

City of Winnipeg Financing Growth Study Council Information Session



Thursday, September 1st, 2016

HEMSON
Consulting Ltd.

Agenda

- Describe study process
- Outline Winnipeg's current approach to funding development-related capital projects
- Highlight comparative practices
- Summarize results of growth financing analysis:
 - Growth forecast
 - Development-related capital budget
 - Calculated residential and non-residential Regulatory Fees
- Discuss administration considerations

A Two Phase Study

Phase 1: Funding Options and Examine Development-Related Costs and Revenues

Launch project

Understand City's current context

Review of comparative practices

Initial consultation with industry stakeholders

Determine City's growth-related costs and revenues

Early June → Late July 2016

Phase 2: Develop a Growth Financing Implementation Framework

Review of comparative practices

Develop growth financing model

Calculate Preliminary Rates

Stakeholder consultation

Draft Report

Present Final Report to City

Late July 2016 → September 2016

How Is Off-Site Infrastructure Paid For?

Winnipeg

- Developers pay for some off-site costs related to boundary roads, intersections, and drainage

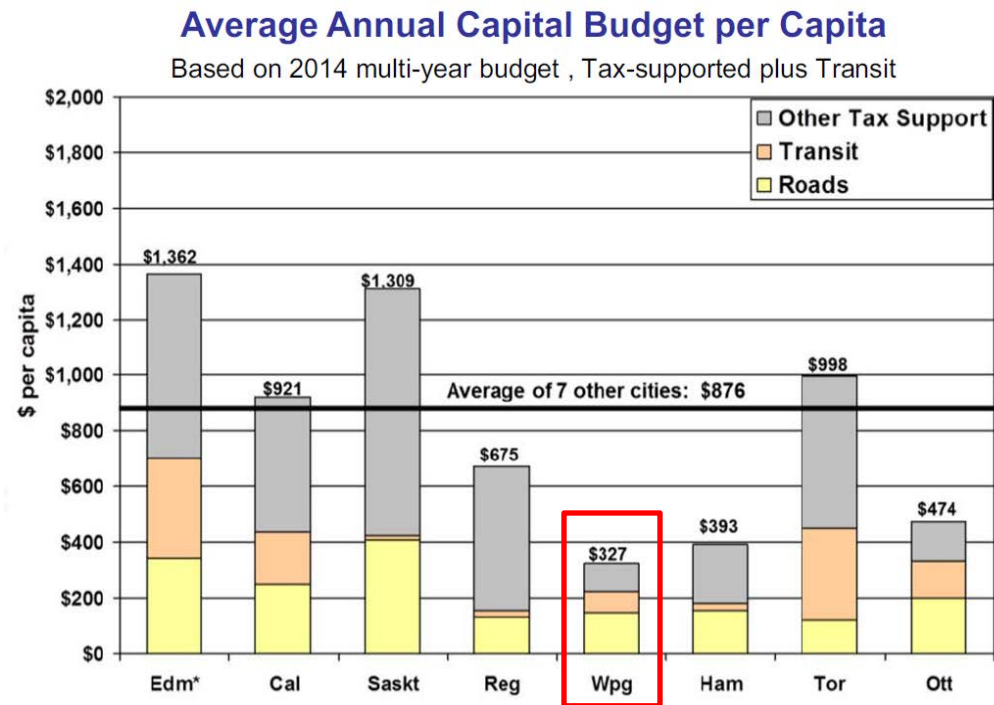
Elsewhere in Canada

- Development levies fund a broad range of off-site, growth-related infrastructure that also include surrounding municipalities



How Winnipeg Pays for Capital Today

- Most costs of growth are funded through property taxes and utility rates
- Capital spending has been significantly lower than in other major Canadian cities
- This has resulted in a growing infrastructure deficit



Source: City of Winnipeg Community Trends and Performance Report, 2016

The “Growth Pays For Growth” Principle

- Commonly means new growth directly funds required first-round infrastructure
- In Winnipeg “Growth Does Not Pay For Growth”
- Instead **all** property owners contribute through property taxes

Charges for Development-Related Capital

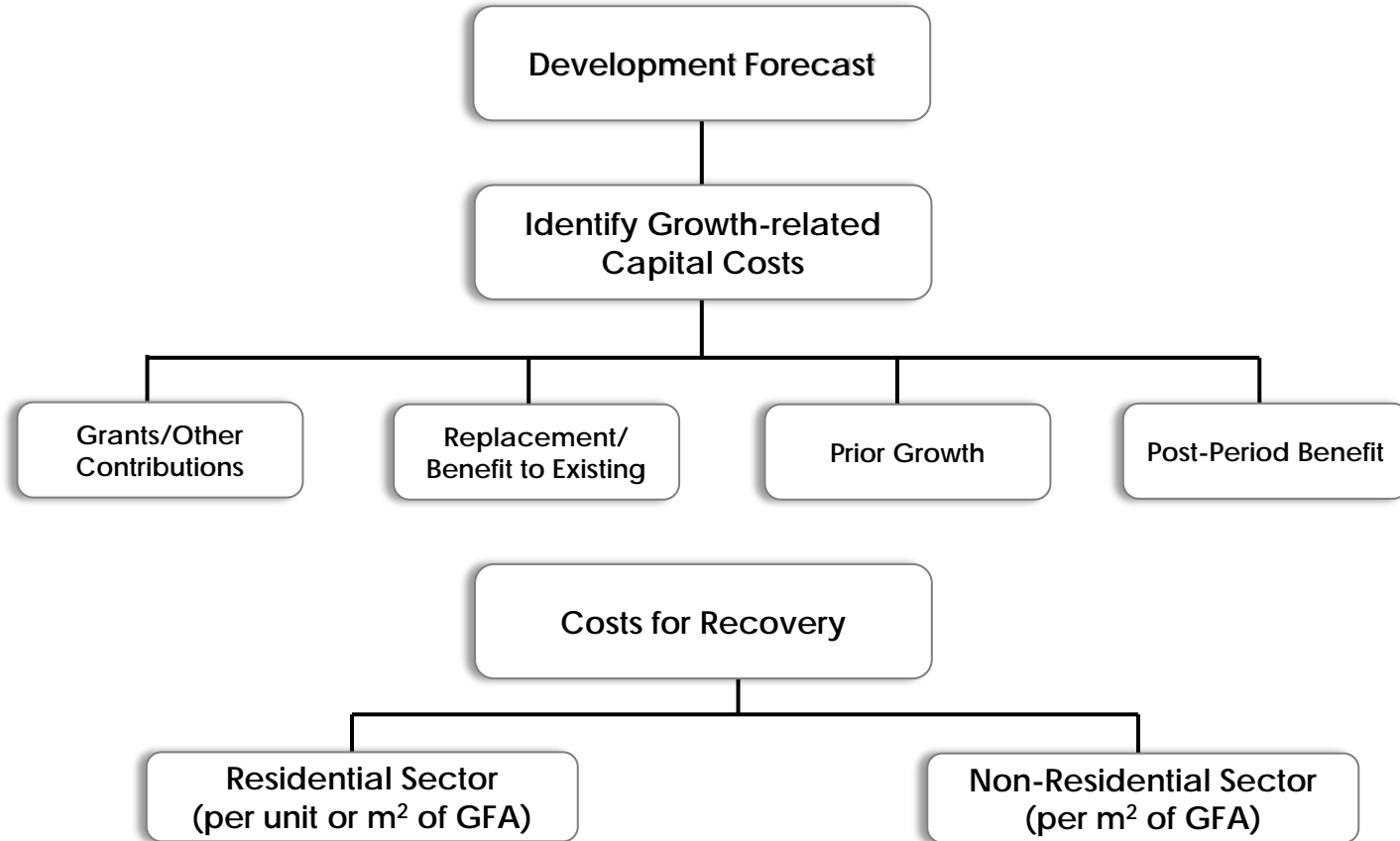
- Imposed on development to fund off-site, growth-related infrastructure
- Widely used by municipalities across Canada
 - Variation among enabling legislation
 - Municipalities use different approaches to determine costs for recovery, how charges are calculated, exemptions and discounts, etc.



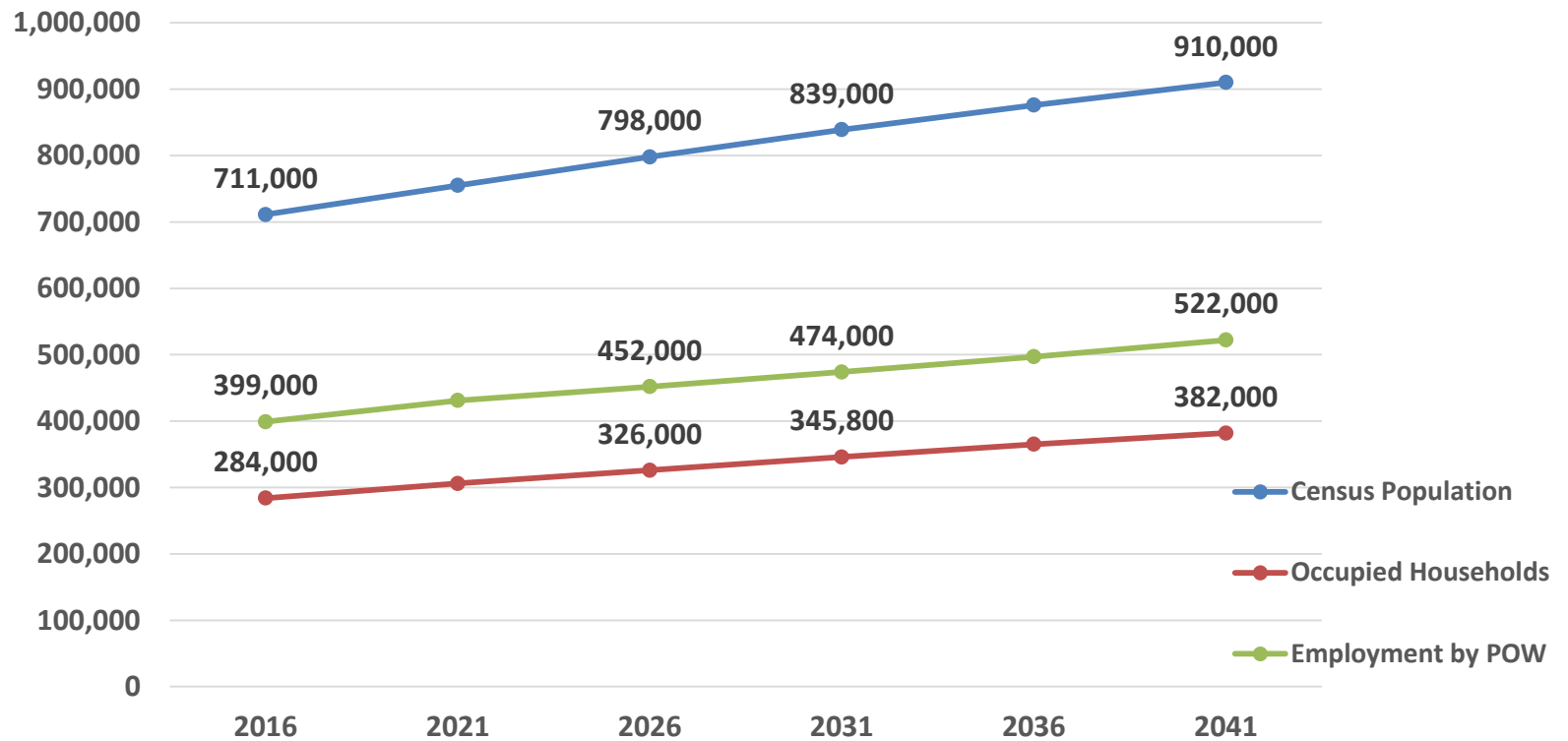
Services Recovered For Through Charges

	Toronto	Ottawa	Regina	Calgary	Vancouver	Surrey	St. Clements	East St. Paul
Water	*	*	*	*	*	*	*	*
Wastewater	*	*	*	*	*	*	*	*
Storm	*	*	*	*	*	*	*	*
Roads	*	*	*	*	*	*	*	*
Transit	*	*		*				
Parks & Rec	*	*	*	*	*	*	*	
Protection	*	*		*				
Library	*	*		*				
Childcare	*	*			*			
Housing	*	*			*			

Calculation of Potential Fees



Growth Forecasts



Development-Related Capital Projects

Parks and Open Spaces

- Major park improvements (Kilcona Park, Tyndall Park)
- Outdoor athletic facilities

Community Services

- Libraries
- Recreation facilities
- YMCA partnership for 3 new facilities

Solid Waste

- Brady Road Resource Management Facility: cell construction & new administration building
- Comprehensive Integrated Waste Management Strategy

Public Works

- Pedestrian and cycling paths
- Major road & bridge projects

Development-Related Capital Projects

Transit

- New BRT corridors
- Additional buses
- Mechanical and storage facility expansion

Fire & Paramedic Services

- New stations
- Station expansions

Police

- New stations and headquarters

Water

- New and upgraded water mains
- Water treatment plant
- Plant capacity validation

Wastewater

- New interceptor sewers
- Water Pollution Control Centres

Cost Offsets

- Grants, subsidies and other recoveries
- Replacement shares and benefits to existing population and employment
 - E.g. equipment and vehicle replacement, road resurfacing, facility rehabilitation
 - May be funded through property taxes, utility rates or frontage levies
- Benefits assigned to prior growth or post-period growth

Costs for Recovery: 10-year Benefitting Period

Service	Development-Related Capital Program				
	Gross Cost (\$000)	Grants/ Subsidies/ Recoveries (\$000)	Replacement & Benefit to Existing (\$000)	Prior Growth (\$000)	Total Costs for Recovery (\$000)
PARKS AND OPEN SPACES	\$61,650	\$6,540	\$45,695	\$0	\$9,415
COMMUNITY SERVICES	\$191,512	\$67,521	\$63,174	\$28,871	\$31,946
SOLID WASTE	\$34,600	\$0	\$30,248	\$0	\$4,352
TOTAL 10-YEAR BENEFITTING PERIOD SERVICES	\$287,762	\$74,060	\$139,117	\$28,871	\$45,713

Costs for Recovery: 15-year Benefitting Period

Service	Development-Related Capital Program					Total Costs for Recovery (\$000)
	Gross Cost (\$000)	Grants/ Subsidies/ Recoveries (\$000)	Replacement & Benefit to Existing (\$000)	Prior Growth (\$000)	Post 2031 (\$000)	
PUBLIC WORKS	\$3,471,887	\$1,714,532	\$711,460	\$165,611	\$232,499	\$647,785
TOTAL 15-YEAR BENEFITTING PERIOD SERVICES	\$3,471,887	\$1,714,532	\$711,460	\$165,611	\$232,499	\$647,784

Costs for Recovery: 25-year Benefitting Period

Service	Development-Related Capital Program				
	Gross Cost (\$000)	Grants/ Subsidies/ Recoveries (\$000)	Replacement & Benefit to Existing (\$000)	Prior Growth (\$000)	Total Costs for Recovery (\$000)
TRANSIT	\$2,615,300	\$1,514,841	\$703,415	\$31,597	\$365,447
FIRE & PARAMEDIC SERVICES	\$35,000	\$0	\$2,500	\$808	\$31,692
POLICE	\$231,178	\$2,800	\$186,972	\$13,444	\$27,961
WATER	\$310,868	\$0	\$227,969	\$22,495	\$60,404
WASTEWATER	\$1,177,172	\$267,680	\$656,075	\$419	\$252,998
TOTAL 25-YEAR BENEFITTING PERIOD SERVICES	\$4,369,518	\$1,785,321	\$1,776,930	\$68,764	\$738,501

Residential and Non-Residential Apportionments

- Parks and Open Spaces, Community Services: 100% residential
- All other services: 62% residential / 38% non-residential
 - Based on ratio of population to employment growth

Non-Residential Apportionments

- Non-residential apportionment per employment category:
 - Office
 - Institutional
 - Commercial/Retail
 - Industrial
- Shares based on job growth per category

Calculated Regulatory Fees: Residential

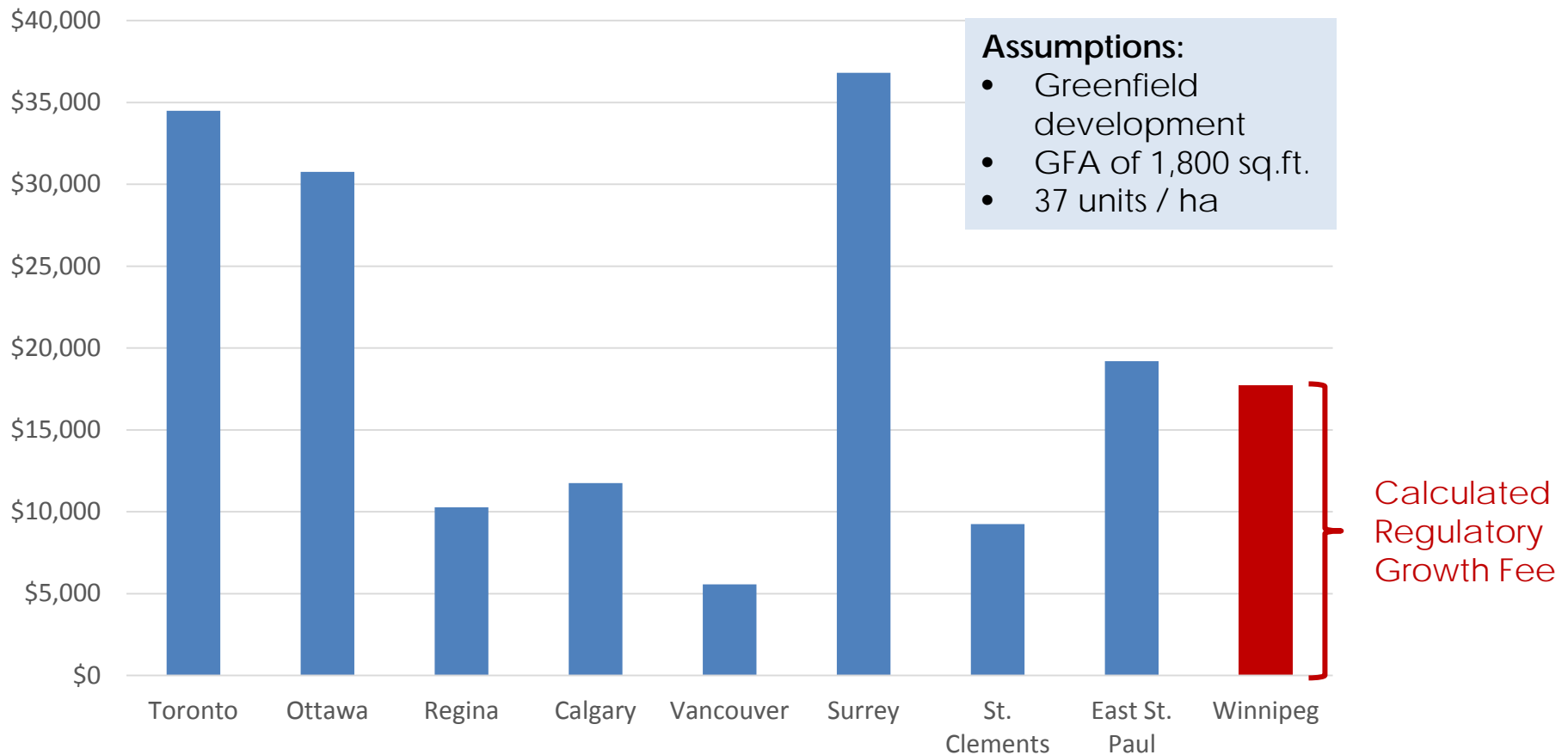
Service	Amount Per Square Metre	Sample Residential Charge	
		1,800 sq. ft. (167 sq. m)	850 sq. ft. (79 sq. m)
PARKS AND OPEN SPACES	\$1.79	\$299	\$141
COMMUNITY SERVICES	\$6.07	\$1,015	\$479
SOLID WASTE	\$0.53	\$89	\$42
PUBLIC WORKS	\$56.04	\$9,371	\$4,425
TRANSIT	\$20.22	\$3,381	\$1,597
FIRE & PARAMEDIC SERVICES	\$1.85	\$309	\$146
POLICE	\$2.09	\$350	\$165
WATER	\$4.50	\$753	\$355
WASTEWATER	\$16.36	\$2,736	\$1,292
TOTAL CALCULATED CHARGE	\$109.45	\$18,303	\$8,643

Calculated Regulatory Fees: Non-Residential

Service	Amount Per Square Metre			
	Office	Institutional	Commercial / Retail	Industrial
PARKS AND OPEN SPACES	\$0.00	\$0.00	\$0.00	\$0.00
COMMUNITY SERVICES	\$0.00	\$0.00	\$0.00	\$0.00
SOLID WASTE	\$1.17	\$0.48	\$0.79	\$0.32
PUBLIC WORKS	\$126.06	\$52.36	\$85.09	\$34.04
TRANSIT	\$44.53	\$18.50	\$30.06	\$12.02
FIRE & PARAMEDIC SERVICES	\$4.09	\$1.70	\$2.76	\$1.10
POLICE	\$4.60	\$1.91	\$3.11	\$1.24
WATER	\$9.92	\$4.12	\$6.70	\$2.68
WASTEWATER	\$36.14	\$15.01	\$24.40	\$9.76
TOTAL CALCULATED CHARGE	\$226.51	\$94.08	\$152.91	\$61.16

Residential Charge Comparison

Charge per single detached unit



Policy Considerations for Winnipeg

- Timing of payment
 - Building permit
- Fee units and categories
 - Residential proposed per sq. m
 - Non-res sq. m. based on four categories
- Exemptions/discounts
 - Government buildings?
 - Public schools?
 - Intensification areas?
 - Affordable housing?



Questions?