Agenda – Executive Policy Committee – June 17, 2025

Report – Standing Policy Committee on Finance and Economic Development – June 10, 2025

Item No. 1 Financial Status and Forecast Report of March 31, 2025

STANDING COMMITTEE RECOMMENDATION:

On June 10, 2025, the Standing Policy Committee on Finance and Economic Development concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That, in the event the General Revenue Fund reports a deficit at year-end, the Financial Stabilization Reserve Fund transfers to the General Revenue Fund the amount required to avoid a deficit, provided the amount required does not exceed the balance in the Financial Stabilization Reserve at the time of the transfer.

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

Agenda – Executive Policy Committee – June 17, 2025

Report – Standing Policy Committee on Finance and Economic Development – June 10, 2025

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On June 10, 2025, the Standing Policy Committee on Finance and Economic Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Financial Status and Forecast Report of March 31, 2025

Critical Path: Standing Policy Committee on Finance and Economic Development – Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Speidel	T. Graham	T. Graham	S. Armbruster, Interim CAO

EXECUTIVE SUMMARY

This report is the first of four updates the Public Service provides annually to the Standing Policy Committee on Finance and Economic Development ("the Committee") on the financial forecast and other key information. Forecasts to the end of the year are provided to the Committee as at March 31, June 30, September 30, and actuals are provided as of December 31.

The report includes unaudited financial forecasts for General Revenue Funds (GRF) and Utilities Funds (Transit, Waterworks System, Sewage Disposal System, Solid Waste Disposal, and Land Drainage). Municipal Accommodations has not been included because its surplus/(deficit) is always reported as zero. Any surplus or deficit in this fund is adjusted through the transfer to the Asset and Project Management Department and is therefore reflected in the GRF results. The Special Operating Agencies (SOAs), Other Business and Other Partnerships that are included on consolidation are also not included in this report.

As of March 31, 2025, the forecast results show:

- General Revenue Fund is projecting a deficit of $18.9 million, which is equivalent to 1.3 percent of the overall expense budget ($1.419 billion) primarily due to:
    - $6.5 million net deficit in Winnipeg Fire Paramedic Service mainly due to higher overtime offset by additional revenues;
    - $5.4 million net deficit in Planning, Property and Development mainly due to lower-than-expected permit fees and subdivision filing fees;
    - $4.3 million net deficit in Winnipeg Police Service due partially to not achieving their $5.1 million expenditure management target;
    - $3.0 million net deficit in Asset and Project Management due to lower-than-expected recoveries for maintenance;
    - Offset by a $4.6 million surplus in Public Works due to lower than budget snow clearing and ice control costs, as a result of mild temperatures in Q1.

- Utilities Fund is projecting a surplus of $66.4 million:
    - Transit is projecting a deficit of $2.0 million due to lower fare revenue and increase in costs for buses, automotive and other parts.
    - Water and Waste forecast results are measured against the adopted budget and do not reflect the impact of the Solid Waste and Sewer volume rate changes approved by Council on March 27, 2025. With the new rates taking effect on April 1, 2025, the Solid Waste Utility is projected to generate a surplus of $3.4 million. This surplus, along with future surpluses, will be used to offset the prior year's deficit and support ongoing operations. The Sewer Utility results are required to fund significant capital investments and maintain operations. The forecast aligns with the rate application approved by Council. Overall, the Water & Waste funds are expected to contribute $73.2 million to retained earnings in 2025.

To date, $6.5 million in forecasted corporate efficiencies have been achieved for carbon tax and provincial fuel tax. The savings have been forecasted within impacted departments.

Schedule 3 attached shows the summary of unaudited revenue and expenses per fund.

The forecasted year-end balance in the Financial Stabilization Reserve Fund (FSR) as of March 31, 2025, is $21.5 million, which includes interest of $0.6 million, a $0.4 million transfer from the GRF, $6.92 million in funding from the Province of Manitoba for the One Manitoba Growth Program offset by the forecasted deficit in net-taxes added of $4.0 million. The FSR can be used to cover the deficit in the GRF, if approved by Council.

RECOMMENDATIONS

1. That, in the event the General Revenue Fund reports a deficit at year-end, the Financial Stabilization Reserve Fund transfers to the General Revenue Fund the amount required to avoid a deficit, provided the amount required does not exceed the balance in the Financial Stabilization Reserve at the time of the transfer.

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

REASON FOR THE REPORT

On December 17, 1997, Council approved clause 1 of the report of the Standing Committee on Fiscal Issues, which requires that a periodic report be approved on a quarterly basis, until September and then monthly thereafter, by the Standing Committee on Fiscal Issues. Since that time, the Standing Committee on Fiscal Issues has been renamed Standing Policy Committee on Finance and Economic Development.

On January 12, 2023, the Standing Policy Committee on Finance and Economic Development (SPC FED) approved that the Financial Status and Forecast Report will be prepared and received quarterly.

On January 1, 2025, the SPC FED approved that the Financial Status and Forecast Reports to the Committee be reduced from five reports to four quarterly reports dated March, June, September and December.

IMPLICATIONS OF THE RECOMMENDATIONS

The FSR will be drawn upon in the event of a deficit in general revenue fund as of December 31, 2025.

HISTORY/DISCUSSION

Financial Stabilization Reserve Fund

Council established the Financial Stabilization Reserve Fund (FSR) to counteract the budgetary effect of fluctuations from year to year in property and business taxes and/or to fund deficits in the General Revenue Fund (GRF) to assist in stabilization of the City's property tax requirements.

The forecasted year-end balance in the FSR as of March 31, 2025, is $21.5 million, which includes interest of $0.6 million, a $0.4 million transfer from the GRF and $6.92 million in funding from the Province of Manitoba for the One Manitoba Growth Program.

In 2025, Net Taxes Added are lower than expected by approximately $4.0 million which will be drawn from FSR as directed by Council on September 28, 2011.

The FSR can be drawn on to cover the $18.9 million deficit, if approved by Council. The draw would result in a forecasted balance of $2.6 million as at December 31, 2025. The Council approved minimum balance for the FSR for 2025 is $85.1 million, which is 6 percent of the tax-supported budgeted expenditures. The shortfall in the fund is $82.5 million (see schedule 6 attached).

Under Recommendation J of the Adopted 2025 Budget, work to replenish the FSR is ongoing. This forecast does not include the first recommendations being presented to EPC in June 2025.

General Revenue Fund

The year-end forecasted results on March 31, and the final year-end results, before final transfers for the General Revenue Fund for the past five years were as follows (in millions $):

YEAR	SURPLUS (DEFICIT) MARCH 31	SURPLUS (DEFICIT) DECEMBER 31
2025	($18.9)	TBD
2024	($39.3)	$7.2
2023	($27.0)	($0.3)
2022	($53.9)	($83.0)
2021	($12.7)	($22.3)

Winnipeg Fire Paramedic Service

The Winnipeg Fire Paramedic Service is forecasting a deficit of $6.5 million primarily due to overtime to maintain operational level of service. These additional costs have been partially offset by additional revenues from Shared Health.

Corporate Accounts

The Corporate accounts include general revenue and expense/savings budgets not directly allocated to any other public or internal service. Included in these accounts are budgeted efficiency savings of $26.1 million for all of 2025. These savings are realized through any number of means, including the $6.5 million in carbon tax and fuel tax savings: $1.5 million in the GRF and $5.0 million in Utilities. For the Q1 forecast, $6.5 million of these savings have been recognized (see schedule 2).

Planning, Property and Development

The Planning, Property and Development department is forecasting an over-expenditure of $5.4 million mainly due to lower-than-expected permit revenues and sub-division filing fees.

Winnipeg Police Service

Winnipeg Police Service is forecasting a deficit of $4.3 million mainly due to achieving $0.8 million of their $5.1 million expenditure management target as of Q1. Savings to date include salary and benefits due to delay in hiring offset by overtime for white-out parties and higher equipment and material costs.

Public Works Department

The Public Works department is forecasting a surplus of $4.6 million primarily due to favourable weather in Q1, which resulted in lower than budget costs for snow removal and ice control partially offset with higher than budget costs for roadway construction and maintenance.

As of March 31, 2025, $39.5 million is forecasted to be spent on snow removal and ice control operations. Assuming these costs are on budget for the remainder of the year, this will result in a $5.6 million savings over budget for this service. This is mainly due to lower-than-budgeted snow events in the first quarter.

Other

Assessment and Taxation is forecasting a deficit of $1.3 million mainly due to a $2.8 million increase in the appeals allowance, offset by salary savings. Asset and Project Management is forecasting a deficit of $3.0 million due to a lower transfer from Municipal Accommodations. This is mainly due to lower recoveries for maintenance and higher service and material costs in Municipal Accommodations, which reduces the available funds for transfer.

Utilities Fund

Transit

Transit is forecasting a deficit of $2.0 million mainly due to lower fare revenue and increased costs in bus, automotive and other parts. This is offset by lower-than-expected fuel costs and carbon tax savings. The lower fare revenue is due to on-going challenges with fare evasion and the increase in costs for buses, automotive and other parts due to premature failure of some parts and delays in getting new buses on the roads.

	Forecast	Budget	Variance
Fares	$ 85.8	$ 86.1	$ (3.1)
Other	172.5	172.6	(0.1)
Total Revenue	$ 258.3	$ 261.5	$ (3.2)
Salaries	$ 148.7	$ 146.8	$ (1.9)
Parts	21.6	17.3	(4.3)
Fuel	24.5	28.3	3.8
Other	65.5	69.1	3.6
Total Expenditures	$ 260.3	$ 261.5	$ 1.2
Surplus (Deficit)	**$ (2.0)**	**$ -**	**$ (2.0)**

Water and Waste

Water and Waste forecast results are measured against the adopted budget and do not reflect the impact of the Solid Waste and Sewer volume rate changes approved by Council on March 27, 2025. With the new rates taking effect on April 1, 2025, the Solid Waste Utility is projected to generate a surplus of $3.4 million. This surplus, along with future surpluses, will be used to offset the prior year's deficit and support ongoing operations. The Sewer Utility results are required to fund significant capital investments and maintain operations. The forecast aligns with the rate application approved by Council.

On March 27, 2025, Council approved the change in 2025 sewer volume rate from $3.47 to $4.40 per cubic meter, and the Solid Waste Utility Financial Plan and Rate Model for 2025 – 2027 Report that recommend the new Solid Waste rates for tipping fees and waste management fee.

Potential Impacts to Year-End Results

Projected year-end results reflect the information available to date. Certain items involve a greater degree of uncertainty. Administration continues to monitor the following matters and update projections as necessary:

- Impact of new employee contracts for Canadian Union of Public Employees (CUPE), Winnipeg Association of Public Service Officers (WAPSO), Manitoba Government Employee Union (MGEU), and Winnipeg Fire Paramedic Senior Officers (WFPSO). All these agreements have expired as of March 31, 2025.
- Snow and ice control expenditures are weather dependent and difficult to predict. Greater snowfall than average may further impact the Snow and Ice Control program projected results.
- Vacancies and work absences are increasing overtime and worker’s compensation costs.
- Volatility in the costs of goods and services may be impacted by the ongoing trade dispute with the United States.
- Ability of departments to meet expenditure management targets.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 28, 2025

Project Name:
Financial Status and Forecast Report of March 31, 2025

COMMENTS:

There are no immediate financial implications with the recommendations of this report.

Jason Duke for R. Bernard

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- All City of Winnipeg Departments

OURWINNIPEG POLICY ALIGNMENT

Leadership and Good Governance

1.1 Organizational Alignment
All City policy implementation and enforcement tools must be aligned with the localized United Nations Sustainable Development Goals framework, consisting of Leadership and Good Governance; Environmental Resilience; Economic Prosperity, Good Health and Well-Being; Social Equity; and City Building contained in this Plan.

1.5 Evidence-Informed Decisions

Invest in data and technology in order to support objective, evidence-informed decision-making; support open government and open data principles for collection and sharing; help coordinate records and information management; and improve process efficiency, results-based service delivery and accountability.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CLA) and its Goals and Objectives, and it was determined that the CLA is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller
Prepared by: Helen Hasiuk/Janice Wood
Date: May 30, 2025

Attachments:

Attachment 1 includes:

- Schedule 1 – The City of Winnipeg – General Revenue Fund – Financial Status and Forecast Report
- Schedule 2 – The City of Winnipeg – General Revenue Fund – Budget Variances
- Schedule 3 – The City of Winnipeg – Summary by Fund
- Schedule 4 – The City of Winnipeg – General Revenue Fund – Net Mill Rate by Department.
- Schedule 5 – The City of Winnipeg – General Revenue Fund – Taxation Revenues; and
- Schedule 6 – The City of Winnipeg – Forecasted Balance of the Financial Stabilization Reserve Fund