



2020 Operating and Capital Budget

# Planning, Property and Development – Economic Development



November 18, 2019

# Agenda

1. Strategic Objectives and Priorities
2. Performance Measurement
3. Operating Budget (including options to achieve target)
  - Operating Budget (Departmental or Service Based Basis)
  - Year over Year Variance Explanations
  - Implications of the Recommended Target to Balance the Operating Budget
  - Salaries and benefits, FTEs, and vacancy management and options to achieve target
4. Capital Budget (including options to achieve target) (not applicable)
  - Capital Budget
  - Implications of the Recommended Target for the Capital Budget
  - Capital Forecast to Submission Reconciliation
5. Operating and Capital Budget Referrals (not applicable)
6. Budget Summary
7. Questions

# Strategic Objectives and Priorities

## Strategic Objectives

Source: 2020 Community Trends and Performance Report, Volume 1

- Build a strong economic climate for Winnipeg.
- Facilitate strategic economic development incentives through delivery of Council-approved programs that demonstrate a return on investment to Winnipeg.
- Identify opportunities to respond to critical success factors for industries wanting to do business in Winnipeg through existing City services, incentives and discount programs.
- Capitalize on opportunities to establish inter-governmental and public/private partnerships.
- Identify and recommend, policies, processes and resources required to support Manitoba's economic development strategy and new tax increment financing (TIF) framework.

## Key Priorities

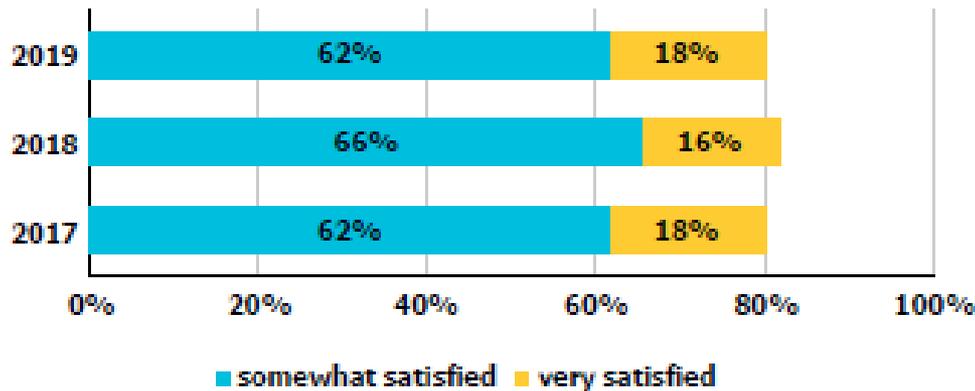
Source: 2020 Community Trends and Performance Report, Volume 1

- Partner with the Province of Manitoba in creation of business development programs and initiatives.
- Support partner agencies including Economic Development Winnipeg and Yes! Winnipeg in business attraction, expansion and retention.
- Support CentreVenture Development Corporation in strategic development initiatives, programs and development projects in the downtown.
- Coordinate interdepartmental responses to confidential and high profile strategic economic incentive requests to attract new business.
- Report and make recommendations to Council regarding economic development initiatives and tax increment financing programs to support local business and economic growth and prosperity of Winnipeg.
- Administer Council approved tax increment financing (TIF) programs.

# Performance Measurement

## Effectiveness Measurements

### Citizen Satisfaction with City's Effort in Promoting Economic Development to Attract Businesses and Major Events



Satisfaction with the City's efforts in attracting business and major events remains high.

	2015	2016	2017	2018	2019
Total Satisfied	83%	74%	80%	82%	80%

Sources: City of Winnipeg Annual Citizen Survey

- Support partner agencies including Economic Development Winnipeg and Yes! Winnipeg in business attraction, expansion and retention.
- Coordinate interdepartmental responses to high profile strategic economic incentive requests to attract new business.

# Recommended Target to Balance the Budget

1. Departmental Operating Budget – 0% annual budget growth rates, net of capital expenditures, based on 2019 expenditures

2. Cash-to-capital funding levels (\$ millions): (not applicable)

Department	2020	2021	2022	2023	2024	2025
PPD - Economic Development	-	-	-	-	-	-

3. Key assumptions for multi-year budget:

These proposed recommended targets present a balanced tax-supported operating budget from 2020 to 2023:

- a. Property Tax Increases: 2.33% annually (road renewal and southwest rapid transit (stage 2))
- b. Fees and Charges: Inflationary increases annually
- c. Natural Assessment Base Growth: 1.2% annually
- d. Efficiencies/Vacancy Management: \$17 Million annually
- e. Additional Transfers/Savings: \$32.5 million in 2020 growing to \$40 million by 2023
- f. Provincial Operating Grants: Flat at \$149.7 million annually (2016 level)
- g. Utility dividend rate: 11% of Water and Sewer Sales
- h. Remaining Tax Supported Debt Room: \$150 million in total

# Operating Budget (Departmental Basis)

2020 Draft Operating Budget and 2021 to 2023 Projections in millions of \$	2018 Actual	2019 Budget	2020 Draft Budget *	Year over Year Increase / (Decrease)	%	Exp. No.	2021 Draft Projection*	2022 Draft Projection*	2023 Draft Projection*
GOVERNMENT GRANTS	-	-	-	-			-	-	-
SERVICE AND OTHER	-	1.806	-	(1.806)			-	-	-
<b>TOTAL REVENUE</b>	<b>-</b>	<b>1.806</b>	<b>-</b>	<b>(1.806)</b>	<b>-100%</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
SALARIES & BENEFITS***	0.299	0.351	0.236	(0.115)			0.242	0.246	0.251
SERVICES	0.003	0.018	0.018	-			0.018	0.018	0.018
MATS PARTS & SUPPLIES	-	-	-	-			-	-	-
ASSETS & PURCHASES	-	-	-	-			-	-	-
GRANTS, TRANSFERS & OTHER	0.377	0.377	0.377	-			0.377	0.377	0.377
RECOVERIES	(0.115)	-	-	-			-	-	-
<b>TOTAL OPERATIONAL EXPENDITURES</b>	<b>0.564</b>	<b>0.746</b>	<b>0.631</b>	<b>(0.115)</b>	<b>-15%</b>		<b>0.637</b>	<b>0.641</b>	<b>0.646</b>
DEBT & FINANCE CHARGES	-	-	-	-			-	-	-
TRANSFER TO CAPITAL	-	-	-	-			-	-	-
<b>TOTAL EXPENDITURES</b>	<b>0.564</b>	<b>0.746</b>	<b>0.631</b>	<b>(0.115)</b>	<b>-15%</b>	<b>2</b>	<b>0.637</b>	<b>0.641</b>	<b>0.646</b>
<b>Mill Rate Support / (Contribution)</b>	<b>0.564</b>	<b>(1.060)</b>	<b>0.631</b>	<b>1.691</b>			<b>0.637</b>	<b>0.641</b>	<b>0.646</b>
<b>Options to Achieve Operating Budget Target:</b>									
a. Elimination of Economic Development Administrator position			(0.127)				(0.130)	(0.133)	(0.135)
<b>Total Options to Achieve the Target</b>			<b>(0.127)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.130)</b>	<b>(0.133)</b>	<b>(0.135)</b>
<b>EPC Recommended Target to Balance ***</b>			<b>(0.127)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.130)</b>	<b>(0.133)</b>	<b>(0.135)</b>
<b>Variance (Shortfall from the Target)</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating target.

\*\* Target for Economic Development included in overall target for Planning, Property and Development

\*\*\* Amount for 2019 has been restated to reflect transfer of one FTE to a different service area within the Department.

# Year over Year Variance Explanations

(in millions)

Year over year (increase) / decrease	2020 Draft Budget	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
1) <i>Revenue change due to the following:</i>				
- Non-recurring transfer from the Economic Development Investment Reserve	\$ (1.806)	\$ -	\$ -	\$ -
<b>Net Revenue Change</b>	<b>\$ (1.806)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
2) <i>Expenditure change due to the following:</i>				
- Elimination of Economic Development Administrator position	\$ (0.127)	\$ -	\$ -	\$ -
- Salaries & Benefits increases per collective agreements	0.012	0.006	0.004	0.005
<b>Net Expenditure Change</b>	<b>\$ (0.115)</b>	<b>\$ 0.006</b>	<b>\$ 0.004</b>	<b>\$ 0.005</b>

# Implications of the Recommended Target to Balance Operating Budget

a. Increased reliance upon external agencies such as Economic Development Winnipeg (including YES! Winnipeg) to foster opportunities for economic growth in the City of Winnipeg.

b. Increased reliance upon CentreVenture Development Corporation for economic development initiatives within the Downtown.

# Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management / Options to Achieve the Target

## 2020 Draft Operating Budget

	2019 Adopted Budget	2020 Draft Budget*	Increase / (Decrease)	2021 Draft Projection*	2022 Draft Projection*	2023 Draft Projection*
<b>Full Time Equivalents**</b> <i>(number of FTEs)</i>	3.00	2.00	(1.00)	2.00	2.00	2.00
<b>Salaries &amp; Benefits</b> <i>(in millions of \$)</i>	\$ 0.345	\$ 0.237	\$ (0.108)	\$ 0.242	\$ 0.246	\$ 0.251
<b>Vacancy Management included in Salaries &amp; Benefits</b> <i>(in millions of \$)</i>	\$ (0.018)	\$ (0.014)	\$ 0.004	\$ (0.015)	\$ (0.015)	\$ (0.016)

\* 2020 Draft Budget and 2021 to 2023 Draft Projections include the options to achieve the operating budget target

\*\* 2019 Adopted Budget FTE's have been restated to reflect the transfer of one FTE to a different service area within the Department.

# Operating Budget Summary

Recommended target – 4 year budget – **annual budget growth rate of 0%**

(in millions of \$)

	2019 Approved Budget**	2020 Projection (from 2019)	2020 Draft Budget	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
<b>Expenditure Budget*</b>	0.825	0.759	<b>0.631</b>	<b>0.637</b>	<b>0.641</b>	<b>0.646</b>
<b>EPC Recommended Expenditure Target</b>			<b>0.631</b>	<b>0.637</b>	<b>0.641</b>	<b>0.646</b>
<b>Variance (Shortfall from Target)</b>			-	-	-	-

\* Note: Draft budget and projections include the options to achieve the EPC recommended targets to balance.

\*\* 2019 Adopted Budget FTE's have been restated to reflect the transfer of one FTE to a different service area within the Department.

- Increased reliance on Economic Development Winnipeg and CentreVenture Development Corporation.

# Questions?