



2023 Balanced Budget Update

2020 – 2023 Multi-Year Budget TRANSIT



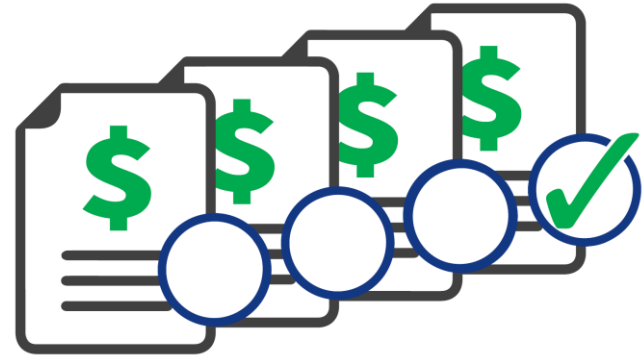
Photo: Kelly Krebs, courtesy Tourism Winnipeg

Standing Policy Committee on Public Works

March 3, 2023


Agenda

1. Service Description, Goals and Performance Measurement
2. Budget Overview and Highlights
3. Operating Budget:
 - Revenue / Expenditures
 - COVID-19 Budget Impact
 - 2023 Service Level
 - Changes
 - Salaries and FTEs
 - Referrals
 - Reserve Summary
4. Poverty Reduction Strategy
5. Capital Budget:
 - Summary
 - Projects
 - Changes
 - Overview of Capital Needs
6. Budget Challenges



What We Do

Service Provided*





Services	Description	OurWinnipeg Goals
Public Transit	<ul style="list-style-type: none">• Operate a public transportation system that provides a network of service routes throughout the City including conventional, express and suburban on-request routes designed to meet various levels of demand city-wide• Operate a para-transit service to individuals who are unable to use the conventional transit system some or all of the time due to a disability in accordance with eligibility criteria	 City Building (CB)

* Source: Volume 2, 2023 Preliminary Budget

How We Did

Performance Measurements – Transit*

Performance Reporting

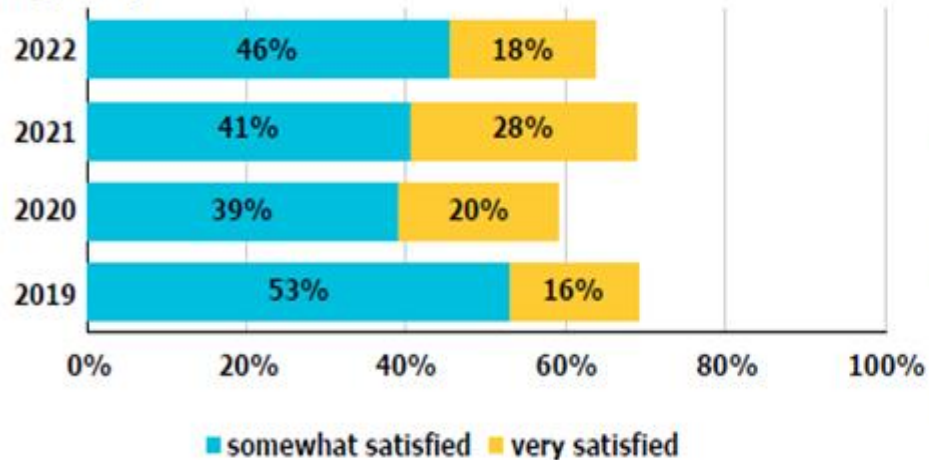
Service Goal / Measure Description		2020 Actual	2021 Actual	2022 Target	2023 Target
	Meet passengers needs and expectations by providing reliable, accessible and frequent service				
	On-time performance - running on-time	79.0%	82.5%	85.0%	87.0%
	Transit Plus trips accommodated	99.49%	99.97%	99.00%	98.70%
	Grow ridership for conventional transit, returning to pre-COVID-19 levels				
	Total annual passengers carried	24,788,979	21,465,663	30,176,000	38,312,000
	Utilize resources responsibly and operate efficiently				
	Operating cost per passenger - conventional service	\$ 6.26	\$ 7.60	\$ 5.75	\$ 4.75
	Operating cost per passenger - Transit Plus	\$ 47.54	\$ 47.86	\$ 38.20	\$ 40.70
	Maintain high safety standards for Transit service to protect employees, passengers and specialized transit contractors				
	Overall SAFE Work Certification score	N/A	78%	83%	88%

*Source: Volume 2, 2023 Preliminary Budget

How We Did

Performance Measurements - Transit*

Citizen Satisfaction for Users Who Use Transit Regularly



	2019	2020	2021	2022
Total Satisfied	69%	59%	69%	64%

Source: City of Winnipeg Annual Citizen Survey

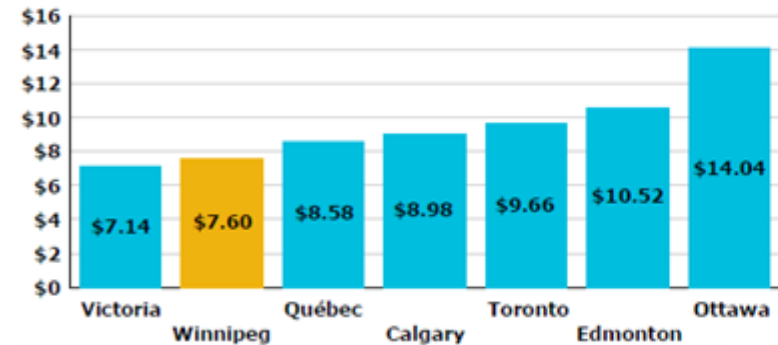
In 2022, 64% of citizens were very satisfied or somewhat satisfied with Winnipeg Transit.

The 2020 survey was conducted just as the COVID-19 pandemic reached the City which saw significantly reduced ridership levels and necessitated reduced service levels and bus operator layoffs.

Transit continues to be impacted by the COVID-19 pandemic in 2021 and 2022, with service maintained at 94% of normal levels.

*Source: Volume 2, 2023 Preliminary Budget

Conventional Transit Operating Cost per Passenger (2021)



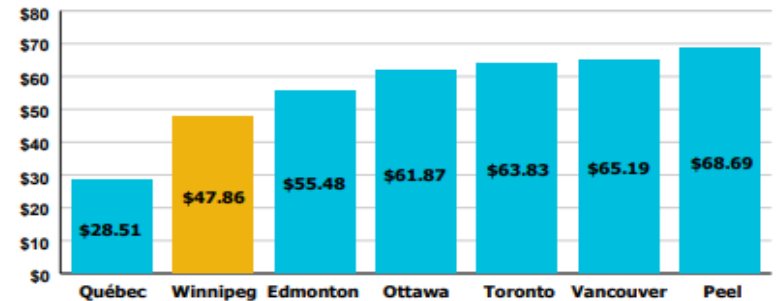
	2017	2018	2019	2020	2021
Wpg. Trend	\$3.12	\$3.27	\$3.36	\$6.26	\$7.60

Source: Canadian Urban Transit Association

Winnipeg consistently operates one of the most cost efficient transit systems in Canada.

Consistent with other municipalities, Winnipeg Transit's operating cost per passenger increased beginning in 2020 as a result of significantly lower ridership on public transit due to the COVID-19 pandemic. Some cost mitigation measures have been implemented to reduce operating costs such as service reductions, a hiring freeze and limited discretionary spending.

Transit Plus Operating Cost per Passenger (2021)



	2017	2018	2019	2020	2021
Wpg. Trend	\$23.92	\$25.53	\$27.81	\$47.54	\$47.86

Source: Canadian Urban Transit Association

The operating cost per passenger for Transit Plus has consistently increased over the years in part due to the procurement of larger vehicles with enhanced accessibility features and added operational positions to support changing eligibility criteria, system requirements and implementation of the Ombudsman's recommendations.

Consistent with other municipalities, Winnipeg Transit Plus' operating cost per passenger began to increase further in 2020 as a result of significantly lower ridership on public transit due to the COVID-19 pandemic. Service hours were reduced to meet demand, however, this was limited due to the need to facilitate social distancing.

There were 221,256 Transit Plus passengers carried in 2021 compared to 242,639 in 2020.

*Source: Volume 2, 2023 Preliminary Budget

Budget Overview

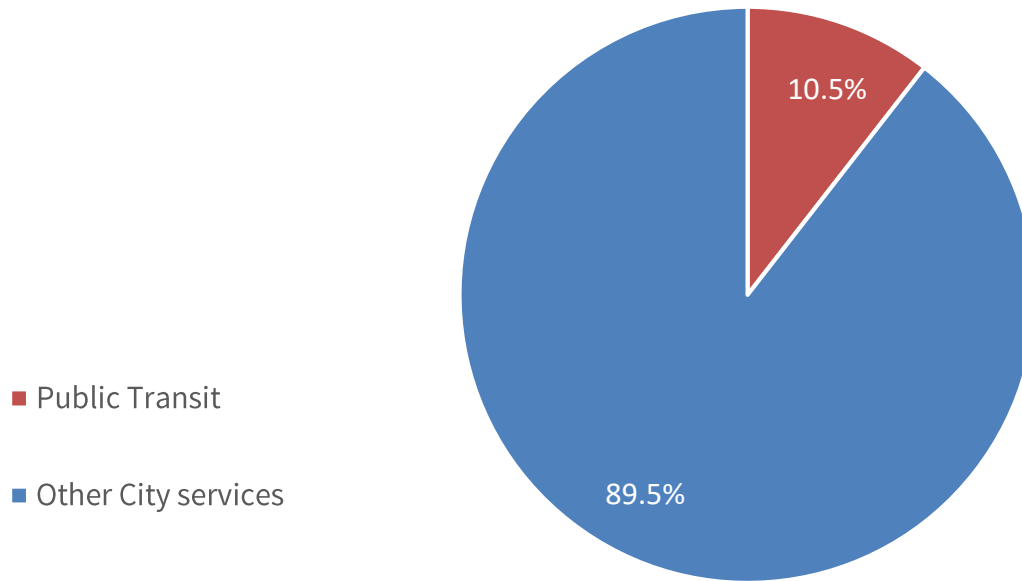


Budget Overview

(Service Based View)

2023 Average Homeowner's Property Tax Bill - \$1,967

Average Property Tax Bill for City Services



Total for Public Transit services = \$207 per year or 10.5%

Budget Overview

(Service Based View)

Preliminary 2023 Budget Update					
Service Based Budget (in millions of \$)	FTEs	Contribution to Service Based Budget	Surplus/ (Deficit) ¹	Capital Budget	Reserves' Net Income ²
Public Transit	1,623.4	100%	\$(102.1)	\$129.8	\$0.27

Notes:

1. Operating deficit includes estimated financial impact from COVID-19 in 2023.
2. Reserves' net income = revenue less expenditures

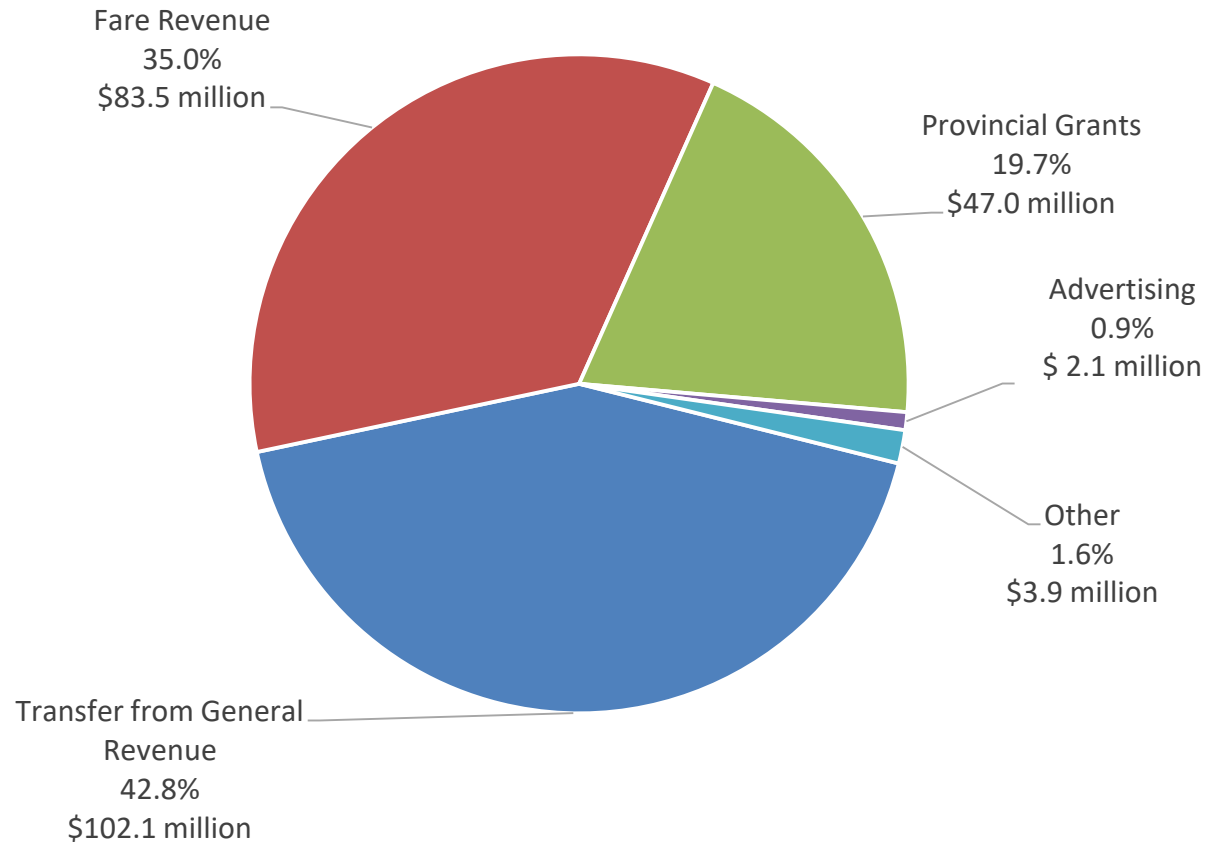


Operating Budget

Operating Budget Revenue Overview

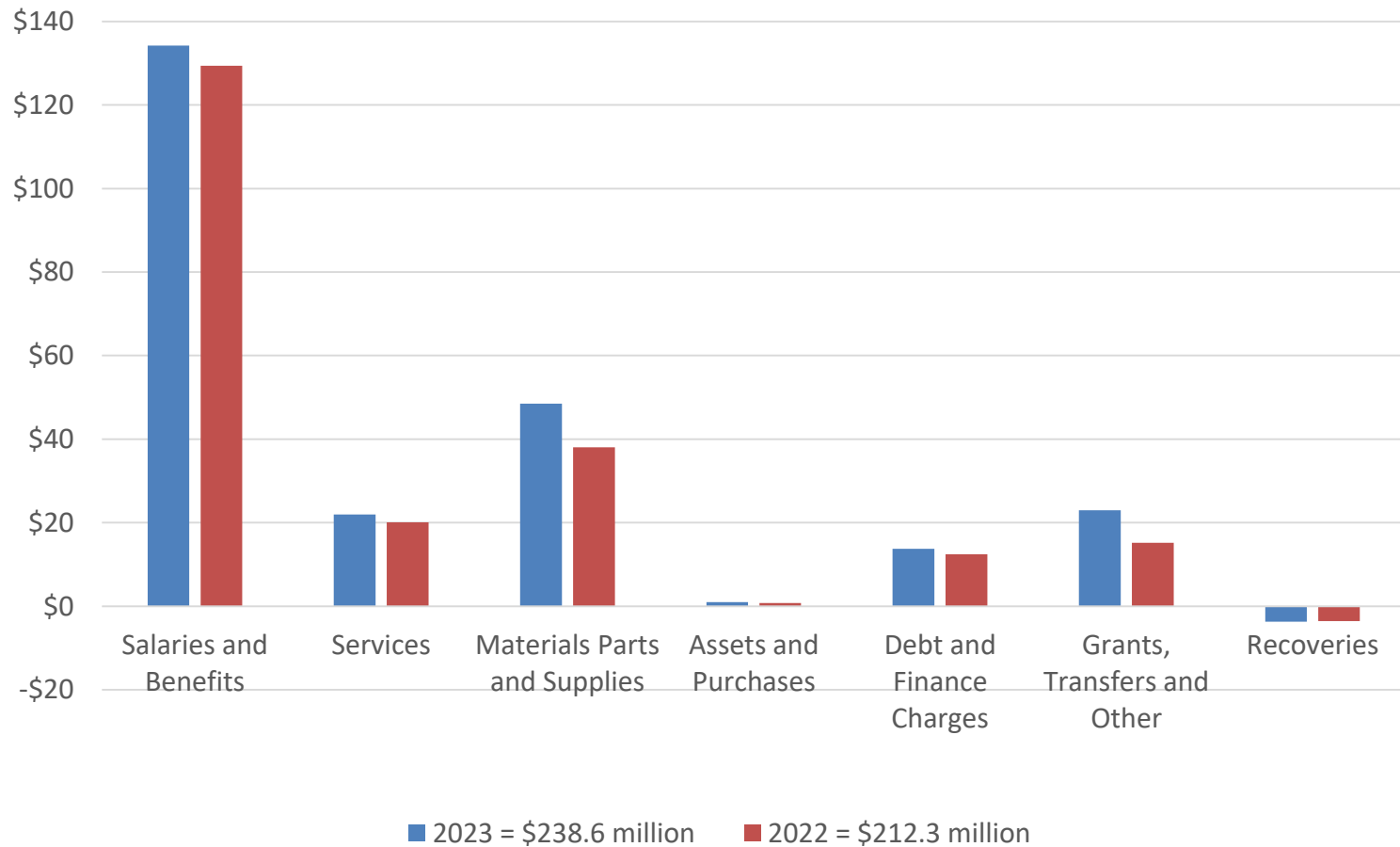
(Departmental View)

2023 Preliminary Budget Revenue = \$238.6 million

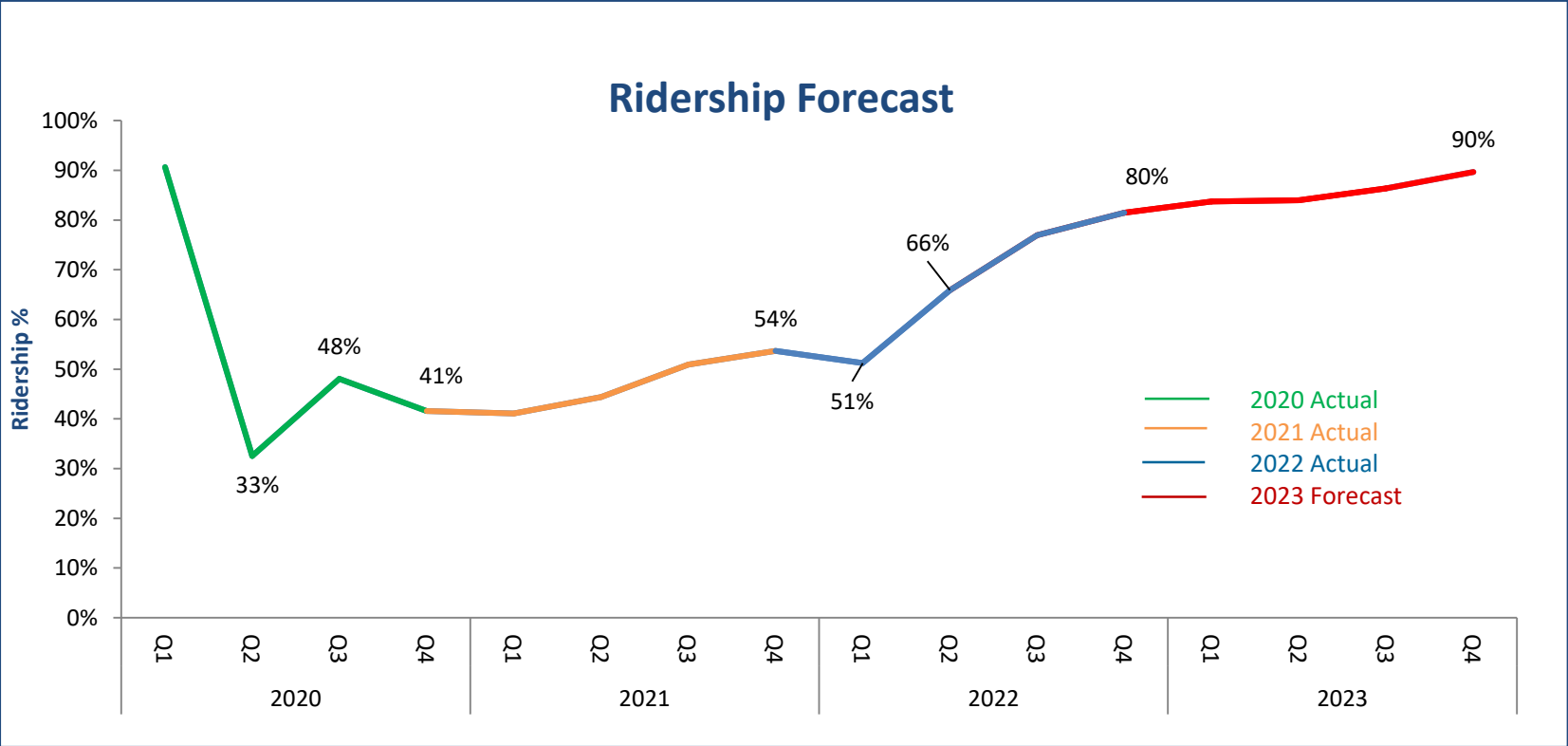


Operating Budget Expenditures Overview (Departmental View)

Budgeted Expenditures in millions of \$'s
(including capital related)



COVID-19 Budget Impact



2023 Budget Impact (in millions of \$'s)

Lost fare revenue	\$ 13.100
Added cost of bus sanitation program	0.300
Total Estimated Impact of COVID	<u>\$ 13.400</u>

Mitigation:

Retained earnings	\$ 2.525
Phased in return to full service	1.100
One-time transfers out reserves	1.800
Transfer from General Revenue	7.975
Total Cost Mitigation	<u>\$ 13.400</u>

2023 Service Level

- Maintain 2022 Transit service levels effective January 1, 2023 through the end of the 2023 spring service schedule, which is tentatively scheduled to end June 17, 2023 (6% service reduction)
- Increase service levels effective the 2023 summer service schedule, which is tentatively scheduled for June 18 to September 2, 2023 (3% service reduction)
- Fully restore transit service to 2020 budgeted levels effective the 2023 fall service schedule onward, which is tentatively scheduled to start September 3, 2023



Operating Budget Changes

Operating Budget (In millions of \$)	MYB Criteria	2023 Budget
Deficit Funded through Transfer from General Revenue Fund - Council Approved 2023 Projection from 2022 Budget Process (a)		(82.8)
<i>Increase (Decrease) From Forecast:</i>		
<i>Revenue:</i>		
Decrease in fare revenue	REV/COST	(13.1)
Increase in provincial funding safety and security initiative	REV/COST	5.0
Increase in transfer from SWRT Corridor Reserve	REV/COST	1.1
Miscellaneous adjustments	HOUSEKEEP	(0.3)
Revenue Net Change (b)		(7.3)
<i>Expenditures:</i>		
Increase in fuel and carbon tax	REV/COST	9.6
Increase in provincial funding for safety initiative	REV/COST	5.0
Increase in salary and benefits	REV/COST	0.3
Expenditure management	REV/COST	(2.5)
Decrease in debt and finance	REV/COST	(0.5)
Miscellaneous adjustments	HOUSEKEEP	0.1
Expenditures Net Change (c)		12.0
Deficit - Preliminary Budget (a+b+c)		(102.1)

Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management

	2020 Adopted Budget	2021 Adopted Budget	2022 Adopted Budget	2023 Preliminary Budget	Increase / (Decrease) vs. 2022
Full Time Equivalents <i>(number of FTEs)</i>	1,604.54	1,624.46	1,619.31	1,623.35	4.04
Salaries & Benefits <i>(in millions of \$)</i>	\$ 123.8	\$ 127.2	\$ 129.4	\$ 134.2	\$ 4.8
Vacancy Management included in Salaries & Benefits <i>(in millions of \$)</i>	\$ (1.604)	\$ (1.634)	\$ (1.740)	\$ (1.808)	\$ (0.068)

Notes:

1. 2019 FTEs = 1,570.42
2. 2023 FTEs increased by 4.04 in comparison to 2022 mostly due to the implementation of On-Request Transit service (2.60 FTEs) and the addition of an Asset Management position to be funded from capital (1.00 FTE).
3. 1 FTE is approximately equivalent to \$77,128 for vacancy management in the 2023 preliminary budget. There are 23.44 vacancy management FTEs, unchanged from 2022.
4. 16 temporary FTEs in the capital budget not included in operating budget = \$1,937,000.

Operating Budget Referrals

Referral Description	SPC/Council and Date	Included in Budget Y/N	2023		2024		2025		2026	
			FTE	\$	FTE	\$	FTE	\$	FTE	\$
Funding for consultant to assist with a plan to reduce Transit Fares to \$1.00.	Council (June 23, 2022)	N	-	\$ 350,000	-	-	-	-	-	-
Free Transit Fares on Orange Shirt Day.	Council (September 22, 2022)	N	-	\$ 122,400	-	\$ 124,848	-	\$ 127,345	-	\$ 129,892
On-Request Transit as the way of providing demand-responsive transit service	Council (December 15, 2022)	Y	2.60	\$ 182,069	2.60	\$ 185,966	2.60	\$ 188,913	2.60	\$ 192,412
Total			2.60	\$ 654,469	2.60	\$ 310,814	2.60	\$ 316,258	2.60	\$ 322,304

Reserve Summary

(Service Based View)

Public Transit

Reserve Name

Transit Bus Replacement Reserve

SW Rapid Transit Corridor Reserve¹

SW Rapid Transitway (Stage 2) Payment Reserve¹

Transit Infrastructure Reserve²

2023 (in \$000's)				
Beginning Balance	Revenue	Expense	Net (Revenue less Expenses)	Forecasted Ending Balance
\$ 29	\$ 1	\$ -	\$ 1	\$ 30
1,298	19	1,105	(1,086)	212
13,061	15,524	14,168	1,356	14,417
-	-	-	-	-
14,388	15,544	15,273	271	14,659

Notes:

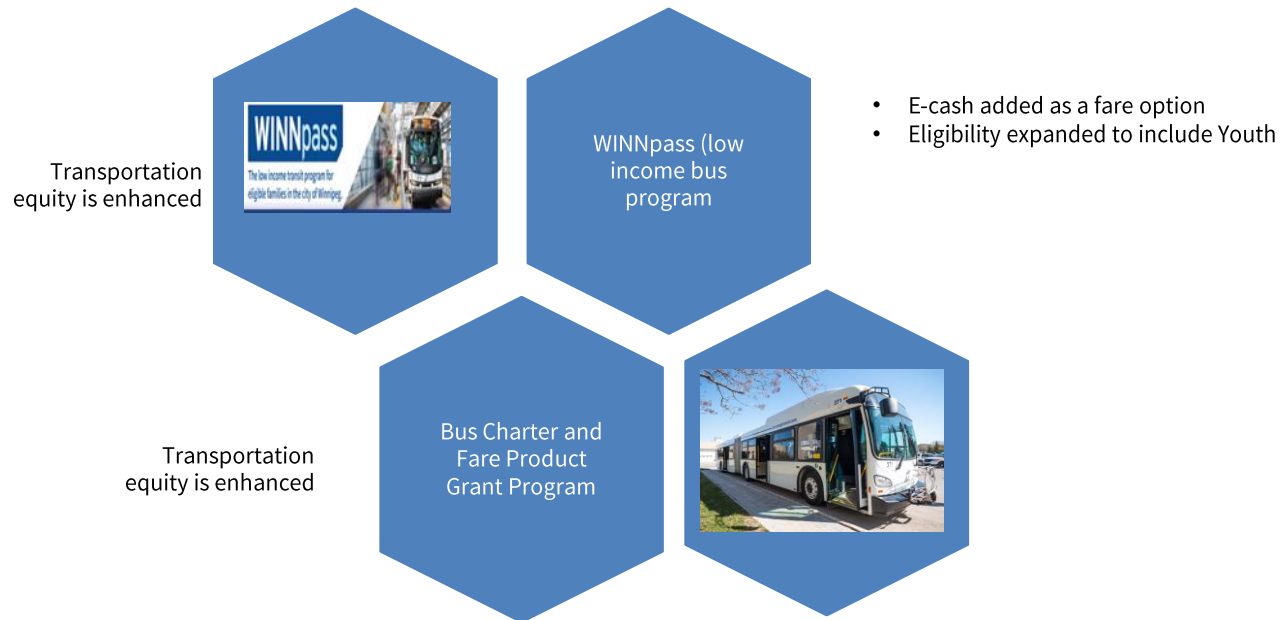
1. Includes one-time transfer to 2023 operating budget.

2. On April 29, 2021 Council approved the establishment of the Transit Infrastructure Reserve for the purpose of funding the annual debt and financing costs incurred for the replacement of the North Garage capital project. Effective January 1, 2024 this reserve will be funded through dedicated property tax revenue transferred from the General Revenue Fund.

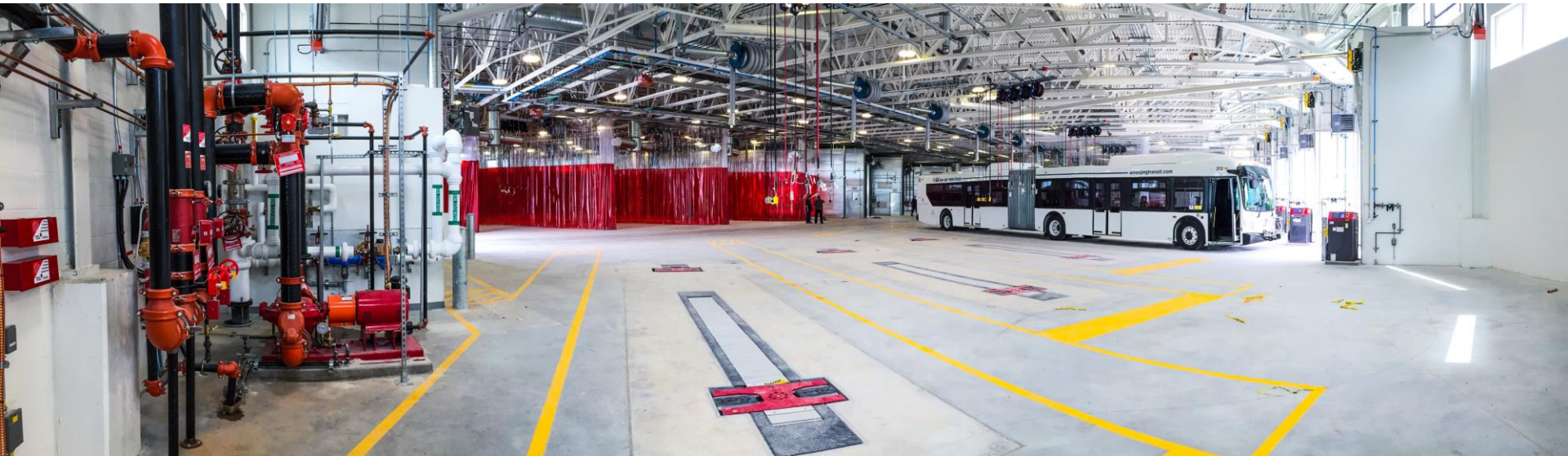
- NEW 2023 Recommendation – That effective January 1, 2026, this reserve be funded through an annual 0.33% property tax increase for the years 2026-2028 in alignment with the Transit Master Plan, and the purpose be expanded to also fund transit infrastructure such as bus rolling stock and related charging infrastructure, land acquisitions, and associated costs.

Alignment to the Poverty Reduction Strategy

- In response to the Council approved strategy, Transit has identified work and corresponding budget within the strategy
- 2023 Budget aligned to the strategy:
 - \$2.5 million or 1.1% of Total Departmental Operating Expenditures
 - No Departmental Capital Expenditures in 2023 related to poverty reduction.



Capital Budget



Capital Summary – By Service

Service (\$000's)	2022 Adopted Budget	2023 Preliminary Budget	2024 - 2028 Forecast	6-year Total
Public Transit	\$ 99,915.0	\$ 129,829.0	\$ 400,287.0	\$ 530,116.0
Total Capital Submission	\$ 99,915.0	\$ 129,829.0	\$ 400,287.0	\$ 530,116.0

Key Projects in the Funded Capital Submission



Transition to Zero Emission Buses

Multi-year program for the transition from diesel buses to electric and/or hydrogen fuel cell buses

Budget Year(s): 2023-2028

Amount: \$267.8 million

North Garage Replacement

Development of an energy efficient bus storage and maintenance facility designed to facilitate the transition to a zero-emission bus fleet.

Budget Year(s): 2023-2025

Amount: \$155.9 million



Transit Plus In House Service

The transition of between 22% and 30% of Transit Plus service provided by contractors to in house resources

Budget Year(s): 2023

Amount: \$9.3 million

Winnipeg Transit Master Plan (WTMP) Implementation Planning & Design

Planning, design and implementation resources to support the redesign of the transit network

Budget Year(s): 2023

Amount: \$2.2 million



Listing of Capital Projects

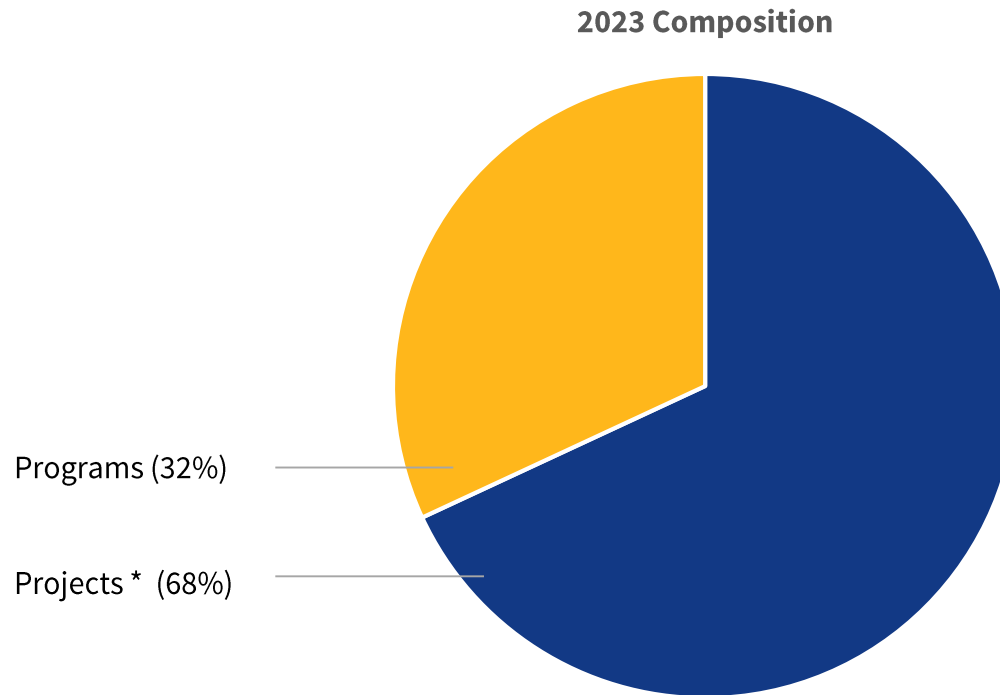
(in \$000's)

	Project Name	2023 Preliminary Budget	2024 - 2028 Forecast	6-Year Total
	Transit Information Technology Program	\$ 500.0	\$ 2,350.0	\$ 2,850.0
	Transit Building Replacement / Refurbishment	2,672.0	8,364.0	11,036.0
	Transit Roof Replacement and Ventilation Upgrade	2,350.0	4,950.0	7,300.0
	Transition to Zero Emission Buses	22,323.0	245,512.0	267,835.0
	Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass	-	-	-
	Accessibility Program	250.0	1,400.0	1,650.0
	Heavy Equipment Replacement Program (formerly Heavy Shop Equipment Replacement Program)	400.0	1,200.0	1,600.0
	Hoist Replacement at Fort Rouge Garage	-	10,580.0	10,580.0
	Heated Bus Shelter Program	1,500.0	-	1,500.0
	Winnipeg Transit Master Plan (WTMP) Implementation Planning & Design	2,200.0	-	2,200.0
	Radios and Intelligent Transportation Systems (ITS) Replacement	-	17,279.0	17,279.0
	North Garage Replacement	88,384.0	67,502.0	155,886.0
	Primary Transit Network Infrastructure	-	20,400.0	20,400.0
	Rapid Transit (Downtown Corridors) Preliminary Design	-	7,000.0	7,000.0
	Wheelchair Securements Retro-fit	-	13,750.0	13,750.0
	Transit Plus In House Service	9,250.0	-	9,250.0
	Total Preliminary Budget	\$ 129,829.0	\$ 400,287.0	\$ 530,116.0

Legend:

- Annual on-going departmental programs
- Investing in Canada Infrastructure Program (ICIP)
- Other

2023 Capital Projects – Additional Details



* North Garage Replacement Project, currently at a Class 5 estimate

Capital Budget Changes

Projects (in millions of \$'s)	MYB Criteria	2023 Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2023 to 2027 Total	2028 Forecast	6-year Total
Council Approved Forecast		\$ 129.9	\$ 128.9	\$ 69.8	\$ 133.3	\$ 24.6	\$ 486.5		\$ 486.5
Increase / (Decrease) From Forecast:									
Building Replacement / Refurbishment ¹	REV/COST	(1.9)					(1.9)		(1.9)
Heavy Equipment Replacement Program ¹	HOUSEKEEP	0.2					0.2		0.2
Transit Improvements	REV/COST	(0.6)					(0.6)		(0.6)
WTMP Implementation Planning & Design ^{1,2}	REV/COST	2.2					2.2		2.2
2028 Forecast *	REV/COST							43.7	43.7
Total Changes		(0.1)	-	-	-	-	(0.1)	43.7	43.6
PRELIMINARY CAPITAL BUDGET		\$ 129.8	\$ 128.9	\$ 69.8	\$ 133.3	\$ 24.6	\$ 486.4	\$ 43.7	\$ 530.1

* 2028 amount consistent with the 2023 to 2027 capital forecast when adjusted for non-recurring funding sources (ex. other levels of government funding).

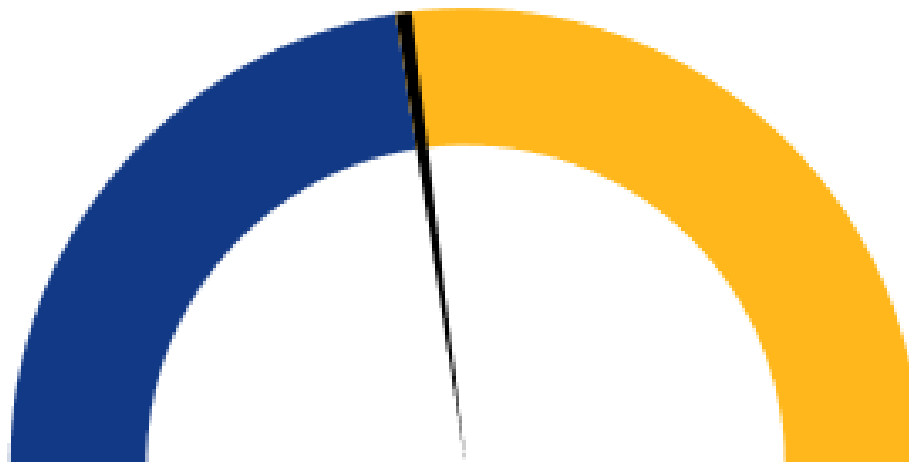
Variance from Forecast:

1. One-time reallocation of Canada Community-Building funds from Building Replacement to Heavy Equipment and WTMP Implementation.
2. Addition of the Winnipeg Transit Master Plan (WTMP) Implementation Planning and Design to support the redesign of the city-wide transit network.

Budget Outlook

6-Year Infrastructure Funding Level

43%



$$\frac{\text{Planned Investment}}{\text{Total Potential Capital}} = \frac{\$530.1 \text{ million}}{\$1,220.7 \text{ million}} = 43\% \text{ Funded}$$

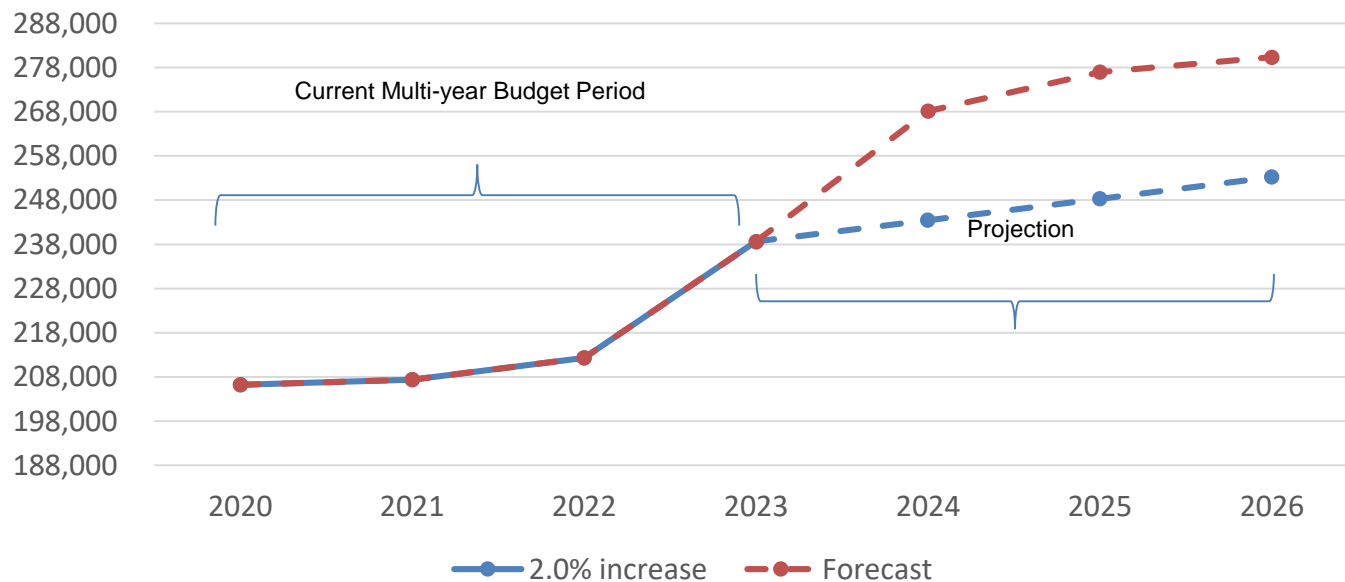
Total unfunded capital = \$690.6M includes Rapid Transit Construction of \$558.25 M

City's 2023 to 2028 Infrastructure Funding Gap is \$5.7 billion

Budget Outlook

2024 to 2026 Expenditure Projections

Operating Budget Forecast Compared to
EPC Target in the 2020 to 2023 Multi-Year Budget
In millions of \$



Budget Challenges

1. Recruitment/Retention
2. Inflationary
 1. Operating Budget
 2. Capital Budget

