



2021 Budget Update

Budget Update Process and 2020 Multi-Year Budget Survey Results



Photo: Mike Peters, courtesy Tourism Winnipeg

Council Seminar - September 24, 2020

Agenda

A. Budget Process Update

1. Overview for Budget Process

- a) SPC Finance Chair Mandate
- b) Budget Guidelines
- c) Budget Discussion
 - 2021 Program / Budget Changes
 - Anticipated Budget Adjustments
- d) COVID-19 Impact
- e) Transformative Service Delivery – status update
- f) Budget Consultation
- g) Available Information to Assist in the Budget Process

2. 2021 Departmental Budget Requests

- a) Operating Budget
- b) Capital Budget

B. 2020 Multi-Year Budget Survey Results

Overview for Budget Process

SPC Finance Chair Mandate

Lead budget planning and development

- In collaboration with CFO

Limit annual property tax increases to 2.33%

- 2021 and 2022
- Provides no incremental Provincial downloading
- Dedicated to infrastructure

Continue to reduce business tax rate

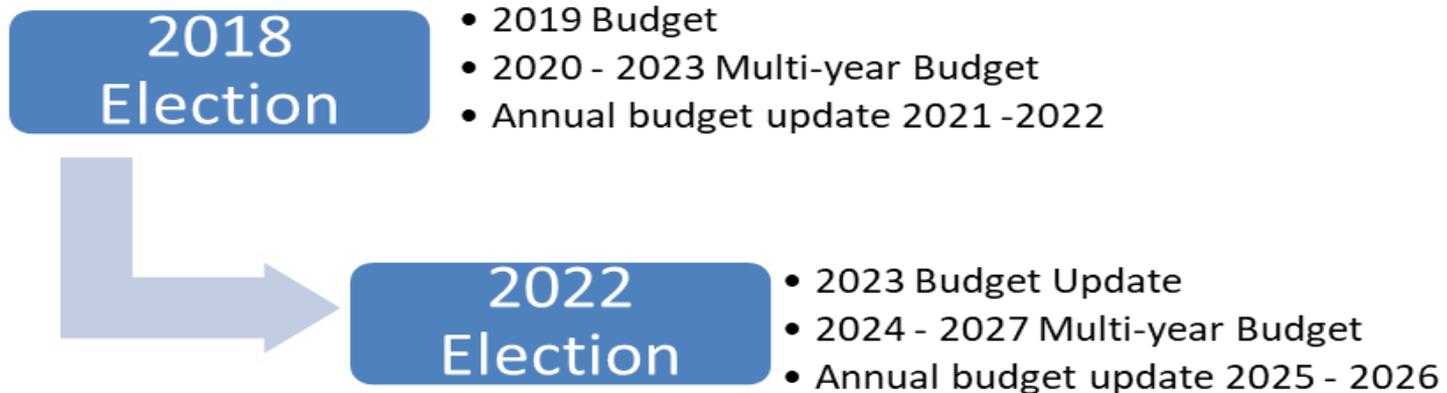
Maintain a stable credit rating

Work with Public Service

- Navigate the financial impacts of COVID-19 pandemic
- Support inter-governmental efforts: ICIP and growth oriented funding framework
- Full cost recovery for EMS services
- Funding formula for Police Service

Budget Guidelines

- Multi-Year Budget Policy as adopted by Council March 20, 2020 - amendments
 - Legislative changes
 - New Council direction
 - Cost or Revenue drivers
 - Incremental operating impact of approved capital projects
- 2021 Budget Update



Budget Guidelines

- 2021 Budget Update

- 2021 to 2023



- **Highlight ONLY the significant changes from the capital forecast and operating projections**

- Principles

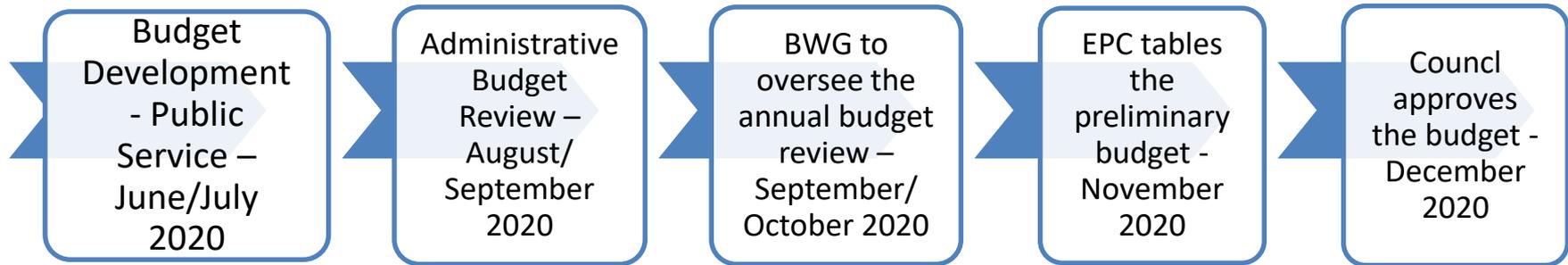
- Maintain service levels consistent with approved budgets
- Continue to utilize budget linkages to departmental plans / key goals
- Identify and implement efficiencies

Budget Guidelines

- Principles
 - Keep the property and business tax revenue at the approved levels with the 2.33% property tax increase dedicated to infrastructure
 - Ensure user fees for services are consistent with approved budgets
 - Explore cost sharing opportunities with other levels of government
 - Due to unknown factors, departments and agencies instructed to not include COVID impacts in their budget requests
 - Departments presenting analysis on possible implications of the pandemic to be considered in budget development

Budget Guidelines

- Decision Making Process



- Budget Development starts with the adopted operating projection (2021 to 2023) and capital forecast (2021 to 2025)
- Highlight significant budget changes

2021 Program / Budget Changes

Transit Plus 500 meter rule

Fare free travel for children under 12

Annualization: Libraries evening hours closure

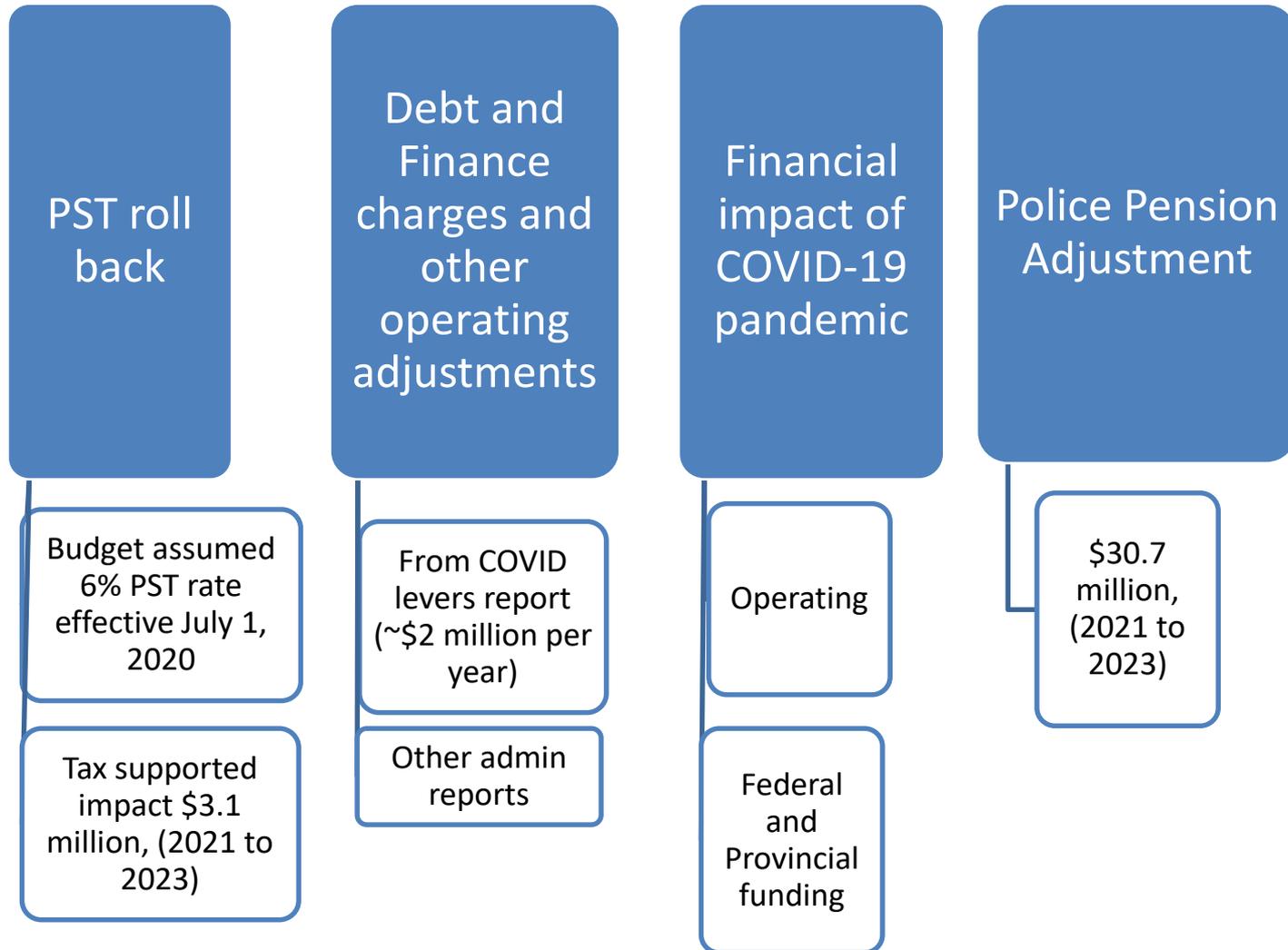
Efficiencies / revenue from Innovation projects

Corporate Efficiencies from \$15.2 million to ~\$39 million

Phase out of the Large Sewer Volume Discount

Annualization: Fleet size optimization and closure of Waverley repair facility

Anticipated Budget Adjustments



COVID-19 Impact

- Not included in departmental/agency budget requests
- Information gathered from departments
- Will be considered separately through 2021 Budget process
 - Incorporate 2021 financial implications
 - City's resilience – consider other levers available for 2021
 - Updates available in future years' budgets
 - Funding and plan for Manitoba Restart Program

COVID-19 Impact

- Preliminary budget shortfall for 2021 - \$56 million
 - Tax-supported - \$34 million
 - Transit - \$22 million
- Requires further analysis; consistent application within most recent economic scenarios

Transformative Service Delivery

- Transformative fund
 - Sources of funds:
 - Sale of certain assets deemed surplus
 - Re-purpose golf lands
 - Golf Lands Repurposing Review - \$200,000 investment
 - Options: public green space, active transportation, reforestation, community gardens, residential development, recreational opportunities
 - Sale of (or enter into a joint venture) John Blumberg golf course
 - Rationalize owned and leased buildings
 - Buildings leased to third parties
 - Terry Sawchuk arena
 - Note: sale of administrative buildings – Land Operating Reserve
 - Reduction in fleet inventory and assets

Transformative Service Delivery

- Reinvestment:
 - Recreation, public green space, protect tree canopy
 - Wading pool rationalization and spray pad reinvestment strategy
 - Portion re-invested within the area in which the funds were generated
- Collaboration of Public Service with Police Service and Police Board – options for a multi-year funding formula for police service
- Transformative Fund (policy, implementation plan) to be considered by Council in fall of 2020

Budget Consultation

- Citizen satisfaction survey – refer to 2021 Budget Volume 1 Community Trends and Performance Report
- Public engagement strategy
- Delegations – SPC preliminary budget review

Available Information To Assist with the Budget Process

- OurWinnipeg
- Community Trends Report (2016 – 2021)
- Adopted Capital Budgets (2016-2020)
- Adopted Operating Budgets (2016-2020)
- Annual Reports (2016-2019)
- Detailed Financial Statements (2016-2019)
- State of the Infrastructure Report
- City Asset Management Plan
- Open Budget (Open Capital Projects)
- 2020 Infrastructure Plan
- PeopleSoft General Ledger Balances

Department Budget Request

As at July 2020

Operating Budget (Pre-COVID)

- Approved Operating Budget (March 20, 2020) – Four-year (2020 to 2023) average annual increase – 1.5%
- Significant Changes – **Tax Supported Expenditure Budget ***

Operating Expenditures before capital related expenditures (in 000's of \$)	2020	2021	2022	2023	2020 To 2023
Department Budget Request (July 2020)		1,012.8	1,038.8	1,072.7	4,125.4
Approved Budget (March 20, 2020)	1001.1	1,002.2	1,025.1	1,062.0	4,090.4
Increase / (Decrease)	N/A	10.6	13.7	10.7	35.0
Year over Year % Change	0.0%	1.2%	2.6%	3.3%	1.7%

- Before capital related expenditure
- Based on departmental/agency budget requests (July 2020)

Operating Budget (Pre-COVID)

Tax Supported – Changes from Budget Forecast to Department Budget Request

Forecast to Budget Request (in millions of \$)	2021 Budget Request	2022 Projection	2023 Projection
1) <i>Revenue change due to the following:</i> - Miscellaneous adjustments.	1.5	2.9	1.8
Net Revenue Increase	1.5	2.9	1.8
2) <i>Expenditure change due to the following:</i> - Arbitrator's decision on changes to the Police pension.	9.1	11.7	9.9
- Miscellaneous adjustments.	(0.1)	0.1	(1.0)
Net Expenditure Increase / (Decrease)	9.0	11.8	8.9
Mill Rate Support (Increase) / Decrease	(7.5)	(8.9)	(7.1)

- Based on departmental/agency budget requests (July 2020)

Operating Budget (Pre-COVID)

Utilities and SOAs - – Changes from Budget Forecast to Department Budget Request

Forecast to Budget Request (in millions of \$)	2021 Budget Request	2022 Projection	2023 Projection
1) <i>Revenue change due to the following:</i>			
- Miscellaneous adjustments.	(0.2)	(0.2)	0.3
Net Revenue Increase / (Decrease)	(0.2)	(0.2)	0.3
2) <i>Expenditure change due to the following:</i>			
- Transfer to Sewer Rehabilitation Reserve.	(2.0)	(2.0)	(3.0)
- Decrease in debt and finance charges and other capital related expenditures.	(2.5)	(1.6)	(1.9)
- Transfer to land drainage.		2.4	
- Miscellaneous adjustments.	0.7	0.5	1.7
Net Expenditure Increase / (Decrease)	(3.8)	(0.7)	(3.2)
Surplus Increase	3.6	0.5	3.5

Capital Budget Summary

In Millions of \$	2020 Adopted Budget	2021 Budget Request	2022 to 2025 Forecast	2021 to 2025 Total
Tax Supported	\$ 205.9	\$ 204.0	\$ 771.4	\$ 975.4
Utilities	147.0	140.6	586.2	726.8
Special Operating Agencies	16.6	18.4	67.4	85.8
TOTAL	\$ 369.5	\$ 363.0	\$ 1,425.0	\$ 1,788.0

Capital Budget

Change from Budget Forecast to Department Budget Request

in millions of \$	2021 - 2025
Forecast	1,786.8
Budget Request	1,788.0
Increase From Forecast	1.2

- Council will approve 2021 Capital Budget and Five-Year Capital Forecast

Capital Budget

Change from Budget Forecast to Department Budget Request

in millions of \$	2021 - 2025
Changes by Fund:	
Tax Supported, Transit and Municipal Accommodation Changes	2.0
Water and Waste	(2.6)
Special Operating Agencies	1.8
Total Increase From Forecast	1.2