MANITOBA HEAVY CONSTRUCTION ASSOCIATION (MHCA)
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Presentation to: **Executive Policy Committee – March 15, 2024**

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

Subject: **2024 Preliminary Operating & Capital Budgets**

The MHCA is pleased to support the 2024 Multi-year Budget.

On numerous occasions before this committee and Council we have acknowledged the difficult challenges you and all members of Council have when preparing financial plans, including multi-year budgets.

More than any other, Budget 2024 plainly illustrates what MHCA and business stakeholder organizations have often noted is the fundamental problem with Council's ability to craft a strategy to meet increasing demands for service with limited financial capacity. Winnipeg - frankly all major urban municipalities - are badly hobbled in their abilities to raise and access revenue streams sufficient to the services expected in modern major cities.

This has to change if we are to meet the challenge of being home to 1 million people, within the next 25 years.

The additional pressures the growing population will place on our transportation system (and underground utilities) must be recognized in planning and finance forecasting. We are not investing sufficiently to maintain the system we have now – the last analysis (2018) saw 40% of our street system rated as fair to very poor, requiring $1.283 billion in work to bring existing roads to good condition.

The above does not consider the transportation infrastructure Winnipeg needs to accommodate population growth; it does not consider building out the city's broader economic growth potential.

The *2018 State of the Infrastructure Report*, spoke to the root of the problem – limited growth in revenue – behind the "unsustainable structural deficit" in the operating budget and the investment deficit seen in the capital budget.

> ***"In short, the City will face difficult choices in funding capital projects, determining affordability, and what potential sources of revenue may be available."***

The problem described above – and its solution -- have been discussed in a number of previous reports[1].

The funding challenges regarding improving and building out the transportation system are a symptom of the larger challenge City Council faces for meeting the growing demands for services, generally.

There has to be a better way to raise revenues than to lean more heavily on property owners.

In 1998 and again in 2000, task forces that were asked to assess the requirements of Winnipeg's transportation system produced for the Mayor and Council reports that discussed at length the fact the city, as with municipalities generally, cannot be expected to continue apace with service demands and to plan for a growing population on the turn-of-the-century model of tax-revenue sharing. This antiquated model ties the hands of cities and towns, which need the flexibility to benefit from growth taxes or more diverse and novel approaches seen in other jurisdictions.

Here, I would like to congratulate Mayor Gillingham and his budget working group on opening the door, even as a crack, to discussing with the provincial government an expansion of Winnipeg's traditional revenue-source base, and introducing a one-dollar 411 charge per cell phone.

We encourage Mayor and Council to continue to explore approaches that assist in raising revenue, reviewing alternatives adopted in other cities[2].

The 1998 and 2000 infrastructure funding reports highlighted the need for a New Fiscal Deal, a new funding model that recognizes municipalities need a fairer, modern fiscal relationship with higher levels of government, freed of the manacles that shackle their ability to think and act broadly for new revenue generation and to plan for growth and entice investment.

We cannot imagine what the city might become by stretching ever thinner the current dollars that flow to general revenues. We need to grow our economy, we need to make Winnipeg work, to build a city that acts as a magnet for new residents, businesses and enterprises.

Let's start crafting the vision and strategy to do that, beginning with talking to those on Broadway about a new funding model that acknowledges that cities own, and therefore maintain, more than 50% of public infrastructure but today receive just an estimated 10 cents of every tax dollar[3].

MHCA recommends these steps toward building a better city:

1. To support and enable the above, including the referenced need for a New Fiscal Deal, ***appoint a Chief Economic Development Officer, equivalent or reporting to the CAO***, to ensure a "whole of government" approach to growing Winnipeg's economy.
2. ***Put economic growth as a critical investment criterion of the updated Transportation Master Plan***, recognizing that the investments with higher return to our GDP seed economic growth and support sustainable funding to the recreational and cultural amenities that make a city great.
3. To ensure Winnipeg's trade transportation system can support the movement of goods and services, ***update the condition and needs of the existing system, the life-cycle and replacement costs, along with a service-level expectation of our local and regional roads***
4. ***Plan for new growth – where new infrastructure is needed*** to serve a growing population.
    - Support the necessary investments with a long-term financial plan equal to the challenge

The above steps cumulatively allow Council to engage the public, stakeholders and the provincial government to frame and define jurisdictional service and program-delivery expectations, supported by appropriate, transparent access to and sharing of growth and related revenue streams.

The MHCA is always willing to work with the City towards practical, workable solutions, to support its ratepayers with a strengthened civic fiscal capacity, each of which objectives is in our collective best interests.

Respectfully submitted,



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[1]Strategic Infrastructure Reinvestment Policy 2008; SIRP II – Implementation Report 2000
[2]For example, in addition to licensing fees, Calgary charges ride-share vehicles a $0.20 per ride fee. Chicago charges $0.15 per ride fee.
[3]Canadian Federation of Municipalities *The Case for Growing the Gas Tax Fund* http://tinyurl.com/4fxz9cd4