PRELIMINARY 2017 OPERATING AND CAPITAL BUDGETS AND 2018 TO 2022 FIVE YEAR CAPITAL FORECAST

Standing Policy Committee on Infrastructure Renewal and Public Works

Transit Department

November 29, 2016
## Preliminary Operating Budget (in millions)

<table>
<thead>
<tr>
<th></th>
<th>2016 Adopted Budget</th>
<th>2017 Preliminary</th>
<th>2017 Increase / (Decrease)</th>
<th>2018 Projection</th>
<th>2019 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$ 200.4</td>
<td>$ 191.3</td>
<td>$ (9.1)</td>
<td>$ 207.5</td>
<td>$ 222.2</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td>200.4</td>
<td>191.3</td>
<td>(9.1)</td>
<td>207.5</td>
<td>222.2</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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</tr>
</tbody>
</table>
Revenue Source Comparison

2017 Proposed Budget

- System Generated Revenue: 45%
- Province of Manitoba: 26%
- City of Winnipeg: 29%
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decreased City tax-support contribution</td>
<td>$(14.79)</td>
</tr>
<tr>
<td>Increased Provincial contribution</td>
<td>$3.93</td>
</tr>
<tr>
<td>Increased goods and services revenue</td>
<td>$1.42</td>
</tr>
<tr>
<td>Other</td>
<td>$0.32</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$(9.12)</strong></td>
</tr>
</tbody>
</table>
Operating Grants

- **City of Winnipeg Tax-Support Grant**
  - 2017 Budget - $55,125,727
  - 2016 Budget - $69,918,833

- **Province of Manitoba Grants**
  - 2017 Budget
    - Building Manitoba Fund Operating Grant - $48,246,343
    - Provincial Support Grant - $1,988,430
  - 2016 Budget
    - Building Manitoba Fund Operating Grant - $44,428,310
    - Provincial Support Grant - $1,878,785
Regular Transit Ridership

Annual Regular Service Ridership

* Projected ridership
2017 – Expenditure Categories

- Salaries and benefits, 61%
- Transfer to Capital, 1%
- Bus parts, 9%
- Fuel and lubricants, 8%
- Services, 6%
- Debt and finance charges, 5%
- Handi-transit contractors, 5%
- Transfer to SW RT Payment Reserve, 3%
- Taxes, supplies and other, 1%
- Transfer to Transit Bus Replacement Reserve, 2%
- Transfer to Transit Bus Replacement Reserve, 2%
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## Transit Department
### 2017-2019 Preliminary Operating Budget

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Generated Revenues</td>
<td>$84,183,805</td>
<td>$85,923,294</td>
<td>$88,159,946</td>
<td>$90,445,709</td>
</tr>
<tr>
<td>Provincial Operating Grant</td>
<td>46,307,095</td>
<td>50,234,773</td>
<td>52,221,854</td>
<td>53,281,908</td>
</tr>
<tr>
<td>City tax-support contribution</td>
<td>69,918,833</td>
<td>55,125,727</td>
<td>67,099,439</td>
<td>78,506,247</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$200,409,733</strong></td>
<td><strong>$191,283,794</strong></td>
<td><strong>$207,481,239</strong></td>
<td><strong>$222,233,864</strong></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>112,168,082</td>
<td>117,028,321</td>
<td>121,708,230</td>
<td>124,879,221</td>
</tr>
<tr>
<td>Services</td>
<td>19,633,187</td>
<td>19,810,542</td>
<td>20,426,990</td>
<td>20,876,109</td>
</tr>
<tr>
<td>Fuel</td>
<td>13,865,498</td>
<td>15,401,322</td>
<td>15,908,293</td>
<td>16,376,720</td>
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<tr>
<td>Bus Parts</td>
<td>15,569,735</td>
<td>16,348,260</td>
<td>17,029,683</td>
<td>17,365,807</td>
</tr>
<tr>
<td>Other Materials, Parts &amp; Supplies</td>
<td>1,661,478</td>
<td>1,932,503</td>
<td>1,957,814</td>
<td>1,981,894</td>
</tr>
<tr>
<td>Assets &amp; Purchases</td>
<td>729,398</td>
<td>717,754</td>
<td>672,539</td>
<td>779,039</td>
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<tr>
<td>Debt and Finance Charges</td>
<td>9,644,527</td>
<td>9,301,978</td>
<td>10,004,901</td>
<td>10,325,343</td>
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<tr>
<td>Transfer to Capital</td>
<td>17,173,000</td>
<td>1,986,000</td>
<td>3,073,000</td>
<td>8,098,000</td>
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<tr>
<td>Transfer to SW Transitway Reserve</td>
<td>3,400,000</td>
<td>5,100,000</td>
<td>7,000,000</td>
<td>8,900,000</td>
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<tr>
<td>Grants, Transfers &amp; Other</td>
<td>10,666,313</td>
<td>9,317,139</td>
<td>15,171,261</td>
<td>18,319,838</td>
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<tr>
<td>Recoveries</td>
<td>(4,101,485)</td>
<td>(5,660,025)</td>
<td>(5,471,472)</td>
<td>(5,668,107)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$200,409,733</strong></td>
<td><strong>$191,283,794</strong></td>
<td><strong>$207,481,239</strong></td>
<td><strong>$222,233,864</strong></td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td><strong>-$</strong></td>
<td><strong>-$</strong></td>
<td><strong>-$</strong></td>
<td><strong>-$</strong></td>
</tr>
<tr>
<td>Increase over 2016</td>
<td>(9,125,939)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage Increase</td>
<td>-4.6%</td>
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</tbody>
</table>
### Expenditure Increase - Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased salaries and benefits</td>
<td>$4.86</td>
</tr>
<tr>
<td>Increased transfer to SW Rapid Transitway and Pembina Underpass Payment Reserve</td>
<td>$1.70</td>
</tr>
<tr>
<td>Increased motive fuels</td>
<td>$1.54</td>
</tr>
<tr>
<td>Increased other expenses including in-kind contribution of transit service for 2017 Canada Summer Games</td>
<td>$0.98</td>
</tr>
<tr>
<td>Increased bus parts and auto parts</td>
<td>$0.84</td>
</tr>
<tr>
<td>Increased farebox contract maintenance fees</td>
<td>$0.35</td>
</tr>
<tr>
<td>Increased other materials, parts and supplies</td>
<td>$0.21</td>
</tr>
<tr>
<td>Increased provincial payroll tax</td>
<td>$0.11</td>
</tr>
<tr>
<td>Decreased transfer to capital</td>
<td>($15.19)</td>
</tr>
<tr>
<td>Decreased transfer to Bus Replacement Reserve</td>
<td>($2.62)</td>
</tr>
<tr>
<td>Increased recoveries</td>
<td>($1.56)</td>
</tr>
<tr>
<td>Decreased debt and finance</td>
<td>($0.34)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>($9.12)</strong></td>
</tr>
</tbody>
</table>
### 2017 Preliminary Operating Budget Full Time Equivalents (FTE's)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>FTE's</td>
<td>1,562.15</td>
<td>1,585.97</td>
<td>23.82</td>
<td>1.5%</td>
<td>1</td>
<td>1,588.87</td>
<td>1,588.87</td>
</tr>
<tr>
<td>FTE's</td>
<td>1,562.15</td>
<td>1,585.97</td>
<td>23.82</td>
<td></td>
<td></td>
<td>1,588.87</td>
<td>1,588.87</td>
</tr>
</tbody>
</table>

**Notes:**

1. **Increase in FTE’s**
   - U-Pass 8.75: Partial year - September 2016 Implementation
   - Plant and Equipment staffing 3.25: Partial year - originally approved in 2016
   - Temporary Capital positions 6.00
   - Route 33 Maples 3.00: Partial year - September 2017 Implementation
   - Routes 72 and 84/86 2.00: Partial year - September 2017 Implementation
   - Ventilation technician 1.00
   - Miscellaneous adjustments (0.18)
   - **Net FTE’s 23.82**

**Position breakdown**

- Bus Operators 10.00
- Inspectors 0.90
- Operations Supervisor 0.25
- Mechanic/Specialist 3.85
- Machinist 0.25
- Bus Electronics Technician 0.25
- HVAC technician 1.00
- Body Repairer 0.50
- Bus Servicer 0.75
- Storekeeper 0.25
- Capital 6.00
- Miscellaneous adjustments -0.18

**Total** 23.82

*In 2017 13 FTE(s) (for $1,279,667) are recovered from capital or other funds (2016: 7 FTE(s); $704,694)*
2016 Expenditures

Historical Diesel Fuel Prices

Unit Price

Jan '01 Jan '02 Jan '03 Jan '04 Jan '05 Jan '06 Jan '07 Jan '08 Jan '09 Jan '10 Jan '11 Jan '12 Jan '13 Jan '14 Jan '15 Jan '16

Unit Price

Historical Diesel Fuel Prices
## Forecasted Reserve Balances

($ in thousands)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Transit Bus Replacement Reserve</td>
<td>11,522</td>
<td>16,298</td>
<td>430</td>
<td>436</td>
<td>452</td>
<td>466</td>
<td>480</td>
<td>495</td>
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<tr>
<td>Southwest Rapid Transit Corridor Reserve</td>
<td>4,729</td>
<td>3,065</td>
<td>2,701</td>
<td>2,702</td>
<td>2,703</td>
<td>2,705</td>
<td>2,706</td>
<td>2,708</td>
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<tr>
<td>Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve</td>
<td>-</td>
<td>3,400</td>
<td>8,502</td>
<td>15,507</td>
<td>24,415</td>
<td>19,360</td>
<td>18,650</td>
<td>20,110</td>
<td>185,950</td>
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</tbody>
</table>
## Southwest Transitway Stage 2 Revised Budget Breakdown

<table>
<thead>
<tr>
<th>(In Millions $)</th>
<th>Adopted Budget</th>
<th>Financial Close</th>
<th>Variance to Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Construction Costs</td>
<td>$ 398.90</td>
<td>$ 283.10</td>
<td>$ 115.80</td>
</tr>
<tr>
<td>Other (Interest &amp; Financing Fees, Financial Close Costs, etc.)</td>
<td>$ 77.85</td>
<td>$ 63.70</td>
<td>$ 14.15</td>
</tr>
<tr>
<td>Upfront Costs</td>
<td>$ 41.55</td>
<td>$ 51.50</td>
<td>$ (9.95)</td>
</tr>
<tr>
<td>Total Project Costs</td>
<td>$ 518.30</td>
<td>$ 398.30</td>
<td>$ 120.00</td>
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<tr>
<td>Contingency</td>
<td>$ 69.00</td>
<td>$ 69.00</td>
<td>$ -</td>
</tr>
<tr>
<td>Total</td>
<td>$ 587.30 M</td>
<td>$ 467.30 M</td>
<td>$ 120.00 M</td>
</tr>
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</table>
Annual Payments

- $14.46 million per year commencing in 2020 represents the City’s share of the annual P3 and debt payments.

Reserve

- Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve will receive transfers from the Transit System Fund and provide funding for annual payment requirements over 30 years.

Funding Source

- Dedicated increase of 0.33% per year for 10 years began in 2016
- $1.7 million annual funding from the Transit System Fund operating budget.
Transit Capital Budget Comparison (in millions)

- 2006: $31.6
- 2007: $41.9
- 2008: $16.7
- 2009: $164.7
- 2010: $27.9
- 2011: $28.1
- 2012: $24.4
- 2013: $28.4
- 2014: $27.44
- 2015: $43.88
- 2016: $81.54
- 2017: $45.5
- 2018: $41.97
- 2019: $40.36
- 2020: $43.67

Total: $621.78
Restated Total: $501.78
### Summary – Preliminary 2017 Annual Capital Budget and 2018 to 2022 Five Year Capital Forecast

<table>
<thead>
<tr>
<th>Project Name</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Buses</td>
<td>32,456</td>
<td>22,408</td>
<td>29,252</td>
<td>37,960</td>
<td>32,823</td>
<td>34,436</td>
<td>36,130</td>
</tr>
<tr>
<td>Transit Building Replacement/Refurbishment</td>
<td>4,500</td>
<td>1,468</td>
<td>956</td>
<td>2,036</td>
<td>4,036</td>
<td>4,536</td>
<td>4,518</td>
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<tr>
<td>Expansion of Transit Vehicle Overhaul and Maintenance Facilities</td>
<td></td>
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<tr>
<td>Transit Building Roof Replacement and Ventilation Upgrade</td>
<td>3,550</td>
<td>3,550</td>
<td>4,500</td>
<td>2,500</td>
<td>2,000</td>
<td>2,018</td>
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<tr>
<td>Bus Fleet Cameras</td>
<td>2,500</td>
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Fare Comparison Information

Regular Cash Fare Comparison - November 2016

- Winnipeg: 2.65
- Vancouver: 2.75
- Hamilton: 3.00
- Calgary: 3.15
- Average: 3.20
- Edmonton: 3.25
- Montreal: 3.25
- Toronto: 3.25
- Quebec City: 3.50
- Mississauga: 3.50
- Ottawa: 3.65
Fare Comparison Information

Regular Ticket Comparison - November 2016

<table>
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<tr>
<th>City</th>
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<tbody>
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<td>Toronto</td>
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<tr>
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<td>Mississauga</td>
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<tr>
<td>Ottawa</td>
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Fare Comparison Information

Regular Monthly Pass Comparison - November 2016

- Montreal: $83.00
- Quebec City: $85.60
- Winnipeg: $88.55
- Vancouver: $91.00
- Edmonton: $91.50
- Calgary: $99.00
- Hamilton: $101.20
- Average: $101.71
- Ottawa: $105.75
- Mississauga: $130.00
- Toronto: $141.50
Fare Comparison Information

Senior Ticket Comparison - November 2016

<table>
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<th>City</th>
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<td>Mississauga</td>
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<td>3.15</td>
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</tbody>
</table>
Fare Comparison Information

Youth Ticket Comparison - November 2016

- Montreal: 1.60
- Winnipeg: 1.61
- Vancouver: 1.75
- Hamilton: 1.90
- Toronto: 1.95
- Average: 2.08
- Calgary: 2.10
- Edmonton: 2.15
- Quebec City: 2.25
- Mississauga: 2.25
- Ottawa: 3.20
PRELIMINARY 2017 OPERATING AND CAPITAL BUDGETS

• Additional Questions/Discussion