2021 Budget Update
Budget Update Process and 2020 Multi-Year Budget Survey Results

Council Seminar - September 24, 2020
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
Additional Operating/Reserve Items to Discuss

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

2018 Election
• 2019 Budget
• 2020 - 2023 Multi-year Budget
• Annual budget update 2021 -2022

2022 Election
• 2023 Budget Update
• 2024 - 2027 Multi-year Budget
• Annual budget update 2025 - 2026
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 - Public Service – June/July 2020
- Administrative Budget Review – August/September 2020
- BWG to oversee the annual budget review – September/October 2020
- EPC tables the preliminary budget – November 2020
- Council approves the budget – December 2020

• Budget Development starts with the adopted operating projection (2021 to 2023) and capital forecast (2021 to 2025)
• Highlight significant budget changes
<table>
<thead>
<tr>
<th>2021 Program / Budget Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Plus 500 meter rule</td>
</tr>
<tr>
<td>Fare free travel for children under 12</td>
</tr>
<tr>
<td>Annualization: Libraries evening hours closure</td>
</tr>
<tr>
<td>Efficiencies / revenue from Innovation projects</td>
</tr>
<tr>
<td>Corporate Efficiencies from $15.2 million to ~$39 million</td>
</tr>
<tr>
<td>Phase out of the Large Sewer Volume Discount</td>
</tr>
<tr>
<td>Annualization: Fleet size optimization and closure of Waverley repair facility</td>
</tr>
</tbody>
</table>
Anticipated Budget Adjustments

PST roll back
- Budget assumed 6% PST rate effective July 1, 2020
- Tax supported impact $3.1 million, (2021 to 2023)

Debt and Finance charges and other operating adjustments
- From COVID levers report (~$2 million per year)
- Other admin reports

Financial impact of COVID-19 pandemic
- Operating
- Federal and Provincial funding
- $30.7 million, (2021 to 2023)

Other admin reports
- Financial impact of COVID-19 pandemic

Police Pension Adjustment
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
- 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** *

<table>
<thead>
<tr>
<th>Operating Expenditures before capital related expenditures (in 000's of $)</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2020 To 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Budget Request (July 2020)</td>
<td>1,012.8</td>
<td>1,038.8</td>
<td>1,072.7</td>
<td>4,125.4</td>
<td></td>
</tr>
<tr>
<td>Approved Budget (March 20, 2020)</td>
<td>1,001.1</td>
<td>1,002.2</td>
<td>1,025.1</td>
<td>1,062.0</td>
<td>4,090.4</td>
</tr>
<tr>
<td>Increase / (Decrease)</td>
<td>N/A</td>
<td>10.6</td>
<td>13.7</td>
<td>10.7</td>
<td>35.0</td>
</tr>
<tr>
<td>Year over Year % Change</td>
<td>0.0%</td>
<td>1.2%</td>
<td>2.6%</td>
<td>3.3%</td>
<td><strong>1.7%</strong></td>
</tr>
</tbody>
</table>

• 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

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

Mill Rate Support (Increase) / Decrease

- Based on departmental/agency budget requests (July 2020)
Operating Budget (Pre-COVID)

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

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

<table>
<thead>
<tr>
<th>In Millions of $</th>
<th>2020 Adopted Budget</th>
<th>2021 Budget Request</th>
<th>2022 to 2025 Forecast</th>
<th>2021 to 2025 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Supported</td>
<td>$ 205.9</td>
<td>$ 204.0</td>
<td>$ 771.4</td>
<td>$ 975.4</td>
</tr>
<tr>
<td>Utilities</td>
<td>147.0</td>
<td>140.6</td>
<td>586.2</td>
<td>726.8</td>
</tr>
<tr>
<td>Special Operating Agencies</td>
<td>16.6</td>
<td>18.4</td>
<td>67.4</td>
<td>85.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 369.5</td>
<td>$ 363.0</td>
<td>$ 1,425.0</td>
<td>$ 1,788.0</td>
</tr>
</tbody>
</table>
## Capital Budget

*Change from Budget Forecast to Department Budget Request*

<table>
<thead>
<tr>
<th></th>
<th>2021 - 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>1,786.8</td>
</tr>
<tr>
<td>Budget Request</td>
<td>1,788.0</td>
</tr>
<tr>
<td>Increase From Forecast</td>
<td>1.2</td>
</tr>
</tbody>
</table>

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

## Change from Budget Forecast to Department Budget Request

<table>
<thead>
<tr>
<th>Changes by Fund:</th>
<th>2021 - 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Supported, Transit and Municipal Accommodation Changes</td>
<td>2.0</td>
</tr>
<tr>
<td>Water and Waste</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Special Operating Agencies</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total Increase From Forecast</strong></td>
<td><strong>1.2</strong></td>
</tr>
</tbody>
</table>