a necessary new funding-model discussion. The announcement effectively acknowledges the constrained abilities of municipalities to meet service demands with the limited resources they now have.

It is clear the City of Winnipeg, as with all municipalities, cannot meet the increasing demands on its services without a better way to share in the fair, proportionate distribution of wealth generated by its citizens.

Remember the context of this discussion. The Capital Region, Winnipeg plus the 17 municipalities surrounding it, are 67% of the population and contribute 65% of the overall provincial GDP. It makes sense this economic powerhouse should benefit from a greater share of the revenues spun off from its '*economic eco-system*', enabling it to spur greater growth.

A new funding model would serve as a platform to generate additional and new revenues, to strengthen existing and provide new services necessary to keep our growing cities and towns competitive nationally and globally.

With a pending provincial election, Winnipeg should seize the moment and press all provincial party leaders to publicly commit to voters, to negotiating a new funding model. Whether it is based on sharing growth taxes, or a combination of revenue sources matters less, than undertaking to review and re-position the municipalities with fiscal power and flexibility enabling delivery of quality services benefiting municipalities and provincial government alike.

Welcome in Budget 2023 is the proposed increase to the investment forecasts for the Local and Regional Street Renewal program, 2023-2026, including by $19 million this year. We recognize this was made possible by the decision to increase taxes, including the frontage fee each of which was supported by the electorate in the October 2022 civic elections.

The MHCA supports measured tax adjustments to ensure the quality of services provided to Winnipeggers do not falter, especially given the absence of a better, fairer distribution of tax revenues between levels of government.

The MHCA encourages all governments to view all expenditures through the lens of *investment* – leverage municipal budgets to grow the economy, to generate increased revenues in return.

Investment in infrastructure – in particular, core and trade-enabling infrastructure – is an investment in community well-being because of its immediate and long-term return to GDP. Our transportation infrastructure moves people to jobs and goods to market; our core infrastructure protects our communities from the increasingly frequent climate change driven extreme weather events.

Investment in trade-enabling infrastructure is critical to enhancing our local, provincial, regional, domestic and global trade profiles, each of which require sustained predictable and incremental investment to keep contributing to our economic and social well-being.

We need to be reminded of the importance of trade to our economy. We are a trade-based economy.

Trade represents 53% of Manitoba's GDP already sustaining roughly 240,000 direct and indirect jobs in Manitoba, and 65% of Canada's GDP. That means that more than half of our economy relies upon moving goods to and from market, sustaining an estimated 3 million jobs across the country.

Our businesses, agricultural producers, manufacturers, our sizeable transportation industry – anyone who needs to import or export – all need reliable, efficient transportation corridors that are seamlessly connected to get their products in or out of the province, to customers in Canada, the US and Mexico, or – increasingly – to global markets.

In short, harnessing trade is the most direct way to grow our economy and we do that by enhancing our trade profile and productivity.

So, make no mistake, these assets are all about investment. This is not "spending."

So often we hear the term *"spending"* used in relation to budgets. However, budgets for trade-enabling infrastructure, for our transportation system, for our water and waste-water utilities are by definition, an investment.

They are not just *shovel ready*, they are more importantly *shovel worthy projects*, *worthy* of public-sector investment. Not just an investment in the ease of movement and protection of our communities, but in our economy and therefore our social well-being.

Investment in trade-enabling transportation infrastructure brings immediate and long-term returns to the GDP – in the order of $1.30 and $1.90 for every expended dollar – because of transportation's role in moving people to jobs and goods to market.

According to the Canadian Centre for Economic Analysis *"every additional $1 million invested in transport infrastructure, creates approximately 151 jobs across Canada, generating $7.5 million in wages and $17 million in export-related GDP activity."*

And consider the *'better cheaper faster'* proposition for which **CentrePort Canada** stands, which has already attracted more than $1.5 billion, in private-sector investment which is growing our global trade profile.

That phenomenal progress will only be augmented by the provincial contribution of $40 million made in January 2023 by Premier Stefanson, supporting Winnipeg's $20 million, towards the $60-million investment in the extension of sewer and water, into CentrePort South, which sits entirely within the City of Winnipeg.

And so, we applaud important, trade-supporting investment measures set out in Budget 2023:

1. Funding the design study of projects central to expanding Winnipeg's transportation system:
    a. Extending Chief Peguis Trail; and,
    b. Widening Kenaston Boulevard – both, key corridors in the trade network; and

2. Confirmation of servicing CentrePort Canada South with water and waste-water infrastructure. CentrePort Canada North has spun off more than $1.5 billion in private investment, benefiting all levels of government, including the RM of Rosser. The same, if not more, can be expected by the development of the CentrePort South footprint, a potential that will be unlocked with serviced land.

We also applaud the decision to review the future of the Arlington Street bridge. The bridge has a long history in lives of North Enders and connecting our neighborhoods. While it has outlived its capacity for heavy vehicles, the Arlington Street bridge can potentially continue to serve our neighborhoods and celebrate our history.

This pause allows for further community consideration on how the structure can be reimagined perhaps re-purposed for future use, and how the transportation links to the North End can be redesigned to ensure the efficient movement of traffic while preserving communities and neighborhoods. We spoke to this at Public Works.

Now on the specifics of the Local & Regional Street Renewal Program 2023-2028, as noted earlier, the decision to increase investment, against earlier forecasts, in street renewals is welcome and wise. Forecasted program budgets (Budget 2022) showed dramatic reductions, largely due to the completion of the tri-governmental agreement to accelerate renewal of regional roads.

However, even with the additional program funding, the forecasted budgets for our regional street network will fall 2024 to 2028. That was never contemplated in the original plan and policy for regional streets when its dedicated annual tax was implemented in 2014. *It was recognized then, as it should be now*, that budgets must increase incrementally to maintain (and construct new) regional roads to support a growing economy and population.

We urge EPC and Council to attend to this pressing issue. In service of that, press Manitoba and Canada for a successor agreement to continue the work to renew our regional roads.

The MHCA also once again urges Council to address the needs of our bridges and overpasses and for our active transportation system, through a financial strategy dedicated to each of those programs.

The 2% dedicated tax implemented for street renewal was not designed and cannot support all things – we implore Councilors to resist the temptation to divert these revenues to other priorities.

Again, each is deserving of its own financing strategy.

2023 marks the last year "update" to Winnipeg's first four-year budget plan. Council is to be congratulated on the foresight in adopting a multi-year budget approach; it has served Winnipeg well, as evidenced by the fiscal challenges arising from the economic turmoil of the 2020 pandemic.

It is a good time, as City Council begins the process of setting out a new, multi-year budget plan, to take a holistic view of Winnipeg's current and future needs from its critical transportation infrastructure, to craft and adopt a financial plan and strategy to deliver.

This is an opportunity for Winnipeg to set out a Strategic Transportation Infrastructure Plan, a plan that sets economic growth and community well-being as its core goals.

The MHCA urges you to anchor all considerations as you enter these discussions in the Job #1 of government, which is to *grow the economy*. This is why Winnipeg now has a Senior Manager, Economic Development and Policy, a position we urge be elevated in profile to the equivalent of CFO or COO reporting to the CAO.

A growing economy enables you, as civic leaders, to provide a growing population with reliable core services, world-class cultural amenities and, importantly, the betterment of public health and safety for all citizens.

To conclude, the MHCA recommends:

- **Focus on growing the economy**:
  We recommend the Senior Manager, Economic Development and Policy position be elevated to a level equivalent to the CFO or COO reporting to the CAO, and that a standing committee of Council be tasked to oversee the development and implementation of an explicit economic growth strategy; that capital budgets be viewed through an economic growth lens; that transportation plans and infrastructure investment strategies harness their ROI to GDP impact to support growth.

- **Transportation Master Plan**
  Ensure that the final plan embraces the reality and connection, between investment in transportation and economic growth; its connection to growing the assessment base and expanded revenues to Winnipeg with which to fund its service priorities.

- **Press for successor funding agreements with senior levels of government**:
  Press the provincial government to enter into a '*new funding model*' with municipalities; press Ottawa and Manitoba to negotiate a *successor plan to the accelerated regional road program*.

- **Develop a detailed strategic transportation infrastructure plan:**
  Task a stakeholder group resourced by the Senior Manager, Economic Development and Policy to recommend a detailed Strategic Transportation Infrastructure Plan addressing targeted, strategic goals, including mode shift, induced demand and inverted mobility considerations.

- **Update full transportation system condition, needs and sustainable funding model**:
  Request Public Works to provide an updated assessment of the condition and needs of local and regional streets, AT and dedicated bus lanes, and bridges and structures. The updated Local and Regional Streets & AT Renewal Program must continue to see dedicated revenues. Bridges/structures renewal requires its own dedicated revenues and investment strategy.

As always, we appreciate, respect, and thank you for your service to the public though elected office. We are always willing to work collaboratively to advance good governance policies.

Respectfully submitted,



Chris Lorenc, B.A., LL.B.,
President & CEO, MHCA

cc. All Members of Council
MHCA Board of Directors