



2020 Operating and Capital Budget

Public Works Department and Street Lighting



November 13, 2019

Agenda

1. Strategic Objectives and Priorities
2. Performance Measurement
3. Public Works Department Operating Budget
 - Public Works Department Operating Budget
 - Year over Year Variance Explanations
 - Salaries and benefits, FTEs, and vacancy management
4. Capital Budget (including options to achieve target)
 - Capital Budget
 - Implications of the Recommended Target for the Capital Budget
 - Capital Forecast to Submission Reconciliation
5. Capital Budget Referrals
6. Budget Summary
7. Street Lighting Operating Budget (including options to achieve target)
 - Street Lighting Operating Budget
 - Year over Year Variance Explanations
 - Implications of the Recommended Target to Balance the Operating Budget
8. Questions

Strategic Objectives and Priorities

Strategic Objectives Source: Volume 1 Community Trends and Performance Report

- Continue to provide citizens with access to well-maintained roadways, sidewalks, and bridges in order to ensure the safe, efficient movement of people, goods and services.
- Continue to plan, design, and manage the transportation system and the traffic regulatory environment to provide a safe, environmentally-aware, accessible and sustainable transportation system.
- Continue to provide effective roadway snow and ice control services, providing safe and accessible conditions on city streets and sidewalks throughout the winter season.

Key Priorities Source: Volume 1 Community Trends and Performance Report

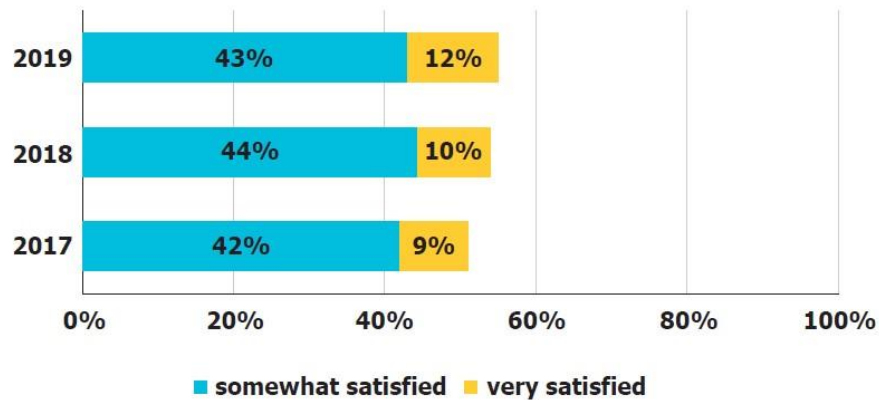
- Expand and refine roadway asset management systems.
- Provide optimized delivery of infrastructure projects.
- Invest in equipment and technology that supports a sustainable transportation system.
- Expand the Active Transportation System network.
- To provide the citizens of Winnipeg with safe and accessible roadway infrastructure.
- Delivering efficient and effective snow and ice control services during the winter months.

Performance Measurement

Transportation Planning and Traffic Management Performance Measurements

Effectiveness Measurements

Citizen Satisfaction with the Management of Rush Hour Traffic Flow



Citizen satisfaction with traffic management during rush hour continues to increase and is trending in a positive direction in terms of somewhat satisfied or very satisfied despite the record levels of Capital spending on road construction.

The Transportation Management Centre began operation in early 2017 and its benefits in improving traffic management is likely being reflected in the positive increase in satisfaction in the citizen satisfaction survey.

	2015	2016	2017	2018	2019
Total Satisfied	46%	47%	51%	54%	55%

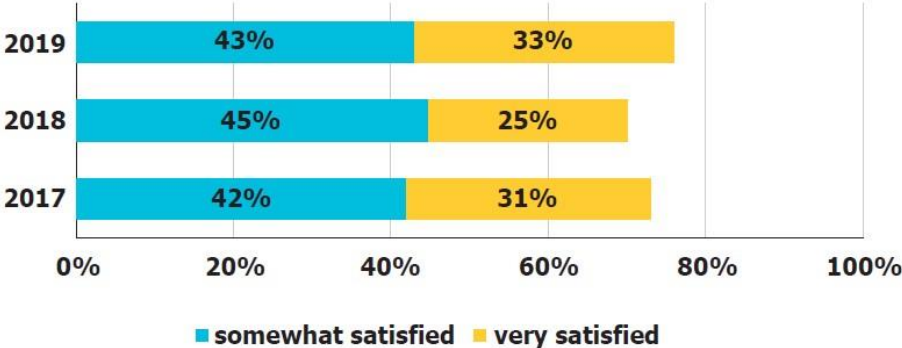
Source: City of Winnipeg Annual Citizen Survey

Performance Measurement

Roadway Snow Removal and Ice Control Performance Measurements

Effectiveness Measurements

Citizen Satisfaction with Snow Removal



The 2018-2019 winter experienced an above normal snowfall for the month of February which resulted in multiple plows on the inventory. Even with the challenge the citizen satisfaction for Snow Removal increased 6% in 2019.

	2015	2016	2017	2018	2019
Total Satisfied	70%	73%	73%	70%	76%

Source: City of Winnipeg Annual Citizen Survey

Recommended Target to Balance the Budget

1. Public Works Department Operating Budget – 1.5% annual budget growth rates based on 2019 expenditures

2. Cash to capital funding levels:

Department	2020	2021	2022	2023	2024	2025
Public Works	15,441	4,545	3,462	4,248	3,892	4,794

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

Public Works Department Operating Budget

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*
TAXATION	62.906	63.245	63.795	0.550			64.177	64.558	64.940
GOVERNMENT GRANTS	3.378	3.320	3.220	(0.100)			3.220	3.220	3.220
REGULATION FEES	6.336	6.858	6.740	(0.118)			6.821	6.969	7.120
TRANSFERS	1.966	2.000	2.000	-			-	-	-
SERVICE AND OTHER	1.537	1.813	1.918	0.105			1.949	1.982	2.015
TOTAL REVENUE	76.123	77.236	77.673	0.437	0.6%	1	76.167	76.729	77.295
SALARIES & BENEFITS	74.503	75.704	77.175	1.471			78.355	80.045	81.549
SERVICES	60.061	61.904	61.965	0.061			61.921	62.067	62.857
MATS PARTS & SUPPLIES	22.148	22.970	23.579	0.609			23.755	23.934	24.029
ASSETS & PURCHASES	0.720	0.323	0.331	0.008			0.331	0.331	0.331
GRANTS, TRANSFERS & OTHER	21.915	19.406	19.274	(0.132)			19.299	19.366	19.408
RECOVERIES	(22.929)	(18.290)	(18.290)	-			(18.290)	(18.290)	(18.290)
TOTAL OPERATIONAL EXPENDITURES	156.418	162.017	164.034	2.017	1.24%		165.371	167.453	169.884
TRANSFER TO REGIONAL STREET RESERVE	25.270	30.870	36.670	5.800			42.670	48.870	50.870
TRANSFER TO LOCAL STREET RESERVE	29.770	35.370	41.170	5.800			47.170	53.370	64.370
TRANSFER TO CAPITAL	16.107	5.481	15.441	9.960			4.545	3.462	4.248
DEBT & FINANCE CHARGES	10.158	11.064	10.110	(0.954)			11.238	11.399	11.399
TOTAL EXPENDITURES	237.723	244.802	267.425	22.623	9.2%	2	270.994	284.554	300.771
Mill Rate Support / (Contribution) **	161.600	167.566	189.752	22.186			194.827	207.825	223.476

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>				
- Increase in Frontage Levy	\$ 0.550	\$ 0.382	\$ 0.382	\$ 0.382
- Decrease in cut program revenues	\$ (0.159)	\$ 0.037	\$ 0.103	\$ 0.105
- Adjustment of transfer from Insect Control Reserve	\$ -	\$ (2.000)	\$ -	\$ -
- Miscellaneous adjustments.	\$ 0.046	\$ 0.075	\$ 0.077	\$ 0.079
Net Revenue Change	\$ 0.437	\$ (1.506)	\$ 0.562	\$ 0.566
2) <i>Expenditure change due to the following:</i>				
- Increase in Transfer to Street Reserves	\$ 11.600	\$ 12.000	\$ 12.400	\$ 13.000
- Increase in Transfer to Capital	\$ 9.960	\$ (10.896)	\$ (1.083)	\$ 0.786
- Increase in Salaries and Benefits	1.471	1.180	1.690	1.504
- Increase in Contracts & Materials expenditures	0.280	\$ -	\$ -	\$ -
- Increase in Active Transportation Winter Mtce	0.419	\$ -	\$ -	\$ -
- Decrease in Debt and Finance Charges	(0.954)	\$ 1.128	\$ 0.161	\$ (0.005)
- Decrease in cuts program expenditures	(0.159)	\$ 0.037	\$ 0.103	\$ 0.105
- Decrease in Fleet and Fuel expenditures	(0.026)	\$ 0.054	\$ 0.202	\$ 0.756
- Miscellaneous adjustments.	0.032	0.066	0.087	0.071
Net Expenditure Change	\$ 22.623	\$ 3.569	\$ 13.560	\$ 16.217

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*
Full Time Equivalents <i>(number of FTEs)</i>	1,018.31	1,018.51	0.20	1,018.51	1,018.51	1,018.51
Salaries & Benefits <i>(in millions of \$)</i>	\$ 75.704	\$ 77.175	\$ 1.471	\$ 78.355	\$ 80.045	\$ 81.549
Vacancy Management included in Salaries & Benefits <i>(in millions of \$)</i>	\$ (3.818)	\$ (3.894)	\$ (0.076)	\$ (3.898)	\$ (3.950)	\$ (4.004)

Capital Budget

PUBLIC WORKS DEPARTMENT - GENERAL CAPITAL FUND

Capital Investment Plan - Authorization

(\$000's)

	2019 Adopted	2020 Draft Budget*	Authorization Draft Forecast*					6-Year Total
			2021	2022	2023	2024	2025	
List of Capital Projects:								
1 Pedestrian & Cycling Program	3,024	3,087	1,852	1,650	1,590	1,651	1,683	11,513
2 Tache Promenade	-	-	-	-	-	-	-	-
3 Developer Payback - Various Locations	-	9,750	-	-	-	-	-	9,750
4 Tuxedo Yards Development	3,741							-
5 Transportation Master Plan	250	875	125	250	-	-	-	1,250
6 Traffic Signals Improvements	1,030	688	-	-	-	-	-	688
7 Traffic Signals Loops	250	250	250	250	250	250	250	1,500
8 Permanent Traffic Monitoring Stations	945	623	-	-	-	-	-	623
9 Traffic Engineering Improvements - Various Locations	1,575	1,900	1,560	1,177	1,119	1,200	1,229	8,185
10 Inner Ring Road - Functional Design	-	-	-	-	-	551	-	551
11 Marion Street Improvements - Functional Design Study	917							-
12 Regional and Local Street Renewal	86,436	131,022	152,136	162,548	137,121	125,215	145,224	853,266
13 Fermor Avenue Bridge (Seine River)	4,600							-
14 Osborne Street Underpass	-	-	-	-	-	-	1,100	1,100
15 Dublin Avenue Bridge (Omand's Creek)	700	3,300						3,300
16 Sherwin Road Bridge (Omand's Creek)	700							-
17 Pembina Highway Overpass (Bishop Grandin) Rehabilitation	-	-	-	-	1,000	2,000	17,400	20,400
18 Kenaston/Route 90 Widening and St. James Bridges	2,163							-
19 St. Vital Bridge Rehabilitation	-	-	2,000	6,200	13,600	19,200	-	41,000
20 Lagimodiere Twin Overpass (Concordia Ave & CPR Keewatin)	-	-	-	2,000	2,000	2,000	-	6,000
21 Waterway Crossing & Grade Separations - Annual Program	3,000	2,970	3,513	3,000	3,000	3,000	3,000	18,483
22 Disraeli Bridge & Overpass Facility	-	-	-	-	-	-	-	-
23 Charleswood Bridge	-	-	-	-	-	-	-	-
24 Chief Peguis Trail - Henderson Hwy to Lagimodiere Blvd	-	-	-	-	-	-	-	-
25 Work Management/Asset Management Systems Study	300							-
26 Asset Management System - Various Divisions	100	100	100	100	100	100	100	600
27 Land Acquisition - Transportation Right of Way	-	1,180	-	-	-	-	-	1,180
28 Parks and Urban Forestry Capital Program	8,653	6,006	9,392	5,781	7,378	2,045	4,313	34,915
TOTAL CAPITAL PROJECTS	118,384	161,751	170,928	182,956	167,158	157,212	174,299	1,014,304

Capital Budget

PUBLIC WORKS DEPARTMENT - GENERAL CAPITAL FUND

Capital Investment Plan - Authorization

(\$000's)

Options to Achieve the Target		2020	2021	2022	2023	2024	2025	6-Yr Total
a.	Pedestrian & Cycling Program	(1,580)	(850)	(1,350)	(1,110)	(1,049)	(1,017)	(6,956)
b.	Developer Payback - Various Locations	(750)						(750)
c.	Transportation Master Plan				(250)	(250)	(250)	(750)
d.	Traffic Engineering Improvements - Various Locations		(340)	(123)	(781)	(700)	(671)	(2,615)
e.	Inner Ring Road - Functional Design					(449)		(449)
f.	Regional and Local Street Renewals	(4,000)	(3,400)	(1,988)	(10,115)	(12,621)	(4,081)	(36,205)
g.	Osborne Street Underpass					(1,100)	1,100	-
h.	Pembina Highway Overpass (Bishop Grandin) Rehabilitation	(950)	(2,000)	(8,000)	(6,700)	2,000	17,400	1,750
i.	St. Vital Bridge Rehabilitation	-	2,000	4,200	10,600	2,400	(19,200)	-
j.	Lagimodiere Twin Overpasses Rehabilitation (Concordia Ave & CPR Keewatin)			2,000	1,000			3,000
k.	Waterway Crossing & Grade Separation - Annual Program	(30)	(595)				-	(625)
l.	Land Acquisition - Transportation Right of Way		(680)	(300)	(300)	(300)	(300)	(1,880)
m.	Parks and Urban Forestry Capital Program	(3,286)	(2,636)	(2,499)	(3,439)	(5,422)	(3,154)	(20,436)
Total Options to Achieve the Target *		(10,596)	(8,501)	(8,060)	(11,095)	(17,491)	(10,173)	(65,916)
EPC Recommended Target to Balance		(10,596)	(8,501)	(8,060)	(11,095)	(17,491)	(10,173)	(65,916)
Variance		-	-	-	-	-	-	-

* 2020 Draft Budget and Five Year Draft Forecast include the options to achieve the capital target

Implications of the Recommended Target for the Capital Budget

- a. Pedestrian and Cycling Program investments will include priority and urgent projects only, will maximize previously authorized budgets.
 - b. Developer Payback reduction will be achieved by estimated savings in financing costs for the Kildare Ave extension (AG 10/13).
 - c. Transportation Master Plan - project scope will be modified while still achieving the core purpose of the project.
 - d. Traffic Engineering Improvements - Various Locations - investments will include priority and urgent projects only, will maximize previously authorized budgets.
 - e. Inner Ring Road - Functional Design project scope will be modified while still achieving the core purpose of the project.
 - f. Regional and Local Street Renewal program projects (with the exception of accelerated regional roads) will be deferred due to the realignment of the bridge program.
- Key Changes in the Program:
- *Regional and Local Street Renewal funding is eligible for Bridge renewals and will be required sooner than originally forecasted.
 - *Sherwin Road Culvert is part of an industrial street reconstruction and will be funded directly under the industrial streets program in 2020 and 2021, resulting in deferrals of planned industrial street renewals. Total Industrial street deferrals are \$4M in 2020, and \$3.4M in 2021 and are part of the Local Street Renewal program.
 - *Non-Accelerated Regional Streets that have not yet been identified will be reduced in the amount of \$1.988 in 2022.
 - *Deferral of Non-Accelerated Regional streets in the amount \$10.115M in 2023.
 - *Deferral of Regional and Local Street Renewals that have yet to be determined in the amount of \$12.621M in 2024, and \$4.081M in 2025.

Implications of the Recommended Target for the Capital Budget

g. Osborne Street Underpass study and preliminary design will be deferred to 2025.

h. Pembina Highway Overpass (Bishop Grandin) Rehabilitation will be deferred to 2023, with an estimated cost increase of \$1.75M.

i. St. Vital Bridge Rehabilitation - bridges are in very poor condition and should not be deferred. Reallocation allows for this multi-year budget to advance by one year which is advantageous.

j. Lagimodiere Twin Overpasses Rehabilitation (Concordia Ave & CPR Keewatin) - This route and location may be a key element of the upcoming Transportation Master Plan, reallocation allows for this multi-year budget to advance by one year which is advantageous. Increase of \$3M to total budget includes funding for anticipated complex project considerations including design, property acquisition and preparation of detours. Additional project funding is estimated at \$38M outside of the 6-year total for a total estimate of \$44M.

k. Waterway Crossing & Grade Separation - Annual Program project scope will be modified while still achieving the core purpose of the project.

l. Land Acquisition - Transportation Right of Way reduction or deferral of budget will result in lost opportunity to acquire land at market value, purchasing of land will be on an as needed basis.

Capital Forecast to Draft Budget (Including Options to Achieve Capital Target) Reconciliation

**HANDOUT WILL BE PROVIDED
ATTACHMENT TO THE PRESENTATION**



PWD Capital
Forecast to Draft Budget

Capital Budget Referrals

Capital Budget Referrals			2020	2021	2022	2023	2024	2025
Roads Funding Shortfall	<p>Roads Funding Shortfall - \$20 million roads funding shortfall due to the loss of provincial funding be referred to the 2020 capital budget process as reflected in the capital forecast - Council (March 20, 2019)</p> <p>Amount has been reflected in the Departments capital budget submission. See federal gas tax funding allocation (referral #2 below) below to offset the provincial roads funding shortfall.</p>	Council (March 20, 2019)	✓	✓	✓	✓	✓	✓
Federal Gas Tax Funding	<p>\$20 million of the City's additional federal gas tax funds be invested in road renewals and active transportation projects in 2020, to be determined as part of the 2020 multi-year budget process.</p> <p>The Federal Government's one-time payment of \$44.09 million is allocated as \$22.5 million for 2019, \$20.0 million for Local Street Renewals in 2020 and \$1.59 million to the Pedestrian and Cycling Program in 2020. The 2020 amounts are included in the Departments capital budget submission.</p>	Council (April 25, 2019)	✓	✓	✓	✓	✓	✓
Winnipeg Area Transportation Study	<p>Winnipeg Area Transportation Study - Referred funding for an Area Transportation Study to the 2020 Capital Budget Review process for consideration. Amount has been included in the Departments 2020 Capital Budget submission (Transportation Master Plan)</p>	<p>Standing Policy Committee - Infrastructure Renewal and Public Works (October 1, 2019)</p>	✓	✓	✓	x	x	x

Included in the budget	✓
Not budgeted	x

Operating Budget Summary

Recommended target – 4 year budget – 1.5% annual budget growth rate

(in millions of \$)

	2019 Approved Budget	2020 Projection (from 2019)	2020 Draft Budget	2021 Draft Projection	2022 Draft Projection	2023 Draft Projection
Expenditure Budget*	244.802	280.086	267.425	270.994	284.554	300.771
EPC Recommended Expenditure Target			267.425	270.994	284.554	300.771
Variance			-	-	-	-

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

Significant risks not included in the EPC recommended target for the Public Works Operating Budget:

- Snow and Ice Control costs are estimated to be \$8M - \$9M below the estimate for an average snowfall season.
- Additional Funding for growth in Parks and Roads inventory which the Department is responsible to maintain is estimated at \$4.5M - \$5M.

Majority of Increases in the Expenditure Budget include:

- Increase in transfer to Regional and Local Street Renewal Reserves.
- Increase in Transfer to Capital.
- Increase to salary and benefits based on collective agreements.

Capital Budget Summary

(in millions of \$)

	2019 Approved Capital	2020 Draft Budget	Draft Forecast				
			2021	2022	2023	2024	2025
Cash to Capital Budget*	5.481	15.441	4.545	3.462	4.248	3.892	4.794
EPC Recommended Capital Target		15.441	4.545	3.462	4.248	3.892	4.794
Variance		-	-	-	-	-	-

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

Impacts of the EPC recommended capital target on the Public Works Capital Program include:

- Priority and urgent Pedestrian and Cycling projects only.
- Modification to the scope of the Transportation Master Plan project.
- Priority and urgent Traffic Engineering Improvement projects only.
- Modification to the scope of the Inner Ring Road functional design study.
- Deferred industrial streets, non-accelerated regional streets, and local streets in the Regional and Local Street Renewal Program.
- Reallocation of the bridge program to include accelerated priority projects and deferred non-priority projects based on safety and cost related evaluations.
- Cancellation of Land Acquisition – Transportation right of way project beyond 2020.

Street Lighting Operating Budget

Recommended Target to Balance the Budget

1. Street Lighting Operating Budget – 0% annual budget growth rates based on 2019 expenditures

2. 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

Street Lighting Operating Budget

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*
TOTAL REVENUE	-	-	-	-	0%	1	-	-	-
LIGHT AND POWER	12.353	13.062	12.391	(0.671)			13.062	13.062	13.062
MATS PARTS & SUPPLIES	0.072	0.054	0.054	-			0.054	0.054	0.054
TOTAL OPERATIONAL EXPENDITURES	12.425	13.116	12.445	(0.671)	-5%		13.116	13.116	13.116
TOTAL EXPENDITURES	12.425	13.116	12.445	(0.671)	-5%	2	13.116	13.116	13.116
Mill Rate Contribution / (Support) **	12.425	13.116	12.445	(0.671)			13.116	13.116	13.116
Options to Achieve Operating Budget Target:									
a. Reduce Street Lighting services for the City of Winnipeg			-				(0.564)	(1.233)	(1.936)
Total Options to Achieve the Target			-	-	-	-	(0.564)	(1.233)	(1.936)
EPC Recommended Target to Balance			-	-	-	-	(0.564)	(1.233)	(1.936)
Variance			-	-	-	-	-	-	-

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

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>				
N/A	\$ -	\$ -	\$ -	\$ -
Net Revenue Change	\$ -	\$ -	\$ -	\$ -
2) <i>Expenditure change due to the following:</i>				
- Adjustment to base budget (unbudgeted LED savings and billing adjustments in prior year)	\$ (1.015)	\$ -	\$ -	\$ -
- Projected rate increase	\$ 0.365	\$ 0.671	\$ -	\$ -
- Projected growth	\$ 0.131	\$ -	\$ -	\$ -
- Projected LED rate savings	\$ (0.152)	\$ -	\$ -	\$ -
Net Expenditure Change	\$ (0.671)	\$ 0.671	\$ -	\$ -

Implications of the Recommended Target to Balance Operating Budget

a. Street Lighting expenditures are based on energy consumption of City street lights. Monthly billings are paid to Manitoba Hydro, with rates regulated by the Public Utilities Board. Increases of 2.5%-4.0% (on average) are approved annually. Currently the City powers approximately 76,000 street lights. Proposed reductions would result in zero growth and a reduction in the number of lights powered. It is estimated that a decrease of approximately 2,800 city street lights in 2021, 6,000 in 2022, and 9,500 in 2023 would be required in order to meet the current EPC recommended target to balance.

Questions?